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 September 30, 2004

OR

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

For the transition period from to

Commission File Number 001-09553

VIACOM INC.

(Exact name of registrant as specified in its charter)

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

(212) 258-6000

Registrant's telephone number, including area code

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

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

Number of shares of common stock outstanding at October 29, 2004:

Class A Common Stock, par value $.01 per share — 131,502,655

Class B Common Stock, par value $.01 per share — 1,573,527,235

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

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Revenues	$ 5,484.6	$ 5,259.0	$ 16,229.5	$ 14,877.7
Expenses:				
Operating	2,897.9	2,910.0	8,850.1	8,321.2
Selling, general and administrative	1,043.5	884.5	3,013.6	2,679.4
Depreciation and amortization	198.7	184.6	595.9	548.9
Total expenses	4,140.1	3,979.1	12,459.6	11,549.5
Operating income	1,344.5	1,279.9	3,769.9	3,328.2
Interest expense	(176.8)	(192.7)	(535.4)	(562.4)
Interest income	8.5	3.3	16.2	9.4
Other items, net	8.4	(5.2)	29.4	12.6
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,184.6	1,085.3	3,280.1	2,787.8
Provision for income taxes	(434.0)	(436.4)	(1,182.8)	(1,130.4)
Equity in earnings (loss) of affiliated companies, net of tax	(27.7)	.2	(38.2)	(2.5)
Minority interest, net of tax	(.3)	(1.2)	(2.7)	(3.5)
Net earnings from continuing operations	722.6	647.9	2,056.4	1,651.4
Discontinued operations (note 3):				
Earnings (loss) from discontinued operations, net of minority interest	(1,277.4)	74.3	(1,119.5)	266.3
Income tax (provision) benefit, net of minority interest	67.2	(22.6)	39.8	(96.9)
Net earnings (loss) from discontinued operations	(1,210.2)	51.7	(1,079.7)	169.4
Net earnings (loss) before cumulative effect of change in accounting principle	(487.6)	699.6	976.7	1,820.8
Cumulative effect of change in accounting principle, net of minority interest and tax	—	—	—	(18.5)
Net earnings (loss)	$ (487.6)	$ 699.6	$ 976.7	$ 1,802.3
Basic earnings per common share:				
Net earnings from continuing operations	$ .42	$ .37	$ 1.19	$ .95
Net earnings (loss) from discontinued operations	$ (.70)	$ .03	$ (.63)	$ .10
Net earnings (loss) before cumulative effect of change in accounting principle	$ (.28)	$ .40	$ .57	$ 1.04
Net earnings (loss)	$ (.28)	$ .40	$ .57	$ 1.03
Diluted earnings per common share:				
Net earnings from continuing operations	$ .42	$ .37	$ 1.18	$ .94
Net earnings (loss) from discontinued operations	$ (.70)	$ .03	$ (.62)	$ .10
Net earnings (loss) before cumulative effect of change in accounting principle	$ (.28)	$ .40	$ .56	$ 1.03
Net earnings (loss)	$ (.28)	$ .40	$ .56	$ 1.02
Weighted average number of common shares outstanding:				
Basic	1,725.7	1,745.0	1,727.0	1,745.7
Diluted	1,734.8	1,763.2	1,738.4	1,763.2
Dividends per common share	$ ..06	$ ..06	$ ..18	$ ..06

See notes to consolidated financial statements.

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

	At September 30, 2004	At December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,453.2	$ 617.3
Receivables, less allowances of $244.7 (2004) and $289.3 (2003)	3,936.5	4,163.3
Inventory (Note 6)	960.9	1,003.7
Prepaid expenses and other current assets	1,078.8	970.7
Current assets of discontinued operations	1,018.0	1,013.4
Total current assets	9,447.4	7,768.4
Property and equipment:		
Land	743.7	737.1
Buildings	962.1	962.9
Capital leases	637.4	503.5
Advertising structures	2,244.2	2,244.3
Equipment and other	3,827.8	3,820.6
	8,415.2	8,268.4
Less accumulated depreciation and amortization	3,344.9	3,092.2
Net property and equipment	5,070.3	5,176.2
Inventory (Note 6)	4,522.7	4,236.2
Goodwill (Note 5)	54,546.2	54,445.2
Intangibles (Note 5)	12,443.1	12,377.4
Other assets	1,867.7	1,999.3
Other assets of discontinued operations	2,669.3	4,222.8
Total Assets	$ 90,566.7	$ 90,225.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 461.6	$ 523.1
Accrued compensation	508.8	682.7
Accrued expenses and other current liabilities	2,871.7	2,750.8
Participants' share, residuals and royalties payable	1,180.7	1,162.2
Program rights	1,068.6	858.7
Income taxes payable	213.7	262.6
Current portion of long-term debt (Note 7)	67.1	51.5
Current liabilities of discontinued operations	1,270.6	1,303.1
Total current liabilities	7,642.8	7,594.7
Long-term debt (Note 7)	9,604.3	9,608.1
Deferred income tax liabilities, net	343.6	221.0
Other liabilities	7,409.2	7,839.1
Other liabilities of discontinued operations	1,833.1	1,130.6
Commitments and contingencies (Note 12)		
Minority interest	18.6	13.2
Minority interest in discontinued operations	234.0	613.8
Stockholders' Equity:		
Class A Common Stock, par value $.01 per share; 750.0 shares authorized; 133.4 (2004) and 133.7 (2003) shares issued	1.3	1.3
Class B Common Stock, par value $.01 per share; 10,000.0 shares authorized; 1,736.4 (2004) and 1,730.8 (2003) shares issued	17.4	17.3
Additional paid-in capital	65,975.2	65,840.3
Retained earnings	3,807.7	3,141.9
Accumulated other comprehensive loss (Note 1)	(296.5)	(317.6)
Accumulated other comprehensive loss of discontinued operations	(32.1)	(33.6)
	69,473.0	68,649.6
Less treasury stock, at cost; 1.4 (2004 and 2003) Class A shares; and 141.8 (2004) and 128.5 (2003) Class B shares	5,991.9	5,444.6
Total stockholders' equity	63,481.1	63,205.0
Total Liabilities and Stockholders' Equity	$ 90,566.7	$ 90,225.5

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Operating Activities:		
Net earnings	$ 976.7	$ 1,802.3
Net loss (earnings) from discontinued operations	1,079.7	(169.4)
Cumulative effect of change in accounting principle, net of minority interest and tax	—	18.5
Net earnings from continuing operations	2,056.4	1,651.4
Adjustments to reconcile net earnings to net cash flow provided by operating activities:		
Depreciation and amortization	595.9	548.9
Equity in loss of affiliated companies, net of tax	38.2	2.5
Distributions from affiliated companies	18.3	33.4
Minority interest, net of tax	2.7	3.5
Change in assets and liabilities, net of acquisitions	(63.8)	9.1
Net cash flow provided by operating activities from continuing operations	2,647.7	2,248.8
Net cash flow provided by operating activities from discontinued operations	201.1	299.4
Net cash flow provided by operating activities	2,848.8	2,548.2
Investing Activities:		
Acquisitions, net of cash acquired	(345.2)	(1,303.1)
Capital expenditures	(251.0)	(259.6)
Investments in and advances to affiliated companies	(12.0)	(33.1)
Special distribution from Blockbuster	738.1	—
Proceeds from sale of investments	69.0	31.3
Proceeds from dispositions	11.0	2.9
Other, net	9.4	7.3
Net cash flow provided by (used for) investing activities from continuing operations	219.3	(1,554.3)
Net cash flow used for investing activities from discontinued operations	(185.7)	(100.8)
Net cash flow provided by (used for) investing activities	33.6	(1,655.1)
Financing Activities:		
Repayments to banks, including commercial paper, net	(25.5)	(163.4)
Repayment of notes and debentures	(80.3)	(764.5)
Proceeds from issuance of notes and debentures	—	736.5
Proceeds from exercise of stock options	94.4	136.8
Purchase of Company common stock	(645.3)	(449.6)
Dividends	(311.6)	—
Payment of capital lease obligations	(46.3)	(63.9)
Other, net	(4.3)	(5.2)
Net cash flow used for financing activities from continuing operations	(1,018.9)	(573.3)
Net cash flow used for financing activities from discontinued operations	(70.1)	(192.3)
Net cash flow used for financing activities	(1,089.0)	(765.6)
Net increase in cash and cash equivalents	1,793.4	127.5
Cash and cash equivalents at beginning of period (includes $233.4 million (2004) and $152.5 million (2003) from discontinued operations)	850.7	631.4
Cash and cash equivalents at end of period (includes $190.9 million (2004) and $166.7 million (2003) from discontinued operations)	$ 2,644.1	$ 758.9

See notes to consolidated financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The consolidated financial statements include the accounts of Viacom Inc. and investments of more than 50% in subsidiaries and other entities for which the company, directly or indirectly, has a controlling financial interest ("Viacom" or the "Company"). Investments in affiliated companies over which the Company has a significant influence or ownership of at least 20% but less than or equal to 50% are accounted for under the equity method. Investments of less than 20% are accounted for under the cost method. All significant intercompany transactions have been eliminated.

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 Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

As a result of the completion of the exchange offer for the split-off of Blockbuster Inc., the consolidated statements of results of operations, financial position and cash flows of the Company present Blockbuster Inc. as a discontinued operation.

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

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

Subsidiary Stock Transactions—Viacom Investments Inc., a wholly-owned subsidiary of CBS Broadcasting Inc., owned 414.4 million shares of Viacom Class B Common Stock. These shares were originally issued to CBS Broadcasting Inc. in February 2001 as a result of the acquisition by Viacom of the publicly-traded minority equity interest in Infinity Broadcasting Corporation. CBS Broadcasting Inc. contributed all 414.4 million shares to Viacom Investments Inc. in December 2003. In August 2004, the 414.4 million Viacom Class B shares were exchanged for 4,144,000 shares of Viacom Series D Fully Participating Preferred Stock. These shares are eliminated in consolidation.

Net Earnings (Loss) per Common Share—Basic earnings (loss) per share ("EPS") is based upon net earnings divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options only in the periods in which such effect would have been dilutive. For the three and nine months ended September 30, 2004, respectively, stock options to purchase 113.2 million and 107.0 million shares of Class B Common Stock at weighted average prices of $45.32 and $45.88 were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive. For the three and nine months ended September 30, 2003, respectively, stock options to purchase 47.2 million and 59.8 million shares of Class B Common Stock at weighted average prices of $53.74 and $51.30 were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

(Tabular dollars in millions, except per share amounts)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Weighted average shares for basic EPS	1,725.7	1,745.0	1,727.0	1,745.7
Incremental shares for stock options	9.1	18.2	11.4	17.5
Weighted average shares for diluted EPS	1,734.8	1,763.2	1,738.4	1,763.2

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net earnings (loss)	$ (487.6)	$ 699.6	$ 976.7	$ 1,802.3
Other comprehensive income (loss), from continuing operations, net of tax:				
Cumulative translation adjustments	42.4	.8	(7.6)	79.2
Net unrealized gain (loss) on securities	(.5)	(3.5)	1.5	6.7
Change in fair value of cash flow hedges	—	.6	—	1.1
Minimum pension liability adjustment	7.6	8.7	27.2	50.7
Other comprehensive income (loss) from discontinued operations, net of tax	1.0	(1.1)	1.5	22.2
Total comprehensive income (loss)	$ (437.1)	$ 705.1	$ 999.3	$ 1,962.2

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

The following table reflects the effect on net earnings and earnings per share from continuing operations if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future amounts since the estimated fair value of stock options on the date of grant is amortized to expense over the vesting period and the number of options granted in future years may change.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net earnings from continuing operations	$ 722.6	$ 647.9	$ 2,056.4	$ 1,651.4
Option expense, net of tax	(77.1)	(64.2)	(238.4)	(194.3)
Net earnings from continuing operations after option expense	$ 645.5	$ 583.7	$ 1,818.0	$ 1,457.1
Basic earnings per share:				
Net earnings from continuing operations	$ .42	$ .37	$ 1.19	$ .95
Net earnings from continuing operations after option expense	$ .37	$ .33	$ 1.05	$ .83
Diluted earnings per share:				
Net earnings from continuing operations	$ .42	$ .37	$ 1.18	$ .94
Net earnings from continuing operations after option expense	$ .37	$ .33	$ 1.05	$ .83

Goodwill and Intangible Assets—The Company's intangible assets are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of franchise and subscriber agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are periodically reviewed for impairment. Intangible assets with indefinite lives, which consist primarily of FCC licenses and goodwill, are no longer amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. If the carrying amount of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized as a non-cash charge. Such a charge could have a significant effect on reported net earnings.

Changes in Accounting Principle—Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS 143 requires the capitalization of asset retirement costs as part of the total cost of the related long-lived asset and the depreciation of this cost over the corresponding asset's useful life. SFAS 143 primarily applies to billboard advertising locations, where the Company is legally obligated to remove leasehold improvements to restore the property to its original condition. The asset retirement obligation was $44.5 million and $43.0 million at September 30, 2004 and December 31, 2003, respectively. As a result of the adoption of this standard, the Company recorded in the first quarter of 2003 a charge of $18.5 million, or $.01 per share, reflected as a cumulative effect of change in accounting principle, net of minority interest and tax.

Recent Pronouncements—In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46") which was replaced in December 2003 by the issuance of FIN 46R ("FIN 46R"). FIN 46R explains how to identify variable interest entities ("VIEs") and how a company should assess its interests in a variable interest entity to decide whether to consolidate that entity. FIN 46R requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. The provisions of FIN 46R were effective for special purpose entities (SPEs) as of December 31, 2003. The remaining provisions were effective as of January 1, 2004. The adoption of FIN 46R did not have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

During the third quarter of 2004, the Company adopted FASB Staff Position FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act")" ("FSP 106-2") for employers that sponsor postretirement health care plans that provide prescription drug benefits, and requires certain disclosures regarding the effect of the federal subsidy provided by the Act. Based on proposed Centers for Medicare & Medicaid Services regulations issued to date, the Company is unable to conclude whether benefits provided by the Plan are at least actuarially equivalent to benefits available though Medicare Part D. Therefore, the measure of the accumulated postretirement benefit obligation and net periodic postretirement expense disclosed (see Note 10) do not reflect any amount associated with potential subsidies under the Act. The Company expects to be able to determine the actuarial equivalency of benefits provided by the Plan when additional guidance and final regulations are issued and does not expect it will have a significant impact on the Company's consolidated financial position, results of operation or cash flow.

On September 30, 2004, the Emerging Issue Task Force ("EITF") of FASB issued Topic No. D-108 "Use of the Residual Method to Value Acquired Assets Other than Goodwill" ("D-108"). D-108 requires the direct value method be used to value intangible assets other than goodwill for such assets acquired in business combinations completed after September 29, 2004. D-108 also requires that registrants who have applied the residual method to the valuation of intangible assets for purposes of impairment testing shall perform an impairment test using the direct value method on all intangible assets no later than the beginning of fiscal years beginning after December 15, 2004 though early adoption is permissible. Impairments resulting from the application of the direct value method and the related tax effects should be reported as a cumulative effect of a change in accounting principle. The Company is in the process of evaluating the impact the adoption of D-108 will have on the Company's financial position and statement of operations.

(Tabular dollars in millions, except per share amounts)

2) SUBSEQUENT EVENTS

On October 28, 2004, the Company announced that its Board of Directors has approved a stock purchase program under which the Company is authorized to acquire from time to time up to $8.0 billion in Viacom Class A Common Stock and non-voting Class B Common Stock. The program succeeds and replaces the Company's $3.0 billion stock purchase program announced in 2002, under which 40.7 million shares of Class B Common Stock have been purchased for $1.7 billion. The Company will finance the purchase program using a combination of cash and investments, future cash flows and borrowing capacity consistent with the Company's current credit profile. NAIRI, Inc., and National Amusements, Inc., each closely held corporations controlled by Sumner M. Redstone, Chairman of the Board of Directors and Chief Executive Officer of the Company, have entered into an agreement with the Company to participate in the program on a pro-rata basis. The agreement, which has been approved by an independent committee of Viacom directors, will prevent the buyback from increasing NAIRI, Inc.'s economic interest in Viacom. National Amusements, Inc., through its wholly owned subsidiary, NAIRI, Inc., owns Viacom's Class A Common Stock representing approximately 71% of the voting power of all classes of the Company's Common Stock and approximately 11% of Viacom's Class A and Class B Common Stock on a combined basis at September 30, 2004.

In addition, the Company announced an increase in the quarterly cash dividend on Viacom Class A and Class B Common Stock to $.07 per share from $.06 per share. The increased dividend is payable on January 1, 2005 to stockholders of record at the close of business on November 30, 2004.

3) DISCONTINUED OPERATIONS

On October 13, 2004, the Company announced the completion of the exchange offer for the split-off of Blockbuster Inc. (NYSE: BBI and BBI.B). Under the terms of the offer, Viacom accepted 27,961,165 shares of Viacom common stock in exchange for the 144 million common shares of Blockbuster that Viacom owned. Each share of Viacom Class A or Class B Common Stock accepted for exchange by Viacom was exchanged for 5.15 shares of Blockbuster common stock, consisting of 2.575 shares of Blockbuster class A common stock and 2.575 shares of Blockbuster class B common stock.

