

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2004

VIACOM INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-09553 (Commission File Number)	04-2949533 (IRS Employer Identification Number)
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1515 Broadway, New York, NY (Address of principal executive offices)	10036 (Zip Code)
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(212) 258-6000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On October 28, 2004, the Registrant, NAIRI, Inc. ("NAIRI") and National Amusements, Inc. ("NAI" and, together with NAIRI and the direct and indirect wholly owned subsidiaries of NAIRI and NAI, "Seller"), entered into an agreement pursuant to which the Registrant has agreed to buy, and NAIRI and NAI have agreed to sell, or cause their direct and indirect wholly owned subsidiaries to sell, a number of shares of the Registrant's Class B common stock (the "Class B Shares") each month such that Seller's ownership percentage of the Registrant's Class A common stock and the Registrant's Class B common stock considered as a single class shall not increase as a result of purchases of shares of the Registrant's common stock pursuant to the Registrant's stock purchase program.

The purchase price for the Class B Shares purchased from Seller will be determined based on volume-weighted average trading prices for the Class B Shares as reported by Bloomberg for trades permitted under Rule 10b-18 of the Securities Exchange Act of 1934, as amended, on days on which the Registrant purchases the Registrant's common stock in the open market. The purchase price and number of Class B Shares to be purchased from Seller will be adjusted, if necessary, to take into account certain factors, such as the effect of dividends involving the Registrant's Class B Shares. The purchase of the Class B Shares from Seller will be settled on a monthly basis with the closing date to occur no later than the seventh business day of each month for purchases relating to the prior month. Any purchases of Class B Shares from