The following table sets forth the Company's net earnings (loss) attributable to Blockbuster Inc., which is presented as a discontinued operation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue from discontinued operations	$ 1,410.0	$ 1,384.5	$ 4,334.3	$ 4,294.5
Earnings (loss) from discontinued operations	$ (1,496.1)	$ 91.7	$ (1,303.3)	$ 330.0
Transaction costs	(57.3)	—	(57.3)	—
Minority interest	276.0	(17.4)	241.1	(63.7)
	(1,277.4)	74.3	(1,119.5)	266.3
Income tax (provision) benefit, net of minority interest	67.2	(22.6)	39.8	(96.9)
Net earnings (loss) from discontinued operations including transaction costs	$ (1,210.2)	$ 51.7	$ (1,079.7)	$ 169.4

(Tabular dollars in millions, except per share amounts)

The loss from discontinued operations for the three and nine months ended September 30, 2004 primarily reflects a non-cash impairment charge of $1.5 billion ($1.2 billion net of minority interest and tax) recorded in the third quarter of 2004 for the impairment of goodwill and other long-lived assets in accordance with SFAS 142 "Goodwill and Other Intangible Assets" and SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

The difference between the fair market value of Blockbuster and its net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes in the fourth quarter of 2004.

The following table presents the major classes of assets and liabilities of the Company's discontinued operations, including Blockbuster Inc. and businesses that have been previously disposed of by the Company prior to January 1, 2002 (accounted for as discontinued operations in accordance with Accounting Principles Board Opinion No. 30):

	At September 30, 2004	At December 31, 2003
Current assets (including cash and cash equivalents of $190.9 (2004) and $233.4 (2003)	$ 1,018.0	$ 1,013.4
Goodwill	1,119.3	2,611.6
Long term assets	1,550.0	1,611.2
Total Assets	$ 3,687.3	$ 5,236.2
Current liabilities	$ 1,270.6	$ 1,303.1
Long term debt	1,273.7	276.8
Other liabilities	559.4	853.8
Total Liabilities	$ 3,103.7	$ 2,433.7

4) ACQUISITIONS

In August 2004, the Company acquired 75.8% of VIVA Media AG for $306.9 million. Pursuant to a tender offer, the Company subsequently purchased additional shares of VIVA Media AG in September for $45.4 million and in October 2004 for $38.4 million, raising the Company's total ownership to 97.8% for a total purchase price of $390.7 million. VIVA's results have been included as part of Cable Networks since the date of acquisition. The final allocation of the purchase price will be based on final evaluation of the fair value of VIVA's assets acquired and liabilities assumed.

(Tabular dollars in millions, except per share amounts)

5) GOODWILL AND INTANGIBLE ASSETS

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

At September 30, 2004	Gross	Accumulated Amortization	Net
Franchise agreements	$ 481.8	$ (134.6)	$ 347.2
Subscriber agreements	372.5	(221.3)	151.2
Other intangible assets	273.3	(85.1)	188.2
Total	$ 1,127.6	$ (441.0)	$ 686.6

At December 31, 2003	Gross	Accumulated Amortization	Net
Franchise agreements	$ 494.8	$ (130.2)	$ 364.6
Subscriber agreements	372.5	(183.5)	189.0
Other intangible assets	188.4	(62.6)	125.8
Total	$ 1,055.7	$ (376.3)	$ 679.4

Amortization expense was $25.6 million and $74.1 million, respectively, for the three and nine months ended September 30, 2004 and $24.9 million and $75.9 million, respectively, for the three and nine months ended September 30, 2003. The Company expects its annual amortization expense for each of the next five years for existing intangible assets subject to amortization to be as follows:

	2004	2005	2006	2007	2008
Amortization expense	$ 109.3	$ 100.7	$ 91.5	$ 77.8	$ 38.9

FCC licenses, valued at approximately $11.7 billion at September 30, 2004 and December 31, 2003, are recorded as intangible assets with indefinite lives and are not subject to amortization.

The changes in the book value of goodwill, by segment, for the nine months ended September 30, 2004 were as follows:

	At December 31, 2003	Acquisitions	Adjustments (a)	At September 30, 2004
Cable Networks	$ 8,473.6	$ 294.8	$ (160.0)	$ 8,608.4
Television	13,178.0	—	(11.5)	13,166.5
Radio	19,272.6	—	—	19,272.6
Outdoor	11,577.5	10.0	(15.8)	11,571.7
Entertainment	1,943.5	—	(16.5)	1,927.0
Total	$ 54,445.2	$ 304.8	$ (203.8)	$ 54,546.2

(a) Adjustments primarily relate to purchase price allocations for Comedy Central, foreign currency translation adjustments and the reversal of tax liabilities established in purchase price accounting that are no longer expected to be incurred.

(Tabular dollars in millions, except per share amounts)

6) INVENTORY

	At September 30, 2004	At December 31, 2003
Theatrical and television inventory:		
Theatrical:		
Released (including acquired film libraries)	$ 657.7	$ 629.4
Completed, not released	4.5	60.4
In process and other	472.8	399.9
Television:		
Released	709.5	845.0
In process and other	79.3	76.9
Program rights	3,360.3	3,051.8
	5,284.1	5,063.4
Less current portion	790.5	862.8
	4,493.6	4,200.6
Merchandise inventory	71.4	54.9
Publishing, primarily finished goods	71.8	64.2
Other	56.3	57.4
	199.5	176.5
Less current portion	170.4	140.9
	29.1	35.6
Total Current Inventory	$ 960.9	$ 1,003.7
Total Non-Current Inventory	$ 4,522.7	$ 4,236.2

7) BANK FINANCING AND DEBT

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

	At September 30, 2004	At December 31, 2003
Notes payable to banks	$ 6.2	$ 7.2
Commercial paper	—	20.0
Senior debt (4.625%-8.875% due 2005-2051)	9,233.7	9,273.0
Senior subordinated debt (10.5% due 2009)	—	66.3
Other notes	1.0	1.2
Obligations under capital leases	430.5	291.9
Total Debt	9,671.4	9,659.6
Less current portion	67.1	51.5
Total Long-Term Debt	$ 9,604.3	$ 9,608.1

The Company's total debt presented above includes (i) an aggregate unamortized premium of $35.8 million and $41.4 million and (ii) the change in the carrying value of the debt, since inception, relating to fair value swaps of $31.0 million and $48.2 million for the periods ending September 30, 2004 and December 31, 2003, respectively.

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

On July 15, 2004, the Company redeemed all of the outstanding Go Outdoor Systems Holdings S.A. 10.5% senior subordinated notes due 2009, at a redemption price equal to 105.25% of the principal amount.

During the third quarter of 2004, the Company entered into $50 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature in January 2006 and the Company receives an interest rate of approximately 2.9%, while paying three-month London Interbank Offer Rate ("LIBOR").

During the second quarter of 2004, the Company entered into $300 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on January 2006 and the Company receives an interest rate of approximately 2.7%, while paying three-month LIBOR on $150 million and receives an interest rate of approximately 3.6%, while paying six-month LIBOR on $150 million.

Viacom Credit Agreement

As of December 31, 2003, the Company's credit facilities, totaled $4.65 billion comprised of a $1.7 billion 364-day revolving facility due February 2004, a $1.45 billion revolving facility due May 2005 and a $1.5 billion revolving facility due March 2006. In February 2004, the Company entered into a $3.0 billion 5-year credit facility which replaced the $1.7 billion and the $1.45 billion facilities. The terms and conditions of the $3.0 billion facility are substantially similar to the $1.5 billion facility. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the $3.0 billion and $1.5 billion facilities (collectively, the "Credit Facilities"). Borrowing rates under the facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the LIBOR plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of September 30, 2004, the Company had unused revolving Credit Facilities of $4.27 billion.

The facilities contain covenants, which among other things, require that the Company maintain a minimum interest coverage ratio. At September 30, 2004, the Company was in compliance with all covenants under the Credit Facilities.

The primary purpose of the Credit Facilities is to support commercial paper borrowings. At September 30, 2004, the Company had no borrowings under its $4.5 billion commercial paper program.

Accounts Receivable Securitization Programs

As of September 30, 2004, the Company had an aggregate of $1.0 billion outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from these programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of September 30, 2004, the Company was in compliance with the required ratios under the receivable securitization programs, except for one performance ratio under one program, for which a waiver has been received, due to the write-off of a receivable from a third party.

(Tabular dollars in millions, except per share amounts)

8) SEVERANCE AND RESTRUCTURING CHARGES

In the second quarter of 2004, the Company recorded severance charges of $56.2 million, $33.8 million net of tax, or $.02 per diluted share, due to management changes. The severance charges were recorded in selling, general and administrative expenses in the segments as follows: Television $10.4 million, Entertainment $10.4 million and Corporate $35.4 million.

During the third quarter of 2004, Cable Networks recorded a decrease of $9.7 million to restructuring reserves due to a change in estimate for a 2001 charge at MTV Networks ("MTVN"). Additionally, during the nine months ended September 30, 2004 MTVN revised its initial estimate of severance liabilities for the acquisition of Comedy Central by $1.6 million. The initial charge for Comedy Central was recorded in the second quarter of 2003. Severance payments will continue through 2005 since certain employees will be paid out over the terms of their employment contracts.

The following table summarizes activity for the nine months ended September 30, 2004 for the Cable Networks restructuring charges:

At December 31, 2003	$	27.2
Severance payments		(6.1)
Lease payments		(2.8)
Revision to initial estimate		(8.1)
At September 30, 2004	$	10.2

9) SHARE PURCHASE PROGRAM AND CASH DIVIDENDS

For the nine months ended September 30, 2004, on a trade date basis, the Company purchased approximately 13.8 million shares of its Class B Common Stock for $565.8 million under its $3.0 billion stock purchase program. For the nine months ended September 30, 2003, the Company purchased approximately 10.3 million shares of its Class B Common Stock for $436.1 million. Since inception of this program in October 2002, a total of 40.7 million shares of Class B Common Stock have been purchased through September 30, 2004, for $1.7 billion.

On July 21, 2004, Viacom's Board of Directors declared a quarterly cash dividend of $.06 per share on Viacom Class A and Class B Common Stock. The dividend was paid October 1, 2004 to stockholders of record at the close of business on August 31, 2004. Year-to-date through October 1, 2004, the Company has paid dividends of $415.2 million to stockholders.

(Tabular dollars in millions, except per share amounts)

10) PENSION AND OTHER POSTRETIREMENT BENEFITS

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

Three Months Ended September 30,	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Components of net periodic cost:				
Service cost	$ 15.5	$ 14.6	$ .6	$ .6
Interest cost	81.1	86.4	18.0	20.0
Expected return on plan assets	(74.3)	(73.9)	(.2)	(.5)
Amortization of transition obligation	.1	(.1)	—	—
Amortization of unrecognized prior service cost	.4	.4	(.2)	(.2)
Recognized actuarial loss	8.8	11.4	.6	1.4
Net periodic cost	$ 31.6	$ 38.8	$ 18.8	$ 21.3

Nine Months Ended September 30,	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Components of net periodic cost:				
Service cost	$ 46.6	$ 43.7	$ 2.1	$ 1.9
Interest cost	243.2	259.2	54.0	60.2
Expected return on plan assets	(222.9)	(221.6)	(.7)	(1.5)
Amortization of transition obligation	.3	(.4)	—	—
Amortization of unrecognized prior service cost	1.2	1.2	(.6)	(.8)
Recognized actuarial loss	26.4	34.5	1.7	4.0
Net periodic cost	$ 94.8	$ 116.6	$ 56.5	$ 63.8

11) PROVISION FOR INCOME TAXES

For the three months ended September 30, 2004, the Company's effective income tax rate decreased to 36.6% from 40.2% in the third quarter of 2003. For the nine months ended September 30, 2004, the Company's effective income tax rate decreased to 36.1% from 40.5% for the same period last year. The decrease in the effective income tax rates for both periods was principally due to the recognition of a tax benefit from the resolution of certain income tax audits. Excluding this tax benefit, the effective tax rate was 39.9% for the three months and 40.6% for the nine months ended September 30, 2004.

12) COMMITMENTS AND CONTINGENCIES

Guarantees

As of September 30, 2004, the Company owned a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia and guaranteed approximately $307.8 million of UCI's debt obligations under a revolving credit facility, which expires in December 2004, and $164.0 million of UCI's theater leases. The Company also owns a 50% interest in WF Cinema Holdings, L.P., and Grauman's Theatres LLC and guarantees certain theater leases for approximately $13.8 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of September 30, 2004 as they were provided by the Company prior to the adoption of FASB interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45").

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated $336.6 million at September 30, 2004 and are not recorded on the balance sheet as of September 30, 2004.

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

Legal Matters

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

Claims are frequently filed and/or settled in large groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of September 30, 2004, the Company had pending approximately 112,200 asbestos claims, as compared with approximately 112,280 as of December 31, 2003 and approximately 124,300 as of September 30, 2003. Of the claims pending as of September 30, 2004, approximately 82,430 were pending in state courts, 27,210 in federal courts and approximately 2,560 were third party claims. During the third quarter of 2004, the Company received approximately 3,470 new claims and closed or moved to an inactive docket approximately 7,450 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) for the years 2003 and 2002 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $(8.7) million and $28.0 million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from commuted insurance policies were excluded from the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been $56.6 million.

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

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

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

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

13) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. Effective September 30, 2004, Blockbuster Inc. is accounted for as a discontinued operation and results from the Video segment for all prior periods have been reclassified to conform to the current period's presentation. The Company operates five segments: (i) Cable Networks, (ii) Television, (iii) Radio, (iv) Outdoor and (v) Entertainment.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues:				
Cable Networks	$ 1,668.2	$ 1,465.4	$ 4,663.3	$ 3,982.1
Television	1,969.1	1,882.6	6,305.7	5,669.1
Radio	529.3	551.7	1,545.7	1,546.5
Outdoor	478.7	434.6	1,366.0	1,275.3
Entertainment	1,082.3	1,098.0	2,884.8	2,816.2
Eliminations	(243.0)	(173.3)	(536.0)	(411.5)
Total Revenues	$ 5,484.6	$ 5,259.0	$ 16,229.5	$ 14,877.7
Operating Income:				
Cable Networks	$ 690.6	$ 612.8	$ 1,834.0	$ 1,537.8
Television	388.5	362.3	1,252.3	997.1
Radio	221.9	266.2	687.6	722.8
Outdoor	57.6	44.5	149.0	148.2
Entertainment	100.1	111.7	201.3	205.4
Segment total	1,458.7	1,397.5	4,124.2	3,611.3
Corporate expenses	(52.0)	(46.3)	(176.2)	(127.0)
Residual costs (a)	(28.5)	(36.6)	(85.4)	(109.8)
Eliminations	(33.7)	(34.7)	(92.7)	(46.3)
Total Operating Income	1,344.5	1,279.9	3,769.9	3,328.2
Interest expense	(176.8)	(192.7)	(535.4)	(562.4)
Interest income	8.5	3.3	16.2	9.4
Other items, net	8.4	(5.2)	29.4	12.6
Earnings from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	1,184.6	1,085.3	3,280.1	2,787.8
Provision for income taxes	(434.0)	(436.4)	(1,182.8)	(1,130.4)
Equity in earnings (loss) of affiliated companies, net of tax	(27.7)	.2	(38.2)	(2.5)
Minority interest, net of tax	(.3)	(1.2)	(2.7)	(3.5)
Net earnings from continuing operations	722.6	647.9	2,056.4	1,651.4
Net earnings (loss) from discontinued operations (note 3)	(1,210.2)	51.7	(1,079.7)	169.4
Net earnings (loss) before cumulative effect of change in accounting principle	(487.6)	699.6	976.7	1,820.8
Cumulative effect of change in accounting principle, net of minority interest and tax	—	—	—	(18.5)
Net Earnings (loss)	$ (487.6)	$ 699.6	$ 976.7	$ 1,802.3

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

(Tabular dollars in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Depreciation and Amortization:				
Cable Networks	$ 57.3	$ 48.2	$ 178.3	$ 143.9
Television	36.7	37.8	110.0	111.8
Radio	6.8	6.6	22.6	20.5
Outdoor	56.8	53.9	167.5	160.8
Entertainment	35.6	32.5	100.7	94.9
Corporate expenses	5.5	5.6	16.8	17.0
Total Depreciation and Amortization	$ 198.7	$ 184.6	$ 595.9	$ 548.9

	At September 30, 2004	At December 31, 2003
Total Assets:		
Cable Networks	$ 14,059.4	$ 13,186.2
Television	25,590.1	25,648.6
Radio	25,253.9	25,256.9
Outdoor	14,288.4	14,444.3
Entertainment	6,257.7	6,278.0
Corporate	3,461.3	1,796.2
Discontinued operations	3,687.3	5,236.2
Eliminations	(2,031.4)	(1,620.9)
Total Assets	$ 90,566.7	$ 90,225.5

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Capital Expenditures:				
Cable Networks	$ 21.9	$ 23.4	$ 52.9	$ 56.4
Television	35.2	29.8	70.7	94.5
Radio	9.1	4.7	19.7	11.0
Outdoor	13.6	15.6	34.7	46.5
Entertainment	10.2	10.5	48.3	45.6
Corporate	20.6	2.0	24.7	5.6
Total Capital Expenditures	$ 110.6	$ 86.0	$ 251.0	$ 259.6

(Tabular dollars in millions, except per share amounts)

Revenues generated between segments primarily reflect the licensing of feature films and television product to cable and broadcast networks and advertising sales. These transactions are recorded at fair market value as if the sales were made to third parties and are eliminated in consolidation. Intercompany revenue were recorded in the following segments:

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Intercompany revenues:				
Cable Networks	$ 18.3	$ 5.6	$ 33.6	$ 47.2
Television	155.1	107.2	300.7	145.2
Radio	6.0	5.4	18.3	23.1
Outdoor	8.9	6.4	15.8	21.0
Entertainment	54.7	48.7	167.6	175.0
Total Intercompany Revenues	$ 243.0	$ 173.3	$ 536.0	$ 411.5

14) SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Supplemental disclosure of investing and financing activities		
Equipment acquired under capitalized leases	$ 76.7	$ 64.5
Supplemental disclosure of acquisitions:		
Fair value of assets acquired	$ 503.8	$ 1,346.3
Fair value of liabilities assumed	(152.0)	(78.9)
Acquisition of minority interest	(6.6)	35.7
Cash paid, net of cash acquired	(345.2)	(1,303.1)
Impact on stockholders' equity	$ —	$ —

(Tabular dollars in millions, except per share amounts)

15) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. Viacom International has fully and unconditionally guaranteed Viacom Inc.'s debt securities (see Note 7). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of Viacom Inc., Viacom International, the direct and indirect Non-Guarantor Affiliates of Viacom Inc. and Viacom International, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	Statement of Operations for the Three Months Ended September 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 47.5	$ 1,049.6	$ 4,443.1	$ (55.6)	$ 5,484.6
Expenses:					
Operating	23.9	307.7	2,601.6	(35.3)	2,897.9
Selling, general and administrative	37.8	275.1	748.6	(18.0)	1,043.5
Depreciation and amortization	1.2	21.8	175.7	—	198.7
Total expenses	62.9	604.6	3,525.9	(53.3)	4,140.1
Operating income (loss)	(15.4)	445.0	917.2	(2.3)	1,344.5
Interest expense, net	(188.2)	(50.7)	70.6	—	(168.3)
Other items, net	(12.0)	(2.3)	47.6	(24.9)	8.4
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(215.6)	392.0	1,035.4	(27.2)	1,184.6
Benefit (provision) for income taxes	86.0	(157.0)	(363.0)	—	(434.0)
Equity in earnings (loss) of affiliated companies, net of tax	(358.0)	(414.4)	(36.3)	781.0	(27.7)
Minority interest, net of tax	—	(.1)	(.2)	—	(.3)
Net earnings (loss) from continuing operations	(487.6)	(179.5)	635.9	753.8	722.6
Net loss from discontinued operations	—	(55.3)	(1,154.9)	—	(1,210.2)
Net earnings (loss)	$ (487.6)	$ (234.8)	$ (519.0)	$ 753.8	$ (487.6)

(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Nine Months Ended September 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 150.3	$ 2,901.8	$ 13,382.0	$ (204.6)	$ 16,229.5
Expenses:					
Operating	66.1	893.9	8,002.5	(112.4)	8,850.1
Selling, general and administrative	115.1	803.4	2,120.6	(25.5)	3,013.6
Depreciation and amortization	3.8	72.4	519.7	—	595.9
Total expenses	185.0	1,769.7	10,642.8	(137.9)	12,459.6
Operating income (loss)	(34.7)	1,132.1	2,739.2	(66.7)	3,769.9
Interest expense, net	(564.3)	(153.8)	198.9	—	(519.2)
Other items, net	18.0	8.4	77.6	(74.6)	29.4
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(581.0)	986.7	3,015.7	(141.3)	3,280.1
Benefit (provision) for income taxes	231.8	(390.7)	(1,023.9)	—	(1,182.8)
Equity in earnings (loss) of affiliated companies, net of tax	1,325.9	4.9	(29.0)	(1,340.0)	(38.2)
Minority interest, net of tax	—	(.1)	(2.6)	—	(2.7)
Net earnings from continuing operations	976.7	600.8	1,960.2	(1,481.3)	2,056.4
Net loss from discontinued operations	—	(55.3)	(1,024.4)	—	(1,079.7)
Net earnings	$ 976.7	$ 545.5	$ 935.8	$ (1,481.3)	$ 976.7

(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Three Months Ended September 30, 2003				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 48.2	$ 928.9	$ 4,355.6	$ (73.7)	$ 5,259.0
Expenses:					
Operating	23.2	275.3	2,670.7	(59.2)	2,910.0
Selling, general and administrative	34.9	221.9	638.4	(10.7)	884.5
Depreciation and amortization	1.1	25.6	157.9	—	184.6
Total expenses	59.2	522.8	3,467.0	(69.9)	3,979.1
Operating income (loss)	(11.0)	406.1	888.6	(3.8)	1,279.9
Interest expense, net	(183.0)	30.4	(36.8)	—	(189.4)
Other items, net	(3.4)	3.4	19.7	(24.9)	(5.2)
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies, minority interest	(197.4)	439.9	871.5	(28.7)	1,085.3
Benefit (provision) for income taxes	81.4	(177.3)	(340.5)	—	(436.4)
Equity in earnings (loss) of affiliated companies, net of tax	815.6	249.9	(2.5)	(1,062.8)	0.2
Minority interest, net of tax	—	—	(1.2)	—	(1.2)
Net earnings from continuing operations	699.6	512.5	527.3	(1,091.5)	647.9
Net earnings from discontinued operations	—	—	51.7	—	51.7
Net earnings	$ 699.6	$ 512.5	$ 579.0	$ (1,091.5)	$ 699.6

(Tabular dollars in millions, except per share amounts)

	Statement of Operations for the Nine Months Ended September 30, 2003				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 140.2	$ 2,544.0	$ 12,326.5	$ (133.0)	$ 14,877.7
Expenses:					
Operating	64.3	812.8	7,562.7	(118.6)	8,321.2
Selling, general and administrative	127.7	631.9	1,939.5	(19.7)	2,679.4
Depreciation and amortization	3.8	87.5	457.6	—	548.9
Total expenses	195.8	1,532.2	9,959.8	(138.3)	11,549.5
Operating income (loss)	(55.6)	1,011.8	2,366.7	5.3	3,328.2
Interest expense, net	(543.9)	(148.3)	139.2	—	(553.0)
Other items, net	(11.8)	10.9	38.4	(24.9)	12.6
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(611.3)	874.4	2,544.3	(19.6)	2,787.8
Benefit (provision) for income taxes	245.7	(350.7)	(1,025.4)	—	(1,130.4)
Equity in earnings (loss) of affiliated companies, net of tax	2,167.9	647.5	(1.6)	(2,816.3)	(2.5)
Minority interest, net of tax	—	—	(3.5)	—	(3.5)
Net earnings from continuing operations	1,802.3	1,171.2	1,513.8	(2,835.9)	1,651.4
Net earnings from discontinued operations	—	—	169.4	—	169.4
Net earnings before cumulative effect of change in accounting principle	1,802.3	1,171.2	1,683.2	(2,835.9)	1,820.8
Cumulative effect of change in accounting principle, net of minority interest and tax	—	(3.3)	(15.2)	—	(18.5)
Net earnings	$ 1,802.3	$ 1,167.9	$ 1,668.0	$ (2,835.9)	$ 1,802.3

(Tabular dollars in millions, except per share amounts)

	Balance Sheet at September 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	$ 1,750.6	$ 26.7	$ 675.9	$ —	$ 2,453.2
Receivables, net	37.1	636.4	3,547.5	(284.5)	3,936.5
Inventory	9.5	219.5	873.7	(141.8)	960.9
Prepaid expenses and other current assets	65.5	148.5	878.0	(13.2)	1,078.8
Current assets of discontinued operations	56.9	—	961.1	—	1,018.0
Total current assets	1,919.6	1,031.1	6,936.2	(439.5)	9,447.4
Property and equipment	52.9	700.2	7,662.1	—	8,415.2
Less accumulated depreciation and amortization	14.1	382.8	2,948.0	—	3,344.9
Net property and equipment	38.8	317.4	4,714.1	—	5,070.3
Inventory	16.4	1,393.6	3,217.9	(105.2)	4,522.7
Goodwill	100.3	627.5	53,818.4	—	54,546.2
Intangibles	—	5.1	12,438.0	—	12,443.1
Investments in consolidated subsidiaries	69,085.6	14,880.1	—	(83,965.7)	—
Other assets	207.9	179.4	1,800.2	(319.8)	1,867.7
Other assets of discontinued operations	269.6	—	2,399.7	—	2,669.3
Total Assets	$ 71,638.2	$ 18,434.2	$ 85,324.5	$ (84,830.2)	$ 90,566.7
Liabilities and Stockholders' Equity					
Accounts payable	$ 3.3	$ 26.6	$ 440.8	$ (9.1)	$ 461.6
Accrued expenses and other	813.0	835.1	3,206.4	(191.7)	4,662.8
Participants' share, residuals and royalties payable	—	47.3	1,231.5	(98.1)	1,180.7
Current portion of long-term debt	—	9.4	57.7	—	67.1
Current liabilities of discontinued operations	209.9	12.7	1,048.0	—	1,270.6
Total current liabilities	1,026.2	931.1	5,984.4	(298.9)	7,642.8
Long-term debt	9,233.7	74.2	296.4	—	9,604.3
Other liabilities	(6,576.9)	8,852.8	64.1	5,412.8	7,752.8
Other liabilities of discontinued operations	508.2	—	1,324.9	—	1,833.1
Minority interest	—	—	252.6	—	252.6
Stockholders' Equity:					
Preferred Stock	4.1	—	128.2	(132.3)	—
Common Stock	18.7	122.8	1,162.3	(1,285.1)	18.7
Additional paid-in capital	65,971.1	1,924.1	92,863.5	(94,783.5)	65,975.2
Retained earnings	7,774.7	6,625.5	5,520.8	(16,113.3)	3,807.7
Accumulated other comprehensive income (loss)	(329.7)	(96.3)	83.3	14.1	(328.6)
	73,438.9	8,576.1	99,758.1	(112,300.1)	69,473.0
Less treasury stock, at cost	5,991.9	—	22,356.0	(22,356.0)	5,991.9
Total stockholders' equity	67,447.0	8,576.1	77,402.1	(89,944.1)	63,481.1
Total Liabilities and Stockholders' Equity	$ 71,638.2	$ 18,434.2	$ 85,324.5	$ (84,830.2)	$ 90,566.7

(Tabular dollars in millions, except per share amounts)

	Balance Sheet at December 31, 2003				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	$ 212.5	$ 26.8	$ 378.0	$ —	$ 617.3
Receivables, net	43.6	632.9	3,721.1	(234.3)	4,163.3
Inventory	9.2	173.7	910.6	(89.8)	1,003.7
Prepaid expenses and other current assets	85.6	153.9	768.8	(37.6)	970.7
Current assets of discontinued operations	32.1	—	981.3	—	1,013.4
Total current assets	383.0	987.3	6,759.8	(361.7)	7,768.4
Property and equipment	49.3	723.8	7,495.3	—	8,268.4
Less accumulated depreciation and amortization	10.3	409.7	2,672.2	—	3,092.2
Net property and equipment	39.0	314.1	4,823.1	—	5,176.2
Inventory	17.8	1,130.2	3,179.2	(91.0)	4,236.2
Goodwill	100.3	627.5	53,717.4	—	54,445.2
Intangibles	—	4.1	12,373.3	—	12,377.4
Investments in consolidated subsidiaries	67,753.5	15,285.7	—	(83,039.2)	—
Other assets	177.5	158.6	1,911.0	(247.8)	1,999.3
Other assets of discontinued operations	344.9	—	3,877.9	—	4,222.8
Total Assets	$ 68,816.0	$ 18,507.5	$ 86,641.7	$ (83,739.7)	$ 90,225.5
Liabilities and Stockholders' Equity					
Accounts payable	$ 1.3	$ 42.0	$ 491.0	$ (11.2)	$ 523.1
Accrued expenses and other	601.9	734.1	3,390.2	(171.4)	4,554.8
Participants' share, residuals and royalties payable	—	40.3	1,214.3	(92.4)	1,162.2
Current portion of long-term debt	—	8.7	42.8	—	51.5
Current liabilities of discontinued operations	9.9	16.3	1,276.9	—	1,303.1
Total current liabilities	613.1	841.4	6,415.2	(275.0)	7,594.7
Long-term debt	9,293.0	35.8	346.5	(67.2)	9,608.1
Other liabilities	(8,666.9)	9,572.7	1,258.3	5,896.0	8,060.1
Other liabilities of discontinued operations	367.1	—	763.5	—	1,130.6
Minority interest	—	—	627.0	—	627.0
Stockholders' Equity:					
Preferred Stock	—	—	128.2	(128.2)	—
Common Stock	22.7	122.8	1,162.3	(1,289.2)	18.6
Additional paid-in capital	65,836.2	1,924.1	92,863.5	(94,783.5)	65,840.3
Retained earnings	7,183.4	6,080.1	5,335.5	(15,457.1)	3,141.9
Accumulated other comprehensive income (loss)	(388.0)	(69.4)	98.0	8.2	(351.2)
	72,654.3	8,057.6	99,587.5	(111,649.8)	68,649.6
Less treasury stock, at cost	5,444.6	—	22,356.3	(22,356.3)	5,444.6
Total stockholders' equity	67,209.7	8,057.6	77,231.2	(89,293.5)	63,205.0
Total Liabilities and Stockholders' Equity	$ 68,816.0	$ 18,507.5	$ 86,641.7	$ (83,739.7)	$ 90,225.5

(Tabular dollars in millions, except per share amounts)

	Statement of Cash Flows for the Nine Months Ended September 30, 2004				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	$ (1,360.1)	$ 858.3	$ 3,350.6	$ —	$ 2,848.8
Investing Activities:					
Acquisitions, net of cash acquired	(3.4)	(1.0)	(340.8)	—	(345.2)
Capital expenditures	—	(56.2)	(194.8)	—	(251.0)
Investments in and advances to affiliated companies	(2.0)	—	(10.0)	—	(12.0)
Special distribution from Blockbuster	10.0	728.1	—	—	738.1
Proceeds from sale of investments	47.9	—	21.1	—	69.0
Proceeds from dispositions	—	.6	10.4	—	11.0
Other, net	0.1	9.3	—	—	9.4
Net cash flow provided by (used for) investing activities from continuing operations	52.6	680.8	(514.1)	—	219.3
Net cash flow used for investing activities from discontinued operations	—	—	(185.7)	—	(185.7)
Net cash flow provided by (used for) investing activities	52.6	680.8	(699.8)	—	33.6
Financing Activities:					
Repayments to banks, including commercial paper, net	(24.5)	—	(1.0)	—	(25.5)
Repayment of notes and debentures	(20.1)	—	(60.2)	—	(80.3)
Proceeds from exercise of stock options	94.4	—	—	—	94.4
Purchase of Company common stock	(645.3)	—	—	—	(645.3)
Dividends	(311.6)	—	—	—	(311.6)
Payment of capital lease obligations		(9.4)	(36.9)	—	(46.3)
Increase (decrease) in intercompany payables	3,752.7	(1,529.8)	(2,222.9)	—	—
Other, net	—	—	(4.3)	—	(4.3)
Net cash flow provided by (used for) financing activities from continuing operations	2,845.6	(1,539.2)	(2,325.3)	—	(1,018.9)
Net cash flow used for financing activities from discontinued operations	—	—	(70.1)	—	(70.1)
Net cash flow provided by (used for) financing activities	2,845.6	(1,539.2)	(2,395.4)	—	(1,089.0)
Net increase (decrease) in cash and cash equivalents	1,538.1	(0.1)	255.4	—	1,793.4
Cash and cash equivalents at beginning of period	212.5	26.8	611.4	—	850.7
Cash and cash equivalents at end of period	$ 1,750.6	$ 26.7	$ 866.8	$ —	$ 2,644.1

(Tabular dollars in millions, except per share amounts)

	Statement of Cash Flows for the Nine Months Ended September 30, 2003				
	Viacom Inc.	**Viacom International**	**Non-Guarantor Affiliates**	**Eliminations**	**Viacom Inc. Consolidated**
Net cash flow provided by (used for) operating activities	$ (978.5)	$ 468.4	$ 3,058.3	$ —	$ 2,548.2
Investing Activities:					
Acquisitions, net of cash acquired	(32.5)	(1,206.8)	(63.8)	—	(1,303.1)
Capital expenditures	—	(40.4)	(219.2)	—	(259.6)
Investments in and advances to affiliated companies	(12.1)	(.8)	(20.2)	—	(33.1)
Proceeds from sale of investments	1.6	25.2	4.5	—	31.3
Proceeds from dispositions	—	.5	2.4	—	2.9
Other, net	—	8.7	(1.4)	—	7.3
Net cash flow used for investing activities from continuing operations	(43.0)	(1,213.6)	(297.7)	—	(1,554.3)
Net cash flow used for investing activities from discontinued operations	—	—	(100.8)	—	(100.8)
Net cash flow used for investing activities	(43.0)	(1,213.6)	(398.5)	—	(1,655.1)
Financing Activities:					
Repayments to banks, including commercial paper, net	(156.3)	—	(7.1)	—	(163.4)
Repayment of notes and debentures	(609.2)	(155.3)	—	—	(764.5)
Proceeds from issuance of notes and debentures	735.3	—	1.2	—	736.5
Proceeds from exercise of stock options	136.8	—	—	—	136.8
Purchase of Company common stock	(449.6)	—	—	—	(449.6)
Payment of capital lease obligations	—	(9.6)	(54.3)	—	(63.9)
Increase (decrease) in intercompany payables	1,310.3	867.6	(2,177.9)	—	—
Other, net	—	—	(5.2)	—	(5.2)
Net cash flow provided by (used for) financing activities from continuing operations	967.3	702.7	(2,243.3)	—	(573.3)
Net cash flow used for financing activities from discontinued operations	—	—	(192.3)	—	(192.3)
Net cash flow provided by (used for) financing activities	967.3	702.7	(2,435.6)	—	(765.6)
Net increase (decrease) in cash and cash equivalents	(54.2)	(42.5)	224.2	—	127.5
Cash and cash equivalents at beginning of period	236.9	48.4	346.1	—	631.4
Cash and cash equivalents at end of period	$ 182.7	$ 5.9	$ 570.3	$ —	$ 758.9

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

Management's discussion and analysis of the results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

Overview

On October 13, 2004, Viacom Inc. announced the completion of the exchange offer for the split-off of Blockbuster Inc. As a result, the Company's Video segment is reported as a discontinued operation as of September 30, 2004. Prior period information has been reclassified to conform to the current presentation.

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

- CABLE NETWORKS: The Cable Networks segment consists of MTV Networks ("MTVN"), including MTV MUSIC TELEVISION, NICKELODEON/NICK AT NITE, VH1, MTV2 MUSIC TELEVISION, TV LAND, SPIKE TV, CMT: COUNTRY MUSIC TELEVISION and COMEDY CENTRAL; SHOWTIME NETWORKS INC. ("SNI"); and the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL, among other program services. Cable Networks revenues are generated primarily from advertising sales and affiliate fees. Cable Networks contributed 30% and 29% to consolidated revenues for the three and nine months ended September 30, 2004, respectively, and 28% and 27% for the three and nine months ended September 30, 2003, respectively.

- TELEVISION: The Television segment consists of the CBS and UPN television networks, the Company's 39 owned broadcast television stations, and its television production and syndication business, including KING WORLD PRODUCTIONS and PARAMOUNT TELEVISION. Television revenues are generated primarily from advertising sales and television license fees. Television contributed 36% and 39% to consolidated revenues for the three and nine months ended September 30, 2004, respectively, and 36% and 38% for the three and nine months ended September 30, 2003, respectively.

- RADIO: The Radio segment currently owns and operates 184 radio stations in 41 U.S. markets through INFINITY RADIO. Radio revenues are generated primarily from advertising sales. Radio contributed 10% to consolidated revenues for the three and nine months ended September 30, 2004 and 2003.

- OUTDOOR: The Outdoor segment through VIACOM OUTDOOR displays advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks and stadium signage. Outdoor revenues are generated primarily from advertising sales. Outdoor contributed 9% and 8% to consolidated revenues for the three and nine months ended September 30, 2004, respectively, and 8% and 9% for the three and nine months ended September 30, 2003, respectively.

- ENTERTAINMENT: The Entertainment segment includes PARAMOUNT PICTURES, which produces and distributes theatrical motion pictures; SIMON & SCHUSTER which publishes and distributes consumer books, under imprints such as SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS; PARAMOUNT PARKS, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the U.S. and Canada; and movie theater and music publishing operations. Entertainment revenues are generated primarily from feature film exploitation, publishing, theme park operations and movie theaters. Entertainment contributed 20% and 18% to consolidated revenues for the three and nine months ended September 30, 2004, respectively, and 21% and 19% for the three and nine months ended September 30, 2003, respectively.

Consolidated Results of Operations

Three and Nine Months Ended September 30, 2004 versus Three and Nine Months Ended September 30, 2003

Revenues

For the three months ended September 30, 2004, revenues of $5.5 billion increased 4% from $5.3 billion and for the nine months ended September 30, 2004, revenues of $16.2 billion increased 9% from $14.9 billion for the same prior-year period primarily driven by increases in advertising revenues and affiliate fees.

The tables below present the Company's consolidated revenues by type and the percentage and amount of contribution of each type of revenue to consolidated revenues, net of intercompany eliminations, for the three and nine months ended September 30, 2004 and 2003.

Revenues by Type	Three Months Ended September 30, 2004	Percentage of Total	2003	Percentage of Total	Better/(Worse) $	Better/(Worse) %
Advertising sales	$ 3,063.3	56%	$ 2,888.7	55%	$ 174.6	6%
Affiliate fees	656.6	12	603.9	11	52.7	9
Feature film exploitation	472.7	9	530.8	10	(58.1)	(11)
TV license fees	431.2	8	480.7	9	(49.5)	(10)
Other	860.8	15	754.9	15	105.9	14
Total Revenues	$ 5,484.6	100%	$ 5,259.0	100%	$ 225.6	4%

Revenues by Type	Nine Months Ended September 30, 2004	Percentage of Total	2003	Percentage of Total	Better/(Worse) $	Better/(Worse) %
Advertising sales	$ 9,696.9	60%	$ 8,638.9	58%	$ 1,058.0	12%
Affiliate fees	1,950.0	12	1,783.6	12	166.4	9
Feature film exploitation	1,441.1	9	1,469.2	10	(28.1)	(2)
TV license fees	1,101.0	7	1,153.9	8	(52.9)	(5)
Other	2,040.5	12	1,832.1	12	208.4	11
Total Revenues	$ 16,229.5	100%	$ 14,877.7	100%	$ 1,351.8	9%

Advertising sales increased 6% for the three months ended September 30, 2004 and 12% for the nine months ended September 30, 2004 reflecting growth in Cable Networks, Television, and Outdoor segments partially offset by a decline in Radio in the third quarter. Growth at Cable Networks was principally due to increased units sold and higher average unit rates at MTVN domestic channels. Growth in the Television segment primarily reflected increases in CBS Network primetime and increased political sales at the Stations group during the third quarter and higher advertising revenues from sports events for the nine months. Outdoor advertising growth reflected an increase in U.S. billboards and transit for the three and nine months and increases in European outdoor properties of 14% for the three months and 17% for the nine months ended September 30, 2004.

Affiliate fees for the three and nine months ended September 30, 2004 each increased 9% primarily driven by domestic rate increases and subscriber growth at MTVN and BET partially offset by declines at SNI.

Feature film revenues decreased 11% for the three months ended September 30, 2004 primarily due to a decrease in domestic home entertainment and network revenues. For the nine months ended September 30, 2004, Feature film revenues decreased 2% reflecting lower worldwide theatrical and domestic home entertainment revenues partially offset by higher international home entertainment and pay television revenues.

Television license fees for the three and nine months ended September 30, 2004 decreased 10% and 5%, respectively, compared with the same prior-year periods. The decrease for the three-month period reflected lower syndication due to fewer syndicated titles in initial availability and lower network license revenues.

Other revenues, which include revenues from consumer publishing, theme park operations, movie theaters, consumer products and home entertainment, increased 14% and 11%, for the three and nine months ended September 30, 2004, respectively. The increase primarily reflected higher home entertainment revenues of 93% and 72%, respectively, for the three-and nine-month periods and higher consumer product licensing revenues. Publishing revenues for the three and nine months ended September 30, 2004 increased 9% and 8%, respectively, primarily due to higher sales in the Adult Group and Children's Group during the three-and nine-month periods. Also contributing was an increase in Parks revenues of 7% and 9%, for the three and nine months ended September 30, 2004, respectively, due to an increase in attendance and the benefit of favorable foreign exchange rates partially offset by lower per capita spending.

International Revenues

The Company generated approximately 17% and 16% of its consolidated revenues internationally, principally from Europe and Canada, for the three and nine months ended September 30, 2004, respectively, and 16% and 15% internationally for the three and nine months ended September 30, 2003, respectively.

	Three Months Ended September 30, 2004				Nine Months Ended September 30, 2004			
	2004	% of Total	2003	% of Total	2004	% of Total	2003	% of Total
Europe	$ 503.1	55%	$ 461.4	55%	$ 1,463.3	58%	$ 1,310.9	57%
Canada	224.9	25	220.0	27	588.4	23	548.8	24
All other	181.0	20	152.0	18	479.2	19	438.3	19
Total International Revenues	$ 909.0	100%	$ 833.4	100%	$ 2,530.9	100%	$ 2,298.0	100%

Operating Expenses

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

Operating Expenses by Type	Three Months Ended September 30, 2004	Percentage of Total	2003	Percentage of Total	Increase/(Decrease) $	%
Production and program rights amortization expenses	$ 1,767.5	61%	$ 1,818.7	62%	$ (51.2)	(3)%
Distribution expenses	319.7	11	346.7	12	(27.0)	(8)
Other	810.7	28	744.6	26	66.1	9
Total Operating Expenses	$ 2,897.9	100%	$ 2,910.0	100%	$ (12.1)	—

Operating Expenses by Type	Nine Months Ended September 30, 2004	Percentage of Total	2003	Percentage of Total	Increase/(Decrease) $	%
Production and program rights amortization expenses	$ 5,687.5	64%	$ 5,336.9	64%	$ 350.6	7%
Distribution expenses	907.1	10	928.3	11	(21.2)	(2)
Other	2,255.5	26	2,056.0	25	199.5	10
Total Operating Expenses	$ 8,850.1	100%	$ 8,321.2	100%	$ 528.9	6%

For the three months ended September 30, 2004, operating expenses of $2.9 billion were relatively flat versus the same period last year and operating expenses of $8.9 billion for the nine months ended September 30, 2004 increased 6% over operating expenses for the same prior-year period.

Production and program rights amortization expense for the three months ended September 30, 2004 decreased 3% over the same prior-year period reflecting fewer network series in production during the current period and lower amortization of features film production costs partially offset by increases associated with new programming at Cable Networks and increased newsgathering costs at CBS. For the nine months ended September 30, 2004, production and program rights amortization expense increased 7% primarily reflecting increased sports rights amortization and higher costs for primetime series. Also contributing to the increase was the acquisition of Comedy Central in May 2003, new programming at the Cable Networks and higher amortization of feature film production costs. These increases were partially offset by fewer network series produced in 2004.

Distribution expenses decreased 8% for the third quarter of 2004 and 2% for the nine months ended September 30, 2004. The decrease primarily reflects decreased advertising spending for feature films in theatrical release.

Other operating expenses increased 9% and 10% for the three and nine months ended September 30, 2004, respectively, primarily reflecting higher Outdoor expenses of 7% and 10% from the impact of foreign exchange rates and higher transit and billboard lease costs. Also contributing to the increase was higher costs associated with publishing, parks and theater operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, which include expenses incurred to provide back office support, occupancy, selling and marketing costs, increased 18% to $1.0 billion and 12% to $3.0 billion for the three and nine months ended September 30, 2004, respectively. The increase for the three months primarily reflects higher employee compensation and commissions and the absence of a pre-tax gain of $40 million received in the third quarter of 2003 from the settlement of a 2001 physical damage and business interruption claim. The increase for the nine months ended September 30, 2004 was due to the factors noted above, severance charges of $56.2 million recorded in the second quarter of 2004 due to management changes and additional costs from Comedy Central, acquired in May 2003. These increases were partially offset by restructuring charges of $26.4 million recorded in the second quarter of 2003 from the acquisition of Comedy Central, lower advertising expenses and a decrease in pension and postretirement benefit costs in 2004. Selling, general and administrative expenses as a percentage of revenues was 19% for the three months ended September 30, 2004 versus 17% for the same prior-year period and was 19% for the nine months ended September 30, 2004 versus 18% for 2003.

Depreciation and Amortization

For the three and nine months ended September 30, 2004, depreciation and amortization increased 8% and 9%, respectively, primarily reflecting increases for Cable Networks leasehold improvements and transponders and Outdoor advertising properties.

Interest Expense

For the three and nine months ended September 30, 2004, interest expense decreased 8% to $176.8 million and 5% to $535.4 million, respectively, due to a reduction in debt including lower average commercial paper borrowings. The Company had approximately $9.7 billion of principal amount of debt outstanding (including current maturities) as of September 30, 2004 and 2003 at weighted average interest rates of 6.5% and 6.4%, respectively.

Interest Income

For the three months ended September 30, 2004, interest income increased $5.2 million to $8.5 million and for the nine months ended September 30, 2004, increased $6.8 million to $16.2 million primarily due to increased cash and cash equivalents.

Other Items, Net

Other items, net of $8.4 million for the three months ended September 30, 2004 principally reflected foreign exchange gains of $15.8 million and a gain on the sale of investments of $6.0 million partially offset by losses of $5.4 million associated with securitizing trade receivables and a loss on the sale of investments of $8.0 million. For the nine months ended September 30, 2004, Other items, net of $29.4 million principally reflected a gain on the sale of investments of $36.6 million and foreign exchange gains of $25.5 million partially offset by a non-cash charge of $20.1 million associated with other-than-temporary declines in the Company's investments and losses of $12.6 million associated with securitizing trade receivables.

For the three months ended September 30, 2003, Other items, net reflected a net loss of $5.2 million principally consisting of foreign exchange losses of $6.8 million and losses associated with securitizing trade receivables partially offset by a net gain on the sale of investments. For the nine months ended September 30, 2003, Other items, net of $12.6 million principally reflected foreign exchange gains of $10.4 million and an insurance recoupment of $5.6 million, partially offset by net losses associated with securitizing trade receivables and net losses on the sale and writedown of investments.

Provision for Income Taxes

For the three months ended September 30, 2004, the Company's effective income tax rate decreased to 36.6% from 40.2% in the third quarter 2003. For the nine months ended September 30, 2004, the Company's effective tax rate decreased to 36.1% from 40.5% for the same prior-year period. The decrease in the effective income tax rates for both periods was principally due to the recognition of a tax benefit from the resolution of certain income tax audits. Excluding this tax benefit, the effective tax rates were 39.9% and 40.6% for the three and nine months ended September 30, 2004.

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

Equity in earnings (loss) of affiliated companies, net of tax, reflects the operating results of the Company's equity investments. For the three and nine months ended September 30, 2004, losses of $27.7 million and $38.2 million, respectively, principally reflect losses from international theater ventures recorded in connection with their divestiture, which occurred in the fourth quarter of 2004.

Minority Interest, Net of Tax

Minority interest primarily reflects the minority ownership of certain theaters and international pay television ventures.

Net Earnings (Loss) from Discontinued Operations

Net earnings (loss) from discontinued operations reflect the operating results of Blockbuster which was split-off from the Company on October 13, 2004. For the three and nine months ended September 30, 2004, net loss from discontinued operations was $1.2 billion and $1.1 billion, respectively, versus net earnings of $51.7 million and $169.4 million, respectively, for the same prior-year periods. The decrease for both periods primarily reflects a non-cash impairment charge of $1.5 billion ($1.2 billion net of minority interest and tax) recorded in the third quarter of 2004 for the impairment of goodwill and other long-lived assets in accordance with SFAS 142 "Goodwill and Other Intangible Assets" ("SFAS 142") and SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 142 requires goodwill to be evaluated for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. Blockbuster performed an interim impairment test of its goodwill during the third quarter of 2004 because of factors surrounding Viacom's exchange offer for the split-off of Blockbuster.

Cumulative Effect of Change in Accounting Principle, Net of Minority Interest and Tax

Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" which requires the capitalization of asset retirement costs as part of the total cost of the related long-lived asset and the depreciation of this cost over the corresponding asset's useful life. As a result of the adoption of this standard, the Company recorded a charge of $18.5 million, or $.01 per share, reflected as a cumulative effect of change in accounting principle, net of minority interest and tax, in the Consolidated Statement of Operations for the nine months ended September 30, 2003.

Net Earnings (Loss)

The Company reported a net loss of $487.6 million for the three months ended September 30, 2004 versus net earnings of $699.6 million for the comparable prior-year period and net earnings of $976.7 million for the nine months ended September 30, 2004 as compared with net earnings of $1.8 billion for the nine months ended September 30, 2003. The decrease in net earnings for the three and nine months was primarily due to the non-cash impairment charge of $1.2 billion, net of minority interest and tax, for the impairment of Blockbuster's goodwill and other long lived assets recorded in the third quarter of 2004 in net loss from discontinued operations. Net earnings for the three and nine months ended September 30, 2004 also included a tax benefit of $38.8 million and $149.3 million, respectively, from the resolution of certain income tax audits. These decreases were partially offset by revenue growth principally from increases in advertising and affiliate fee revenues.

Segment Results of Operations

The tables below present the Company's revenues, operating income and depreciation and amortization by segment, for the three and nine months ended September 30, 2004 and 2003, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues:				
Cable Networks	$ 1,668.2	$ 1,465.4	$ 4,663.3	$ 3,982.1
Television	1,969.1	1,882.6	6,305.7	5,669.1
Radio	529.3	551.7	1,545.7	1,546.5
Outdoor	478.7	434.6	1,366.0	1,275.3
Entertainment	1,082.3	1,098.0	2,884.8	2,816.2
Eliminations	(243.0)	(173.3)	(536.0)	(411.5)
Total Revenues	$ 5,484.6	$ 5,259.0	$ 16,229.5	$ 14,877.7

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Operating Income:				
Cable Networks	$ 690.6	$ 612.8	$ 1,834.0	$ 1,537.8
Television[a]	388.5	362.3	1,252.3	997.1
Radio	221.9	266.2	687.6	722.8
Outdoor	57.6	44.5	149.0	148.2
Entertainment[a]	100.1	111.7	201.3	205.4
Corporate expenses[a]	(52.0)	(46.3)	(176.2)	(127.0)
Residual costs[b]	(28.5)	(36.6)	(85.4)	(109.8)
Eliminations	(33.7)	(34.7)	(92.7)	(46.3)
Total Operating Income[a]	$ 1,344.5	$ 1,279.9	$ 3,769.9	$ 3,328.2

(a) For the nine months ended September 30, 2004, total operating income includes severance charges of $56.2 million, reported as follows: Television ($10.4 million), Entertainment ($10.4 million) and Corporate expenses ($35.4 million).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Depreciation and Amortization:				
Cable Networks	$ 57.3	$ 48.2	$ 178.3	$ 143.9
Television	36.7	37.8	110.0	111.8
Radio	6.8	6.6	22.6	20.5
Outdoor	56.8	53.9	167.5	160.8
Entertainment	35.6	32.5	100.7	94.9
Corporate expenses	5.5	5.6	16.8	17.0
Total Depreciation and Amortization	$ 198.7	$ 184.6	$ 595.9	$ 548.9

Cable Networks *(Basic Cable Television Program Services through MTV Networks ("MTVN"), including MTV, VH1, Nickelodeon/Nick at Nite, TV Land, MTV2, Spike TV, Comedy Central and CMT; BET and BET Jazz: The Jazz Channel; and through Showtime Networks Inc. ("SNI"), owner of several Premium Subscription Television Program Services)*

(Contributed 30% and 29% to consolidated revenues for the three and nine months ended September 30, 2004 versus 28% and 27% for the prior-year periods.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	$ 1,668.2	$ 1,465.4	$ 4,663.3	$ 3,982.1
Operating income (OI)	$ 690.6	$ 612.8	$ 1,834.0	$ 1,537.8
OI as a % of revenues	41%	42%	39%	39%
Depreciation and amortization	$ 57.3	$ 48.2	$ 178.3	$ 143.9
Capital expenditures	$ 21.9	$ 23.4	$ 52.9	$ 56.4

For the three and nine months ended September 30, 2004, Cable Networks revenues increased 14% to $1.7 billion and 17% to $4.7 billion, respectively. Approximately 10% and 8% of Cable Networks revenues were generated from international regions, principally Europe, for the three months ended September 30, 2004 and 2003, respectively, and 9% and 8% for the nine months ended September 30, 2004 and 2003, respectively. Comedy Central, which was acquired in May 2003, contributed 5% to Cable Networks nine month revenue growth.

The increase in Cable Networks revenues was principally driven by advertising revenue growth of 16% for the quarter and 24% for the nine months. Advertising revenues at MTVN grew 17% for the three months and 25% for the nine months reflecting an increase in the number of units sold and higher average unit rates at domestic channels. BET advertising revenues increased 1% and 13% for the three and nine months, respectively, principally due to an increase in the number of units sold and partially offset by a reserve for audience deficiency liabilities. Cable affiliate fees increased 8% for both the quarter and the nine months, driven by rate increases and subscriber growth at MTVN and BET, partially offset by revenue declines of 1% and 2%, respectively, for the quarter and nine months, at SNI. Ancillary revenues for Cable Networks increased 33% and 25%, respectively, for the three and nine months ended September 30, 2004, benefiting from higher Nickelodeon consumer product licensing revenues, higher home video revenues led by the CHAPPELLE'S SHOW DVD and higher licensing and syndication revenues.

For the three and nine months ended September 30, 2004, Cable Networks operating income increased 13% to $690.6 million and 19% to $1.8 billion, respectively, reflecting higher revenues partially offset by a 15% and 16% increase in total expenses, respectively. The increase in total expenses for the quarter and nine months was driven by a 12% and 17% respective increase in operating expenses driven by higher programming costs. Selling, general and administrative expenses for the three and nine months increased 18% and 13%, respectively, primarily due to higher sales-related costs.

In August 2004, the Company acquired 75.8% of VIVA Media AG for $306.9 million. Pursuant to a tender offer, the Company subsequently purchased additional shares of VIVA Media AG in September for $45.4 million and in October 2004 for $38.4 million, raising the Company's total ownership to

97.8% for a total purchase price of $390.7 million. VIVA's results are included as part of MTV Networks since the date of acquisition.

During the third quarter of 2004, Cable Networks recorded a decrease of $9.7 million to restructuring reserves due to a change in estimate for a 2001 charge at MTVN. Additionally, during the nine months ended September 30, 2004 MTVN revised its initial estimate of severance liabilities for the acquisition of Comedy Central by $1.6 million. The initial charge for Comedy Central was recorded in the second quarter of 2003. Severance payments will continue through 2005 since certain employees will be paid out over the terms of their employment contracts.

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

(Contributed 36% and 39% to consolidated revenues for the three and nine months ended September 30, 2004 versus 36% and 38% for the prior-year periods.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	$ 1,969.1	$ 1,882.6	$ 6,305.7	$ 5,669.1
Operating income (OI)	$ 388.5	$ 362.3	$ 1,252.3	$ 997.1
OI as a % of revenues	20%	19%	20%	18%
Depreciation and amortization	$ 36.7	$ 37.8	$ 110.0	$ 111.8
Capital expenditures	$ 35.2	$ 29.8	$ 70.7	$ 94.5

For the three and nine months ended September 30, 2004, Television revenues increased 5% to $2.0 billion and 11% to $6.3 billion, respectively. The revenue increases for the third quarter were principally driven by advertising revenue growth at the broadcast networks and the Stations group, higher home entertainment revenue partially offset by lower television license revenues. CBS and UPN Networks combined advertising revenues increased 4% with an 8% increase in CBS primetime due to 11% average rate increases. For the quarter, the Stations group delivered 3% year-over-year advertising revenue growth due mainly to increased political spending and the strength of CBS Network ratings in primetime. For the three months, home entertainment revenue increased due to the contributions from the DVD release of certain STAR TREK series. For the nine months ended September 30, 2004, CBS and UPN Networks combined delivered 14% advertising revenue growth led by 12% growth in CBS primetime with a 13% average rate increase. CBS Network and the Stations group advertising revenues benefited from the telecast of SUPER BOWL XXXVIII. For the nine months, the Stations group advertising revenue increased 8% reflecting more units sold at higher average unit rates.

Television revenues for the quarter reflected a 1% decrease in television license revenues principally due to fewer syndication titles in initial availability. The third quarter included the domestic syndication of CSI and GIRLFRIENDS as well as the cable sale of JAG. The prior year's quarter contained the domestic syndication of BECKER and THE PARKERS in addition to the cable sales of SABRINA, THE TEENAGE WITCH and THE DIVISION. For the nine months, television license revenues increased 8% benefiting from the basic cable availability of STAR TREK: DEEP SPACE NINE, the renewal by incumbent stations of EVERYBODY LOVES RAYMOND and from the renewal of an international licensing agreement for STAR TREK: THE NEXT GENERATION, STAR TREK: VOYAGER and STAR TREK: DEEP SPACE NINE.

For the three and nine months ended September 30, 2004, Television operating income increased 7% and 26%, respectively principally due to the revenue increases noted above. Total expenses increased 4% and 8% for the three and nine months, respectively, primarily due to higher production and programming for the nine months, and higher selling, general and administrative expenses. Production costs and programming expenses decreased 1% for the quarter and increased 6% for the nine months. The nine month increase was principally due to higher program rights amortization for sports events. Included in selling, general and administrative expenses was a severance charge of $10.4 million recorded in the second quarter of 2004 related to a management change. Included in the prior year's quarter was $27 million for insurance recoveries. Depreciation and amortization declined 3% and 2% for the three and nine months, respectively. Capital expenditures for the nine months ended September 30, 2004 decreased as the prior-year period included the upgrade of broadcast equipment at the Stations group.

Radio *(Radio Stations)*

(Contributed 10% to consolidated revenues for all periods presented.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	$ 529.3	$ 551.7	$ 1,545.7	$ 1,546.5
Operating income (OI)	$ 221.9	$ 266.2	$ 687.6	$ 722.8
OI as a % of revenues	42%	48%	44%	47%
Depreciation and amortization	$ 6.8	$ 6.6	$ 22.6	$ 20.5
Capital expenditures	$ 9.1	$ 4.7	$ 19.7	$ 11.0

For the three months ended September 30, 2004, Radio revenues decreased 4% to $529.3 million reflecting continued weakness in national and local advertising. For the nine months ended September 30, 2004, revenues were flat at $1.5 billion. Radio's revenues are generated domestically from 184 radio stations. The advertising revenues decrease for the quarter reflects a decline in units sold which led to a lower sell-out rate. For the nine months, advertising revenues decreased slightly due to fewer units sold at higher rates. Radio receives consideration for management services provided to Westwood One, an affiliated company. Revenues from these arrangements were approximately $16.7 million and $49.7 million for the three and nine months ended September 30, 2004 versus $15.5 million and $49.0 million for the comparable prior-year periods.

Operating income declined 17% to $221.9 million for the quarter and decreased 5% to $687.6 million for the nine months ended September 30, 2004 due to the revenue decreases noted above. Total expenses, which include operating, selling, general and administrative expenses and depreciation and amortization, increased 8% for the quarter primarily due to the absence of $13 million from insurance recoveries recorded in the prior year's third quarter and higher contractual talent and employee-related expenses. For the nine months, total expenses increased 4% primarily due to a 4% increase in programming expenses, including on-air talent and program rights and other production costs and higher selling, general and administrative expenses. The Company's radio stations, along with the radio sector in general, are continuing to experience softness in advertising revenues. The Company expects this trend to continue through the end of the fourth quarter of 2004.

Outdoor *(Outdoor Advertising Properties)*

(Contributed 9% and 8% to the consolidated revenues for the three and nine months ended September 30, 2004 versus 8% and 9% for the prior-year periods.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	$ 478.7	$ 434.6	$ 1,366.0	$ 1,275.3
Operating income (OI)	$ 57.6	$ 44.5	$ 149.0	$ 148.2
OI as a % of revenues	12%	10%	11%	12%
Depreciation and amortization	$ 56.8	$ 53.9	$ 167.5	$ 160.8
Capital expenditures	$ 13.6	$ 15.6	$ 34.7	$ 46.5

For the three and nine months ended September 30, 2004, Outdoor revenues increased 10% to $478.7 million and 7% to $1.4 billion, respectively. In the third quarter, revenue growth was driven by a 14% increase in Europe, a 5% increase in U.S. billboards and transit, and a 33% increase in Canada and Mexico. The growth in European revenues primarily reflected the continuing benefit of favorable exchange rates. For the nine months, the revenue growth reflects a 17% increase in Europe, a 1% increase in U.S. billboards and transit, a 12% increase in Canada partially offset by a 9% decrease in Mexico. The estimated total impact of exchange rate fluctuations for Outdoor revenues was approximately $16 million in additional revenues for the three months ended September 30, 2004 versus the same period last year and approximately $50 million in additional revenues for the first nine months of 2004. Approximately 43% and 41% of Outdoor's revenues were generated from international regions, principally Europe, for the three months ended September 30, 2004 and 2003, respectively, and 45% and 42% for the nine months ended September 30, 2004 and 2003, respectively.

Operating income for the three and nine months ended September 30, 2004 increased 29% to $57.6 million and 1% to $149.0 million, respectively. The year-over-year increases in operating income were driven by the above mentioned revenue increases combined with more moderate increases in expenses. Total expenses, which include operating, selling, general and administrative expenses and depreciation and amortization, increased 8% for both the three-and nine-month periods. For both periods, the increase in expenses was driven by higher operating expenses from the negative impact of foreign exchange fluctuation, higher U.S. billboard and transit lease costs and higher selling, general and administrative expenses from higher compensation costs.

Entertainment *(Production and distribution of Motion Pictures; Consumer Publishing as well as the operation of Theme Parks, Movie Theaters and Music Publishing)*

(Contributed 20% and 18% to consolidated revenues for the three and nine months ended September 30, 2004 versus 21% and 19% for the prior-year periods.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	$ 1,082.3	$ 1,098.0	$ 2,884.8	$ 2,816.2
Operating income (OI)	$ 100.1	$ 111.7	$ 201.3	$ 205.4
OI as a % of revenues	9%	10%	7%	7%
Depreciation and amortization	$ 35.6	$ 32.5	$ 100.7	$ 94.9
Capital expenditures	$ 10.2	$ 10.5	$ 48.3	$ 45.6

For the three months ended September 30, 2004, Entertainment revenues decreased 1%, to $1.1 billion principally reflecting lower revenues from Features, partially offset by higher revenues from Publishing, Parks and Theaters. For the nine months ended September 30, 2004, Entertainment revenues increased 2% to $2.9 billion principally reflecting higher revenues from Publishing, Parks and Theaters, partially offset by lower revenues from Features. Approximately 35% and 36% of Entertainment's revenues were generated from international regions, principally Europe and Canada for the three and nine months ended September 30, 2004 and approximately 35% was generated internationally for the comparable prior-year periods.

Publishing revenues for the three and nine months increased 9% and 8%, respectively, primarily due to the impact of several top-selling Adult Group titles including FAMILY FIRST by Dr. Phil McGraw, THE DARK TOWER VII by Stephen King and THE GOOD EARTH by Pearl Buck.

Parks revenues for the three and nine months increased 7% and 9%, respectively, primarily due to a 9% and 12% respective increases in attendance partially offset by lower average per capita spending. Parks also benefited from favorable foreign currency translation.

Theaters revenues for the three and nine months increased 4% and 7%, respectively, primarily from the benefit of favorable foreign currency translation and higher average admission prices and per capita spending, partially offset by slightly lower attendance.

Features revenues for the three months decreased 9% primarily due to decreases in domestic home entertainment and network revenues, partially offset by increases in domestic pay television and international home entertainment revenues. Home entertainment revenues included domestic contributions from MEAN GIRLS and THE PRINCE AND ME, and international contributions from SCHOOL OF ROCK. Feature film license revenues from broadcast networks decreased, while license revenues from pay television increased, both due to a change in mix of available titles.

Features revenues for the nine months decreased 2% primarily due to decreased worldwide theatrical, international television syndication, and domestic home entertainment revenues, partially offset by increased international home entertainment and worldwide pay television revenues. Theatrical revenues included domestic contributions from MEAN GIRLS, MANCHURIAN CANDIDATE and STEPFORD WIVES and international contributions from SCHOOL OF ROCK, MEAN GIRLS and COLLATERAL. International television syndication revenues were lower due to a change in mix of available titles.

Entertainment's operating income for the three months ended September 30, 2004 decreased 10% as a result of the revenue decreases noted above while total expenses which include operating, selling, general and administrative expenses and depreciation and amortization, were essentially flat. The increases in selling, general and administrative expenses as well as depreciation and amortization were offset by the decrease in operating expenses, principally from lower features distribution costs.

Entertainment's operating income for the nine months ended September 30, 2004 decreased by 2%, primarily due to the revenue increases noted above, offset by higher operating expenses. Total expenses were up 3% for the nine months due to higher operating expenses for Publishing, Parks and Theaters as well as higher selling, general and administrative expenses for Features which included in the second quarter of 2004 a severance charge of $10.4 million and higher depreciation expense for Theaters, partially offset by lower Features distribution costs. Theaters expenses were negatively impacted by foreign exchange fluctuations.

Financial Position

Current assets increased $1.7 billion to $9.4 billion at September 30, 2004 from $7.8 billion at December 31, 2003 primarily due to a $1.8 billion increase in cash. This increase was partially offset by a $226.8 million decrease in receivables, due primarily to higher home entertainment receivables at December 31, 2003. The allowance for doubtful accounts as a percentage of receivables was 5.9% at September 30, 2004 compared with 6.5% at December 31, 2003.

Net property and equipment decreased $105.9 million from December 31, 2003 primarily reflecting depreciation expense of $521.8 million partially offset by capital expenditures of $251.0 million, additional property and equipment from acquisitions of $130.2 million and an increase in capital leases of $76.7 million.

Current liabilities remained relatively flat at $7.6 billion at September 30, 2004 reflecting an increase in program rights obligations for network television partially offset by decreases in accounts payable and accrued compensation primarily due to the timing of payments. Total long-term debt, including current maturities, increased $11.8 million to $9.7 billion at September 30, 2004 principally reflecting additional capital leases offset by the repayment of notes payable to banks.

Other assets of discontinued operations decreased $1.6 billion to $2.7 billion at September 30, 2004 due primarily to a non-cash impairment charge of $1.5 billion recorded by Blockbuster in the third quarter of 2004 for the impairment of goodwill in accordance with SFAS 142. Other liabilities of discontinued operations increased $702.5 million to $1.8 billion at September 30, 2004 primarily reflecting Blockbuster's assumption of additional debt as a result of its payment of a special cash distribution to its stockholders in September 2004.

Cash Flows

Cash and cash equivalents increased by $1.8 billion for the nine months ended September 30, 2004. The change in cash and cash equivalents was as follows:

	Nine Months Ended September 30,	
	2004	2003
Cash provided by operating activities from continuing operations	$ 2,647.7	$ 2,248.8
Cash provided by (used for) investing activities from continuing operations	219.3	(1,554.3)
Cash used for financing activities from continuing operations	(1,018.9)	(573.3)
Net cash flow from discontinued operations	(54.7)	6.3
Increase in cash and cash equivalents	$ 1,793.4	$ 127.5

Operating Activities. Net cash flow provided by operating activities from continuing operations of $2.6 billion for the nine months ended September 30, 2004 principally reflected net earnings from continuing operations of $2.1 billion adjusted for depreciation and amortization of $595.9 million. Net cash flow provided by operating activities from continuing operations of $2.2 billion for the nine months ended September 30, 2003 principally reflected net earnings from continuing operations of $1.7 billion adjusted for depreciation and amortization of $548.9 million. Cash flow from operations also reflected decreases in accrued compensation and other accrued expenses.

Cash paid for income taxes for the nine months ended September 30, 2004 was $830.3 million versus $569.3 million for the nine months ended September 30, 2003. Full year 2004 cash taxes from continuing operations are expected to be approximately $1.3 billion to $1.4 billion.

Investing Activities. Net cash flow provided by investing activities from continuing operations of $219.3 million for the nine months ended September 30, 2004 principally reflected the $738.1 million received as part of the special distribution paid by Blockbuster to its stockholders in September 2004, offset by acquisitions of $345.2 million, primarily for the acquisition of VIVA Media AG, as well as capital expenditures of $251.0 million principally for broadcasting equipment, outdoor advertising structures and construction of new park attractions. Net cash expenditures for investing activities from continuing operations of $1.6 billion for the nine months ended September 30, 2003 principally reflected capital expenditures of $259.6 million and acquisitions of $1.3 billion primarily reflecting the acquisition of the remaining 50% interest in Comedy Central not previously owned, as well as Outdoor's acquisition of a billboard operator in Puerto Rico.

Financing Activities. Cash used for financing activities from continuing operations of $1.0 billion for the nine months ended September 30, 2004 principally reflected the purchase of Company common stock of $645.3 million, dividend payments of $311.6 million and the repayment of notes and debentures of $80.3 million, partially offset by the proceeds from the exercise of stock options of $94.4 million. Cash used for financing activities from continuing operations of $573.3 million for the nine months ended September 30, 2003 reflected the repayment of notes and debentures of $764.5 million, the purchase of Company common stock of $449.6 million and the net repayment of bank debt of $163.4 million partially offset by proceeds from the issuance of notes and debentures of $736.5 million.

Share Purchase Program and Cash Dividends

On October 28, 2004, the Company announced that its Board of Directors has approved a stock purchase program under which the Company is authorized to acquire from time to time up to $8.0 billion in Viacom Class A Common Stock and non-voting Class B Common Stock. The program succeeds and replaces the Company's $3.0 billion stock purchase program announced in 2002, under which 40.7 million shares of Class B Common Stock have been purchased for $1.7 billion. The Company will finance the purchase program using a combination of cash and investments, future cash flows and borrowing capacity consistent with the Company's current credit profile. From October 28 through November 5, 2004 the Company has purchased 14.1 million shares of Viacom Class B Common Stock for approximately $517.5 million.

On July 21, 2004, Viacom's Board of Directors declared a quarterly cash dividend of $.06 per share on Viacom Class A and Class B Common Stock. The dividend of $103.6 million was paid on October 1, 2004 to stockholders of record at the close of business on August 31, 2004. Year-to-date through October 1, 2004, the Company has paid dividends of $415.2 million to stockholders. On October 28, 2004, the Company announced an increase in the quarterly cash dividend on Viacom Class A and Class B Common Stock to $.07 per share from $.06 per share. The increased dividend is payable on January 1, 2005 to stockholders of record at the close of business on November 30, 2004.

Capital Structure

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

	At September 30, 2004	At December 31, 2003
Notes payable to banks	$ 6.2	$ 7.2
Commercial paper	—	20.0
Senior debt (4.625%-8.875% due 2005-2051)	9,233.7	9,273.0
Senior subordinated debt (10.5% due 2009)	—	66.3
Other notes	1.0	1.2
Obligations under capital leases	430.5	291.9
Total Debt	9,671.4	9,659.6
Less current portion	67.1	51.5
Total Long-Term Debt	$ 9,604.3	$ 9,608.1

The Company's total debt presented above includes (i) an aggregate unamortized premium of $35.8 million and $41.4 million and (ii) the change in the carrying value of the debt, since inception, relating to fair value swaps of $31.0 million and $48.2 million for the periods ending September 30, 2004 and December 31, 2003, respectively.

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

On July 15, 2004, the Company redeemed all of the outstanding Go Outdoor Systems Holdings S.A. 10.5% senior subordinated notes due 2009, at a redemption price equal to 105.25% of the principal amount.

During the third quarter of 2004, the Company entered into $50 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature in January 2006 and the Company receives an interest rate of approximately 2.9%, while paying three-month LIBOR.

During the second quarter of 2004, the Company entered into $300 million notional amount of swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on January 2006 and the Company receives an interest rate of approximately 2.7%, while paying three-month LIBOR on $150 million and receives an interest rate of approximately 3.6%, while paying six-month LIBOR on $150 million.

Accounts Receivable Securitization Programs

As of September 30, 2004, the Company had an aggregate of $1.0 billion outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from these programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of September 30, 2004, the Company was in compliance with the required ratios under the receivable securitization programs, except for one performance ratio under one program, for which a waiver has been received, due to the write-off of a receivable from a third party.

Liquidity and Capital Resources

The Company believes that its future operating cash flows, cash and cash equivalents ($2.5 billion at September 30, 2004), borrowing capacity under committed bank facilities (which consisted of unused revolving credit facilities, of $4.27 billion at September 30, 2004), and access to capital markets are sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. The funding for commitments to purchase sports programming rights, television and film operations, and talent contracts will come primarily from cash flow from operations.

The Company continually projects anticipated cash requirements, which include capital expenditures, share purchases, dividends, acquisitions, and principal payments on its outstanding indebtedness, as well as cash flows generated from operating activity available to meet these needs. Any net cash funding requirements are financed with short-term borrowings (primarily commercial paper) and long-term debt. Commercial paper borrowings, which also accommodate day-to-day changes in funding requirements, are backed by committed bank facilities that may be utilized in the event that commercial paper borrowings are not available. The Company's strong credit position, which is reflected by an A-/A3 rating, affords access to the capital markets.

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

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

Commitments

The Company's commitments not recorded on the balance sheet primarily consist of programming and talent commitments, operating lease arrangements, purchase obligations for goods and services and guaranteed minimum franchise payments. These arrangements result from the Company's normal course of business and represent obligations that are payable over several years. Programming and talent commitments of the Company are estimated to aggregate approximately $12.7 billion at September 30, 2004 and $13.2 billion at December 31, 2003. On November 8, 2004, the Company entered into a six-year follow-on contract with the National Football League, increasing the Company's commitments with respect to sports programming rights by approximately $3.7 billion.

Guarantees

As of September 30, 2004, the Company owned a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia and guaranteed approximately $307.8 million of UCI's debt obligations under a revolving credit facility, which expires in December 2004, and $164.0 million of UCI's theater leases. In October 2004, the Company sold its equity interest in UCI. The Company also owns a 50% interest in WF Cinema Holdings, L.P., and Grauman's Theatres LLC and guarantees certain theater leases for approximately $13.8 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of September 30, 2004 as they were provided by the Company prior to the adoption of FIN 45.

Additionally, the Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated $336.6 million at September 30, 2004 and are not recorded on the balance sheet as of September 30, 2004.

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

Legal Matters

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

Claims are frequently filed and/or settled in large groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of September 30, 2004, the Company had pending approximately 112,200 asbestos claims, as compared with approximately 112,280 as of December 31, 2003 and approximately 124,300 as of September 30, 2003. Of the claims pending as of September 30, 2004, approximately 82,430 were pending in state courts, 27,210 in federal courts and approximately 2,560 were third party claims. During the third quarter of 2004, the Company received approximately 3,470 new claims and closed or moved to an inactive docket approximately 7,450 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs (recovery) for the years 2003 and 2002 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $(8.7) million and $28.0 million, respectively. A portion of such costs relates to claims settled in prior years. If proceeds received in 2003 from commuted insurance policies were excluded from the Company's total costs in 2003, the Company's total costs after insurance recoveries and net of tax benefits would have been $56.6 million.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased primarily by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers; and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. Claims identified as cancer remain a small percentage of asbestos claims pending at September 30, 2004. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury. The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

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

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

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

Discontinued Operations

On October 13, 2004, the Company announced the completion of the exchange offer for the split-off of Blockbuster Inc. (NYSE: BBI and BBI.B). Under the terms of the offer, Viacom accepted 27,961,165 shares of Viacom common stock in exchange for the 144 million shares of Blockbuster that Viacom owned. Each share of Viacom Class A or Class B Common Stock accepted for exchange by Viacom were exchanged for 5.15 shares of Blockbuster common stock, consisting of 2.575 shares of Blockbuster class A common stock and 2.575 shares of Blockbuster class B common stock.

Recent Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46") which was replaced in December 2003 by the issuance of FIN 46R ("FIN 46R"). FIN 46R explains how to identify variable interest entities ("VIEs") and how a company should assess its interests in a variable interest entity to decide whether to consolidate that entity. FIN 46R requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. The provisions of FIN 46R were effective for special purpose entities (SPEs) as of December 31, 2003. The remaining provisions were effective as of January 1, 2004. The adoption of FIN 46R did not have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

During the third quarter of 2004, the Company adopted FASB Staff Position FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act")" ("FSP 106-2") for employers that sponsor postretirement health care plans that provide prescription drug benefits, and requires certain disclosures regarding the effect of the federal subsidy provided by the Act. Based on proposed Centers for Medicare & Medicaid Services regulations issued to date, the Company is unable to conclude whether benefits provided by the Plan are at least actuarially equivalent to benefits available though Medicare Part D. Therefore, the measure of the accumulated postretirement benefit obligation and net periodic postretirement expense disclosed in the notes to the financial statements do not reflect any amount associated with potential subsidies under the Act. The Company expects to be able to determine the actuarial equivalency of benefits provided by the Plan when additional guidance and final regulations are issued and does not expect it will have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

On September 30, 2004 the Emerging Issue Task Force (EITF) of FASB issued Topic No. D-108 "Use of the Residual Method to Value Acquired Assets Other than Goodwill" ("D-108"). D-108 requires the direct value method be used to value intangible assets other than goodwill for such assets acquired in business combinations completed after September 29, 2004. D-108 also requires that registrants who have applied the residual method to the valuation of intangible assets for purposes of impairment testing shall perform an impairment test using the direct value method on all intangible assets that were previously valued no later than the beginning of fiscal years beginning after December 15, 2004 though early adoption is permissible. Impairments resulting from the application of the direct value method and the related tax effects should be reported as a cumulative effect of a change in accounting principle. The Company is in the process of evaluating the impact the adoption of D-108 will have on the Company's financial position or statement of operations.

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns the Company's Class A Common Stock, representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at September 30, 2004. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company.

NAIRI, Inc., a wholly owned subsidiary of NAI, and NAI, have entered into an agreement with the Company to participate in the Company's share purchase program on a pro-rata basis. The agreement, which has been approved by an independent committee of Viacom directors, will prevent the buyback from increasing NAIRI's economic interest in Viacom.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the nine months ended September 30, 2004 and September 30, 2003, respectively, NAI made payments to Paramount Pictures in the aggregate amount of $5.5 million and $9.6 million.

NAI and Mr. Redstone owned in the aggregate approximately 74% of the common stock of Midway Games Inc. ("Midway") as of September 30, 2004. The Company's cable networks sell advertising time to Midway and revenues from these transactions were $3.2 million and $.3 million for the nine months ended September 30, 2004 and 2003, respectively.

The Company owns a minority equity interest in Westwood One, Inc. ("Westwood One"). Most of the Company's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue from the sale by Westwood One of Infinity's programming. In addition, Radio provides certain management services to Westwood One for which the Company receives a management fee. CBS Television and Cable Networks also enter into programming agreements with Westwood One. Revenues from these arrangements were approximately $19.7 million and $20.2 million for the three months ended September 30, 2004 and 2003, respectively and $64.2 million and $65.2 million for the nine months ended September 30, 2004 and 2003, respectively.

Cautionary Statement Concerning Forward-Looking Statements

This quarterly report on Form 10-Q, including "Item 2—Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in our forward-looking statements: advertising market conditions generally; changes in the public acceptance of the Company's programming; changes in technology and its effect on competition in the Company's markets; changes in the Federal Communications laws and regulations; the impact of piracy on the Company's products; the impact of consolidation in the market for the Company's programming; other domestic and global economic, business, competitive and/or regulatory factors affecting the Company's businesses generally; and other factors described in the Company's filings made under the securities laws, including, among others, those set forth under "Risk Factors" and "Cautionary Statement Concerning Forward-Looking

Statements" in our Annual Report on Form 10-K for the year ended December 31, 2003. The forward-looking statements included in this document are only made as of the date of this document and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no significant changes to market risk since reported in the Company's Annual Report of Form 10-K for the year ended December 31, 2003.

Item 4. Controls and Procedures.

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

No change in the Company's internal control over financial reporting occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

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

Below is a summary of Viacom Inc.'s purchases of its Class B Common Stock during the three months ended September 30, 2004 under its $3.0 billion stock purchase program authorized by its Board of Directors in 2002 and publicly announced on October 10, 2002. On October 28, 2004, the Company announced that its Board of Directors has approved a stock purchase program under which the Company is authorized to acquire from time to time up to $8 billion in Viacom Class A Common Stock and non-voting Class B Common Stock. The program succeeds and replaces the Company's $3 billion stock purchase program and the activity for the reported period is summarized below:

(In millions, except per share amounts)	Total Number of Shares Purchased	Average Price Per Share	Authorization Remaining
June 30, 2004			$ 1,312
July 1, 2004 — September 30, 2004	—	—	—
	—	—	$ 1,312

Item 6. Exhibits.

Exhibit No.		Description of Document
(3)		**Articles of Incorporation and By-laws**
	(a)	Amended and Restated Certificate of Incorporation of Viacom Inc., effective May 21, 2003 (incorporated by reference to Exhibit 3(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2003) (File No. 001-09553), as amended by the Certificate of Designation of Series D Fully Participating Preferred Stock of Viacom Inc., effective August 20, 2004 (filed herewith).
	(b)	Amended and Restated By-laws of Viacom Inc., adopted June 1, 2004 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Viacom Inc. dated June 1, 2004) (File No. 001-09553).
(4)		**Instruments defining the rights of security holders including indentures**
	(a)	Specimen certificate representing Viacom Inc. Class A Common Stock (incorporated by reference to Exhibit 4(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (incorporated by reference to Exhibit 4(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(c)	The instruments defining the rights of holders of the long-term debt securities of Viacom Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Viacom Inc. hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.
(10)		**Material Contracts**
	(a)	Agreement among Viacom Inc., NAIRI, Inc. and National Amusements, Inc. dated as of October 28, 2004 (filed herewith).
(12)		**Statement Regarding Computation of Ratios (filed herewith)**

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

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

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

(32) **Section 1350 Certifications**

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

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

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: November 9, 2004	/s/ Richard J. Bressler
	Richard J. Bressler *Senior Executive Vice President* *Chief Financial Officer*
Date: November 9, 2004	/s/ Susan C. Gordon
	Susan C. Gordon *Senior Vice President, Controller* *Chief Accounting Officer*

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	(b)	Amended and Restated By-laws of Viacom Inc., adopted June 1, 2004 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Viacom Inc. dated June 1, 2004) (File No. 001-09553).
(4)		**Instruments defining the rights of security holders including indentures**
	(a)	Specimen certificate representing Viacom Inc. Class A Common Stock (incorporated by reference to Exhibit 4(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (incorporated by reference to Exhibit 4(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2002) (File No. 001-09553).
	(c)	The instruments defining the rights of holders of the long-term debt securities of Viacom Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Viacom Inc. hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.
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Exhibit 3(a)

CERTIFICATE OF DESIGNATION
OF THE VOTING POWERS, DESIGNATION,
PREFERENCES AND RELATIVE, PARTICIPATING,
OPTIONAL OR OTHER SPECIAL RIGHTS AND QUALIFICATIONS,
LIMITATIONS AND RESTRICTIONS OF THE
SERIES D FULLY PARTICIPATING PREFERRED STOCK

OF

VIACOM INC.

Pursuant to Section 151 of the
General Corporation Law of
the State of Delaware

I, Michael D. Fricklas, Executive Vice President, General Counsel and Secretary of Viacom Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Company"), DO HEREBY CERTIFY THAT:

Pursuant to the authority conferred upon the Board of Directors of the Company by its Amended and Restated Certificate of Incorporation, and pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors adopted the following resolution in accordance with Section 141(f) of the General Corporation Law of the State of Delaware, which resolution remains in full force and effect on the date hereof, creating a series of shares of Preferred Stock designated as Series D Fully Participating Preferred Stock (the "Series D Fully Participating Preferred Stock") out of the class of 25,000,000 shares of preferred stock, par value of $0.01 per share (the "Preferred Stock"):

RESOLVED, that, in accordance with the provisions of the Viacom Inc. Amended and Restated Certificate of Incorporation (the "Certificate"), the Board of Directors of Viacom Inc. (the "Company" or "Viacom") does hereby create, authorize and provide for the issuance of the Series D Fully Participating Preferred Stock, having the voting powers, designation, relative, participating, optional and other special rights, preferences, and qualifications, limitations and restrictions that are set forth as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series D Fully Participating Preferred Stock" and the number of shares constituting such series shall be 4,144,000.

Section 2. Dividends and Distributions. (A) Each holder of one one-hundredth (1/100) of a share (a "Unit") of Series D Fully Participating Preferred Stock shall be entitled to receive, out of funds legally available for that purpose, (i) a mandatory cash dividend in an amount per Unit (rounded to the nearest cent) equal to the per share amount of any cash dividend declared on shares of Class B Common Stock and (ii) subject to the provision for adjustment hereinafter set forth, a mandatory cash dividend in an amount per Unit (rounded to the nearest cent) equal to the "fair market value" of the per share amount of all non-cash dividends or other distributions (other than a dividend payable in shares of Class B Common Stock or a subdivision of the outstanding shares of Class B Common Stock, by reclassification or otherwise) declared on shares of Class B Common Stock. In the event that the Company shall at any time after the issuance of any share or fraction of a share of Series D Fully Participating Preferred Stock (the "Series D Issuance Date") (i) declare any dividend on outstanding shares of Class B Common Stock payable in shares of Class B Common Stock, (ii) subdivide outstanding shares of Class B Common Stock into a greater number of shares or (iii) combine outstanding shares of Class B Common Stock into a smaller number of shares, then in each such case the amount to which the holder of a Unit of Series D Fully Participating Preferred Stock was entitled immediately prior to such event pursuant to the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which shall be the number of shares of Class B Common Stock that are outstanding immediately after such event and the denominator of which shall be the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare a mandatory dividend or distribution on Units of Series D Fully Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the shares of Class B Common Stock (other than a dividend payable in shares of Class B Common Stock).

(C) For purposes of this Section 2, "fair market value" on any date shall mean (i) with respect to any securities that are listed or admitted to trading on any national securities exchange, the average of the high and low sales price on the date of distribution and (ii) with respect to any other securities, properties or assets, the fair market value thereof as determined in good faith by the Board of Directors of the Company.

Section 3. Voting Rights. Except as otherwise required by law or by the Certificate (including without limitation this resolution), the holders of Units of Series D Fully Participating Preferred Stock shall not have or be entitled to any voting rights or powers with respect to any questions presented to stockholders of the Company.

Section 4. Certain Restrictions. (A) Whenever dividends or distributions payable on Units of Series D Fully Participating Preferred Stock as provided in Section 2 are due but not yet paid, thereafter and until all accrued and unpaid dividends and distributions on outstanding Units of Series D Fully Participating Preferred Stock shall have been paid in full when due, the Company shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of junior stock;

(ii) declare or pay dividends on or make any other distributions on any shares of parity stock, except dividends paid ratably on Units of Series D Fully Participating Preferred Stock and shares of all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of such Units and all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any parity stock; provided, however, that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any junior stock; or

(iv) purchase or otherwise acquire for consideration any Units of Series D Fully Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such Units.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series D Fully Participating Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. The Company shall take all such actions as are necessary so that all such shares, upon their cancellation, shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (i) to the holders of shares of junior stock unless the holders of Units of Series D Fully Participating Preferred Stock shall have received, subject to adjustment as hereinafter provided in paragraph (B), the greater of either (a) $.01 per share of Series D Fully Participating Preferred Stock plus an amount equal to accrued and unpaid dividends and distributions thereon to the date of such payment, or (b) the amount equal to the aggregate per share amount to be distributed to holders of shares of Class B Common Stock, or (ii) to the holders of shares of parity stock, unless simultaneously therewith distributions are made ratably on Units of Series D Fully Participating Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of Units of Series D Fully Participating Preferred Stock are entitled under clause (i)(a) of this sentence and to which the holders of shares of such parity stock are entitled, in each case upon such liquidation, dissolution or winding up.

(B) In the event the Company shall, at any time after the Series D Issuance Date, (i) declare any dividend on outstanding shares of Class B Common Stock payable in shares of Class B Common Stock, (ii) subdivide outstanding shares of Class B Common Stock into a greater number of shares, or (iii) combine outstanding shares of Class B Common Stock into a smaller number of shares, then in each such case the aggregate amount to which holders of Units of Series D Fully Participating Preferred Stock were entitled immediately prior to such event pursuant to clause (i)(b) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction the numerator of which shall be the number of shares of Class B Common Stock that are outstanding immediately after such event and the denominator of which shall be the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Class B Common Stock are exchanged for or converted into other stock or securities, cash and/or any other property, then in any such case Units of Series D Fully Participating Preferred Stock shall at the same time be similarly exchanged for or converted into an amount per Unit (subject to the provision for adjustment hereinafter set forth) equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Class B Common Stock is converted or exchanged. In the event the Company shall at any time after the Series D Issuance Date (i) declare any dividend on outstanding shares of Class B Common Stock payable in shares of Class B Common Stock, (ii) subdivide outstanding shares of Class B Common Stock into a greater number of shares, or (iii) combine outstanding Class B Common Stock into a smaller number of shares, then in each such case the amount set forth in the immediately preceding sentence with respect to the exchange or conversion of Units of Series D Fully Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which shall be the number of shares of Class B Common Stock that are outstanding immediately after such event and the denominator of which shall be the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

Section 8. Redemption. The Units of Series D Fully Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Units of Series D Fully Participating Preferred Stock shall rank junior to all other series of the Preferred Stock and to any other class of preferred stock that hereafter may be issued by the Company as to the payment of dividends and the distribution of assets, unless the terms of any such series or class shall provide otherwise.

Section 10. Amendment. (A) The Certificate, including, without limitation, this resolution, shall not hereafter be amended, either directly or indirectly, or through merger or consolidation with any other corporation or corporations in any manner that would alter or change the powers, preferences or special rights of the Series D Fully Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding Units of Series D Fully Participating Preferred Stock, voting separately as a class.

(B) In the event the terms of the Class B Common Stock are amended to provide the holders thereof with powers, preferences or rights that they do not have as of the Series D Issuance Date, then the Company shall amend the terms of the Series D Fully Participating Preferred Stock so as to provide the holders of each Unit with the same powers, preferences and rights provided to each share of Class B Common Stock.

Section 11. Fractional Shares. The Series D Fully Participating Preferred Stock may be issued in Units or other fractions of a share, which Units or fractions shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series D Fully Participating Preferred Stock.

Section 12. Certain Definitions. As used herein with respect to the Series D Fully Participating Preferred Stock, the following terms shall have the following meanings:

(A) The term "Class A Common Stock" shall mean the class of stock designated as the class A common stock, par value $0.01 per share, of the Company at the date hereof or any other class of stock resulting from successive changes or reclassification of such common stock.

(B) The term "Class B Common Stock" shall mean the class of stock designated as the class B common stock, par value $0.01 per share, of the Company at the date hereof or any other class of stock resulting from successive changes or reclassification of such common stock.

(C) The term "junior stock" (i) as used in Section 4, shall mean any class or series of capital stock of the Company hereafter authorized or issued over which the Series D Fully Participating Preferred Stock has preference or priority as to the payment of dividends and (ii) as used in Section 6, shall mean the Class A Common Stock, the Class B Common Stock and any other class or series of capital stock of the Company over which the Series D Fully Participating Preferred Stock has preference or priority in the distribution of assets upon any liquidation, dissolution or winding up of the Company.

(D) The term "parity stock" (i) as used in Section 4, shall mean the Class B Common Stock and any other class or series of stock of the Company hereafter authorized or issued ranking pari passu with the Series D Fully Participating Preferred Stock as to the payment of dividends and (ii) as used in Section 6, shall mean any class or series of capital stock ranking pari passu with the Series D Fully Participating Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up of the Company.

IN WITNESS WHEREOF, Viacom Inc. has caused this Certificate of Designation to be signed this 20th day of August, 2004.

VIACOM INC.

By /s/ MICHAEL D. FRICKLAS

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

Exhibit 10(a)

AGREEMENT

AGREEMENT dated as of October 28, 2004 among Viacom Inc., a Delaware corporation (the "**Company**"), NAIRI, Inc., a Delaware corporation ("**NAIRI**"), and National Amusements, Inc., a Maryland corporation (**"NAI"** and, together with NAIRI and the direct and indirect wholly owned subsidiaries of NAIRI and NAI, "**Seller**").

W I T N E S S E T H:

WHEREAS, the Company is authorized to purchase from time to time its Class A Shares (as defined below) and Class B Shares (as defined below) pursuant to its stock repurchase program; and

WHEREAS, NAIRI is the owner of 104,334,828 Class B Shares of the Company and owns Shares (as defined below) representing approximately 11.60% of the outstanding Shares of the Company as of the date hereof; and

WHEREAS, NAI owns 100% of the outstanding shares of common stock of NAIRI; and

WHEREAS, Sumner M. Redstone, Chairman and Chief Executive Officer of the Company, is the controlling stockholder and Chairman and Chief Executive Officer of NAI; and

WHEREAS in consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the Company, NAIRI and NAI intending to be bound legally, each agree as follows:

ARTICLE 1

Definitions

Section 1.1. *Definitions*. (a) The following terms, as used herein, have the following meanings:

"Blockbuster Transaction" means the transaction relating to the offer to the stockholders of the Company for the exchange, on a tax-free basis, of some or all of their Shares for shares of Blockbuster Inc. common stock held by the Company, the completion of which was announced by the Company on October 13, 2004.

"Business Day" means (a) for purposes of determining the date of a Closing, Delayed Closing, Closing Notice or Delayed Closing Notice, a day on which banks are not required or authorized by law to close in New York City and (b) for all other purposes under this Agreement, a day on which the New York Stock Exchange is open for trading.

"**Class A Shares**" means shares of the Class A common stock of the Company.

"**Class B Shares**" means shares of the Class B common stock of the Company.

"Daily LIBOR Carry Amount" means, for each day, an amount determined at the end of each period equal to the product of (a) the cumulative month-to-date Implied Daily Settlement Proceeds and (b) LIBOR *divided* by 360; *provided* that if such day is not a Business Day, the Daily LIBOR Carry Amount for such day shall be equal to the product of (a) the cumulative month-to-date Implied Daily Settlement Proceeds through the most recent Business Day of such Applicable Month and (b) LIBOR in effect as of the most recent Business Day *divided* by 360; and *provided, further,* that for any day after the last Business Day of such Applicable Month and prior to the date of Closing with respect to such Applicable Month, the Daily LIBOR Carry Amount for such day shall be equal to the product of (a) the cumulative month-to-date Implied Daily Settlement Proceeds as of the most recent Business Day and (b) LIBOR in effect as of the last Business Day of the Applicable Month *divided* by 360.

"Dividend Adjusted VWAP" means, with respect to any day of an Applicable Month which precedes an established Ex-Dividend Date that occurs prior to the Closing for such Applicable Month, the adjusted volume-weighted average price of the Acquired Shares for such day calculated as the sum of (a) the VWAP for such day *minus* (b) the amount of the dividend per Class B Share which has been declared in respect of the Acquired Shares.

"Ex-Dividend Date" means the date that is two trading days prior to the record date which has been established in connection with the declaration of a dividend in respect of the Acquired Shares or such other date as may be established with respect to the Acquired Shares as an "ex-dividend" date by the New York Stock Exchange or by the parties hereto.

"Implied Daily Acquired Shares" means, for each Business Day, the number of Acquired Shares for such Applicable Month which were attributable to such day's trading as determined by reference to the number of Shares purchased by the Company pursuant to the Program (other than Acquired Shares) on such Business Day as a percent of the Company's total purchases pursuant to the Program (other than Acquired Shares) during the Applicable Month measured after the close of trading on the last Business Day of such Applicable Month and prior to the delivery of the Closing Notice relating to the Closing for such Applicable Month.

"Implied Daily Settlement Proceeds" means, for each Business Day, the product of (a) the number of Implied Daily Acquired Shares which were deemed to have been acquired on the day that was three trading days prior to such Business Day and (b) the VWAP or Dividend Adjusted VWAP, as applicable, for such prior day.

"LIBOR" means, for any Business Day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) on that day for a term of one week (*provided* that, if for any reason such rate is not available, the term "LIBOR" shall mean, for any period, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) on that day for a term of one week; *provided, however,* if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates).

"LIBOR Carry Amount" means, for any period, an amount determined at the end of each period that is the sum of all Daily LIBOR Carry Amounts for such period.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property or asset.

"NAI Senior Credit Agreements" means the credit facilities and note purchase agreements of NAI and National Amusements, Ltd. in existence as of the date of this Agreement.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Program**" means the share repurchase program approved on October 27, 2004 authorizing the Company to purchase from time to time Shares up to a maximum aggregate amount (including existing authority) of $8 billion.

"Seller Ownership Percentage" means Seller's ownership of Shares, expressed as a percentage, as measured prior to the opening of trading on the first Business Day of each Applicable Month adjusted on a pro forma basis for the Acquired Shares to be settled with respect to the prior Applicable Month that have not yet been reflected in Seller's ownership of Shares and the Company's outstanding Shares; *provided* that if Seller has sold Shares other than to the Company pursuant to the Agreement, then the Seller Ownership Percentage as measured prior to the opening of trading on the first Business Day of such Applicable Month shall be adjusted on a pro forma basis to reflect (i) the Acquired Shares to be settled with respect to the prior Applicable Month that have not yet been reflected in Seller's ownership of Shares and the Company's outstanding Shares and (ii) the Shares sold by Seller other than to the Company pursuant to the Agreement; and *provided, further,* that in the event that the number of outstanding Shares of the Company has changed more than 5% in any Applicable Month as measured on the first Business Day of the Applicable Month and the last Business Day of the Applicable Month (excluding the effect of any Shares purchased by the Company in the open market pursuant to the Program during such Applicable Month, but including the

Acquired Shares purchased from Seller during such Applicable Month in respect of any prior month's activity), then the Seller Ownership Percentage in effect from the day on which the number of outstanding Shares of the Company during any Applicable Month changed more than 5% (measured month-to-date on a cumulative basis as compared to the first Business Day of any Applicable Month) until the end of the Applicable Month shall be adjusted on a pro forma basis to reflect (i) the Acquired Shares to be settled with respect to the prior Applicable Month that have not yet been reflected in Seller's ownership of Shares and the Company's outstanding Shares and (ii) the Shares issued or redeemed by the Company in transactions other than pursuant to the Agreement which accounted for such 5% change.

"**Shares**" means the Class A Shares and the Class B Shares.

"Volume-Weighted Average Price" means, for any period, the average price of the Class B Shares calculated as (a) the sum of the VWAP Volume Amount for all of the trading days on which the Company purchased Shares pursuant to the Program within such period *divided* by (b) the total VWAP Volume of all Class B Shares traded for days on which the Company purchased Shares pursuant to the Program within such period; *provided* that if the Agreement has been terminated in accordance with Section 7.1, the Volume-Weighted Average Price for any Closing thereafter shall be calculated only through the day immediately prior to the termination date of the Agreement.

"VWAP" means, for any day, the volume-weighted average price of the Class B Shares as reported for such day on Bloomberg Terminal "VIA/B Equity AQR SEC GO".

"VWAP Volume" means, for any day, the volume of the Class B Shares traded for such day as reported for such day on Bloomberg Terminal "VIA/B Equity AQR SEC GO".

"VWAP Volume Amount" means, for any day, the product of (a) the VWAP *multiplied by* (b) the VWAP Volume; *provided* that with respect to any day of an Applicable Month which precedes an established Ex-Dividend Date that occurs prior to the Closing for such Applicable Month, the VWAP Volume Amount shall be calculated as the product of (a) the Dividend Adjusted VWAP *multiplied by* (b) the VWAP Volume.

(b) For purposes of the definitions of "Implied Daily Acquired Shares", "Seller Ownership Percentage" and "Volume-Weighted Average Price", Shares purchased by the Company pursuant to the Program shall be deemed to have been purchased on the trade date with respect to such Shares and not the day on which such trade settles.

(c) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Acquired Shares	2.1
Applicable Month	2.1

Term	Section
Closing	2.3
Closing Notice	2.3
Delayed Closing	2.4
Delayed Closing Notice	2.4
Governmental Authority	3.3
IRS Closing Condition	6.2
Purchase Price	2.2

ARTICLE 2

Purchase and Sale

Section 2.1. *Purchase and Sale*. Upon the terms and subject to the conditions of this Agreement, NAIRI and NAI agree to sell, transfer, assign and deliver to the Company, or to cause Seller to sell, transfer, assign and deliver to the Company, and the Company agrees to purchase from Seller, with respect to each calendar month in which the Company purchases Shares pursuant to the Program (the **"Applicable Month"**), a number of Class B Shares at each Closing calculated in accordance with Annex A hereto such that the Seller Ownership Percentage shall not increase as a result of purchases made pursuant to the Program (the Class B Shares acquired from Seller, the "**Acquired Shares**"). With respect to the calendar month October 2004, the first Business Day of the Applicable Month will be deemed to be October 28, 2004. In the event that the Agreement is terminated pursuant to Section 7.1, the day immediately prior to the termination date will be deemed to be the last day of the Applicable Month in which the termination date occurs.

Section 2.2. *Purchase Price*. The aggregate purchase price for the Acquired Shares at each Closing (the "**Purchase Price**") shall be equal to the product of (i) the aggregate number of Acquired Shares to be purchased at such Closing *multiplied by* (ii) the Volume-Weighted Average Price of the Acquired Shares for the Applicable Month. An interest factor shall be applied to the Purchase Price for the Acquired Shares equal to the Libor Carry Amount. The Purchase Price shall also include an adjustment to the Volume-Weighted Average Price of the Acquired Shares, if necessary, to take into account the effect of any dividends or similar distributions relating to the Acquired Shares to be settled for the Applicable Month. The Purchase Price and the LIBOR Carry Amount shall be paid as provided in Section 2.3.

Section 2.3. *Closing*. Within five Business Days after the end of each Applicable Month, the Company shall deliver to NAIRI and NAI a notice (each, a **"Closing Notice"**) setting forth the (i) the date of Closing, (ii) number of Acquired Shares to be purchased by the Company from Seller pursuant to Section 2.1, (iii) a calculation of the Purchase Price and (iv) the LIBOR Carry Amount. Subject to the satisfaction or waiver by the Company of the conditions set forth in Article 6, each closing of the purchase and sale of the Acquired Shares hereunder shall take place on the date set forth in the Closing Notice, which in any event shall be no later than the seventh Business Day after the end of each month (each, a "**Closing**") at the offices of the Company located at 1515 Broadway, New York, New York 10036, at 12:00 NOON, New York City time, or as soon as possible thereafter; *provided* that no Closing shall occur until the IRS Closing Condition described in Section 6.2(c) has been satisfied or waived by the Company; and *provided, further,* that with respect to the Closing relating to the Applicable Month of October 2004, the date of Closing shall occur no later than the twelfth Business Day of November 2004 and the Closing Notice with respect to such Closing shall be delivered by the Company to NAIRI and NAI at least two Business Days prior to the date of such Closing and no later than the tenth Business Day of November 2004.

At each Closing:

(a) The Company shall deliver to Seller the Purchase Price and LIBOR Carry Amount by check or by cash payable by wire transfer or other immediately available funds; and

(b) NAIRI and NAI shall, or shall cause Seller to, deliver to the Company certificates for the Acquired Shares duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto; *provided*, if the Acquired Shares are not held by Seller in certificated form, NAIRI and NAI shall, or shall cause Seller to, arrange to the Company's satisfaction to transfer such shares in electronic form to a brokerage account designated in writing by the Company.

Section 2.4. *Delayed Closing*. In the event that any Closing has been delayed pending satisfaction of the IRS Closing Condition set forth under Section 6.2(c) hereof, then such Closing shall take place on the day that is five Business Days following the satisfaction of such IRS Closing Condition (the "**Delayed Closing"**). The Company shall deliver to NAIRI and NAI a Closing Notice (the **"Delayed Closing Notice"**) no later than two Business Days prior to the Delayed Closing setting forth (i) the date of the Delayed Closing, (ii) the number of Acquired Shares to be purchased by the Company from Seller at the Delayed Closing for each prior Applicable Month for which a Closing had been delayed, (iii) a calculation of the Purchase Price and (iv) the LIBOR Carry Amount. The Delayed Closing shall take place at the offices of the Company located at 1515 Broadway, New York, New York 10036, at 12:00 NOON, New York City time, or as soon as possible thereafter. At the Delayed Closing, the delivery of the Acquired Shares to the Company and the payment of the Purchase Price and LIBOR Carry Amount for such Acquired Shares to the Seller shall be made in respect of each prior Applicable Month for which a Closing had been delayed in the manner provided in Section 2.3.

ARTICLE 3

Representations and Warranties of NAIRI and NAI

Each of NAIRI and NAI represents and warrants to the Company with respect to itself and with respect to each of its direct and indirect wholly owned subsidiaries that is a Seller hereunder, as of the date hereof and as of the date of each Closing that:

Section 3.1. *Corporate Existence and Power*. Each of NAIRI, NAI and each Seller hereunder (i) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and (ii) has all powers, corporate or otherwise, and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except with respect to (ii), where the failure to have such powers, governmental licenses, authorizations, permits, consents or approvals would not adversely affect the ability of NAIRI, NAI or any Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

Section 3.2. *Corporate Authorization*. The execution and delivery by NAIRI and NAI, and the performance by NAIRI, NAI and each Seller, of this Agreement and the consummation of the transactions contemplated hereby are within the powers, corporate or otherwise, of NAIRI, NAI and each Seller and have been duly authorized by all necessary action on the part of NAIRI, NAI and each Seller. This Agreement constitutes a valid and binding agreement of NAIRI and NAI enforceable against each of NAIRI and NAI in accordance with its terms.

Section 3.3. *Governmental Authorization*. The execution and delivery by NAIRI and NAI, and the performance by NAIRI, NAI and each Seller of this Agreement and the consummation of the transactions contemplated hereby require no prior action by or in respect of, or prior filing with, any governmental organization, whether state or federal (**"Governmental Authority"**).

Section 3.4. *Noncontravention*. The execution and delivery by NAIRI and NAI, and the performance by NAIRI, NAI and each Seller of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the organization documents of NAIRI, NAI or any Seller, (ii) assuming compliance with the matters referred to in Section 3.3, violate any applicable law, rule, regulation, judgment, injunction, order or decree (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of NAIRI, NAI or any Seller under any provision of any agreement or other instrument binding upon NAIRI, NAI or any Seller, except with respect to (ii) and (iii), where such violation, consent, action, default or right of termination, cancellation or acceleration would not adversely affect the ability of NAIRI, NAI or any Seller to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

Section 3.5. *Ownership of Shares*. Seller is the beneficial owner of the Acquired Shares, free and clear of any Lien and any other limitation or restriction (including any restriction on the right to sell or otherwise dispose of the Acquired Shares), and will transfer and deliver to the Company at each Closing valid title to the Acquired Shares to be sold at such Closing free and clear of any Lien and any such limitation or restriction.

ARTICLE 4

Representations and Warranties of the Company

The Company represents and warrants to NAIRI and NAI as of the date hereof and as of each Closing date that:

Section 4.1. *Corporate Existence and Power*. The Company (i) is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and (ii) has all corporate powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except with respect to (ii), where the failure to have such corporate powers, governmental licenses, authorizations, permits, consents or approvals would not adversely affect the ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

Section 4.2. *Corporate Authorization*. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby are within the corporate powers of the Company and have been duly authorized by all necessary corporate action on the part of the Company. This Agreement constitutes a valid and binding agreement of the Company enforceable against the Company in accordance with its terms.

Section 4.3. *Governmental Authorization*. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby require no prior action by or in respect of, or prior filing with, any Governmental Authority.

Section 4.4. *Noncontravention*. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the certificate of incorporation or bylaws of the Company, (ii) assuming compliance with the matters referred to in Section 4.3, violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of the Company under any provision of any agreement or other instrument binding upon the Company, except with respect to (ii) and (iii), where such violation, consent, action, default or right of termination, cancellation or acceleration would not adversely affect the ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

ARTICLE 5

Covenants of the Company, NAIRI and NAI

The Company, NAIRI and NAI agree that:

Section 5.1. *Reasonable Commercial Efforts; Further Assurances*. Subject to the terms and conditions of this Agreement, the Company, NAIRI and NAI will use their reasonable commercial efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. NAIRI and NAI will cause each Seller hereunder to fulfill its obligations under this Agreement.

Section 5.2. *Restrictions on NAIRI and NAI.* Until termination of this Agreement pursuant to Section 7.1, each of NAIRI and NAI agrees not to purchase, and to cause each other Seller not to purchase, Shares without the consent of the Audit Committee of the Company and not to sell, transfer, assign or deliver, and to cause each other Seller not to sell, transfer, assign or deliver, Shares other than to the Company pursuant to this Agreement; *provided* that Seller may sell such Shares as are required pursuant to the terms of the NAI Senior Credit Agreements so long as NAIRI and NAI provide the Company with prior written notice on each occasion of Seller's intention to sell such Shares; and *provided*, *further*, that each of NAIRI, NAI and their direct and indirect wholly owned subsidiaries may transfer Shares between and among each other entity that is a Seller.

ARTICLE 6

Conditions To Closing

Section 6.1. C*onditions to Obligations of the Company, NAIRI and NAI*. The obligations of the Company, NAIRI and NAI to consummate each Closing is subject to the satisfaction of the following conditions:

(a) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of any Closing.

(b) All actions by or in respect of or filings with any governmental body, agency, official or authority required to permit the consummation of each Closing shall have been taken, made or obtained.

Section 6.2. *Conditions to Obligations of the Company*. The obligation of the Company to consummate each Closing is subject to the satisfaction (or waiver by the Company) of the following conditions:

(a) Each of NAIRI and NAI shall have performed in all material respects all of its respective obligations hereunder required to be performed by it on or prior to such Closing date.

(b) The representations and warranties of each of NAIRI, NAI and each Seller hereunder contained in this Agreement shall be true in all material respects at and as of such Closing date as if made at and as of such date.

(c) The Company shall have received confirmation from the Internal Revenue Service satisfactory to the Company that the purchase and/or sale of the Class B Shares pursuant to the terms of this Agreement will not adversely affect the Internal Revenue Service ruling on the Blockbuster Transaction (the **"IRS Closing Condition"**).

With respect to Section 6.2(c) above, a waiver of the IRS Closing Condition by the Company with respect to any Closing shall be deemed to be a waiver of such condition for all future Closings unless and until the Company shall notify NAIRI and NAI that it has become aware of new or additional information that would indicate, in the Company's reasonable determination, that the purchase and/or sale of the Class B Shares pursuant to the terms of this Agreement could adversely affect the Internal Revenue Service ruling on the Blockbuster Transaction. In the event that the Company has waived the IRS Closing Condition at anytime under this Agreement and thereafter becomes aware of new or additional information of the type described in the preceding sentence, the Company agrees to promptly notify NAIRI and NAI of such development.

Section 6.3. *Conditions to Obligation of NAIRI and NAI*. The obligation of NAIRI and NAI to consummate each Closing is subject to the satisfaction (or waiver by NAIRI and NAI) of the following conditions:

(a) The Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to such Closing date.

(b) The representations and warranties of the Company contained in this Agreement shall be true in all material respects at and as of such Closing date as if made at and as of such date.

ARTICLE 7

Termination

Section 7.1. *Termination*. This Agreement shall terminate:

(a) pursuant to the joint written agreement of the Company, NAIRI and NAI; or

(b) 45 days after notice by NAIRI and NAI, on the one hand, or the Company, on the other hand; or

(c) pursuant to written notice by the Company if NAIRI and NAI have delivered a notice to the Company stating Seller's intention to sell Shares pursuant to the terms of the NAI Senior Credit Agreements; or

(d) pursuant to written notice by the Company, if a breach of or failure to perform any representation, warranty, covenant or agreement on the part of NAIRI or NAI set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Sections 6.2(a) and 6.2(b) not to be satisfied, and any such condition is incapable of being satisfied by the next Closing date; or

(e) pursuant to written notice by NAIRI and NAI, if a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Sections 6.3(a) and 6.3(b) not to be satisfied, and any such condition is incapable of being satisfied by the next Closing date; or

(f) pursuant to written notice by NAIRI and NAI, on the one hand, or the Company, on the other hand, if there shall be any law or regulation that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any court or governmental body having competent jurisdiction; or

(g) at the termination or completion of the Program; or

(h) upon the two month anniversary of the execution of this Agreement in the event that the IRS Closing Condition shall not have been satisfied or waived by such date;

provided that with respect to (a), (b) and (c) above, such termination shall not affect the settlement of Acquired Shares in respect of any trading activity which has occurred during any period prior to the effective date of the termination of this Agreement.

The party desiring to terminate this Agreement pursuant to clauses (b), (c), (d), (e) or (f) above shall give written notice of such termination to the other party.

ARTICLE 8

Miscellaneous

Section 8.1. *Survival*. The covenants, agreements, representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto shall not survive the termination of this Agreement other than with respect to a Closing for Acquired Shares which follows a termination of the Agreement pursuant to Sections 7.1(a), (b) or (c); *provided* that the covenants, agreements, representations and warranties contained in Articles 3, 4 and 8 shall survive indefinitely; *provided, further,* that nothing shall relieve any party for liability at any time with respect to any breach occurring prior to the termination of this Agreement.

Section 8.2. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to the Company, to:

Viacom Inc.
1515 Broadway
New York, NY 10036
Fax: (212) 258-6099
Attn: General Counsel

if to NAIRI or NAI, to:

National Amusements, Inc.
200 Elm Street
Dedham, MA 02026
Fax: (781) 461-1412
Attn: Vice President, Finance

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 P.M. in the place of receipt (as evidenced by confirmation of facsimile or other appropriate transmission receipt) and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

Section 8.3. *Amendments and Waivers*. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective. The failure or delay by any party in exercising any right, power or privilege hereunder shall not operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.4. *Expenses*. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense.

Section 8.5. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto.

Section 8.6. *Governing Law*. This Agreement shall be governed by and construed in accordance with the law of the State of New York (without regard to principles of conflicts of laws).

Section 8.7 *Jurisdiction*. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in a state or federal court located in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 8.2 shall be deemed effective service of process on such party.

Section 8.8 *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.9 *Counterparts; Third Party Beneficiaries*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. No provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 8.10. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 8.11. *Captions*. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

VIACOM INC.

By: /s/ MICHAEL D. FRICKLAS

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

NAIRI, INC.

By: /s/ RICHARD J. SHERMAN

Name: Richard J. Sherman
Title: Vice President

NATIONAL AMUSEMENTS, INC.

By: /s/ JEROME MAGNER

Name: Jerome Magner
Title: Vice President

ANNEX A
ACQUIRED SHARES CALCULATION

The number of Acquired Shares to be purchased from Seller at each Closing shall be equal to:

(a) the quotient of (1) the Seller Ownership Percentage *divided by* (2) [1 minus the Seller Ownership Percentage]

multiplied by

(b) the number of Shares purchased by the Company pursuant to the Program during the Applicable Month (excluding any Acquired Shares) measured from the first Business Day of the Applicable Month through and including the last Business Day of the Applicable Month;

provided that such amount of Acquired Shares shall be rounded to the nearest whole Acquired Share; and *provided, further,* that if such amount is less than 100 Acquired Shares, then the number of Acquired Shares to be purchased from Seller at such Closing shall be zero.

For purposes of the Acquired Shares calculation, Shares purchased by the Company pursuant to the Program shall be deemed to have been purchased on the trade date with respect to such Shares and not the day on which such trade settles.

Exhibit 12

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

	Nine Months Ended September 30,		Full Year				
	2004	2003	2003	2002	2001	2000	1999
Earnings (loss) before income taxes	$ 3,280.1	$ 2,787.8	$ 3,739.4	$ 3,420.9	$ 1,073.2	$ 592.4	$ 768.3
Add:							
Distributions from affiliated companies	18.3	33.4	37.7	39.7	55.6	48.3	25.9
Interest expense, net of capitalized interest	553.5	589.0	774.9	847.2	968.6	821.8	448.9
Capitalized interest amortized	—	—	—	—	—	2.2	5.7
1/3 of rental expense	166.3	159.9	146.4	141.2	170.7	124.9	51.7
Total Earnings	$ 4,018.2	$ 3,570.1	$ 4,698.4	$ 4,449.0	$ 2,268.1	$ 1,589.6	$ 1,300.5
Fixed charges:							
Interest expense, net of capitalized interest	$ 553.5	$ 589.0	$ 774.9	$ 847.2	$ 968.6	$ 821.8	$ 448.9
1/3 of rental expense	166.3	159.9	146.4	141.2	170.7	124.9	51.7
Total fixed charges	$ 719.8	$ 748.9	$ 921.3	$ 988.4	$ 1,139.3	$ 946.7	$ 500.6
Preferred Stock dividend requirements	—	—	—	—	—	—	0.8
Total fixed charges and Preferred Stock dividend requirements	$ 719.8	$ 748.9	$ 921.3	$ 988.4	$ 1,139.3	$ 946.7	$ 501.4
Ratio of earnings to fixed charges	5.6x	4.8x	5.1x	4.5x	2.0x	1.7x	2.6x
Ratio of earnings to combined fixed charges and Preferred Stock dividend requirements	5.6x	4.8x	5.1x	4.5x	2.0x	1.7x	2.6x

Exhibit 31(a)

CERTIFICATION

I, Sumner M. Redstone, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2004

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
Chairman and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Richard J. Bressler, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2004

/s/ RICHARD J. BRESSLER

Richard J. Bressler
Senior Executive Vice President and Chief Financial Officer

Exhibit 32(a)

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

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), I, Sumner M. Redstone, Chief Executive Officer of the Company, certify that to my knowledge:

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

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

/s/ SUMNER M. REDSTONE

Sumner M. Redstone
November 9, 2004

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

Exhibit 32(b)

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

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ending September 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), I, Richard J. Bressler, Chief Financial Officer of the Company, certify that to my knowledge:

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

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

/s/ RICHARD J. BRESSLER

Richard J. Bressler
November 9, 2004

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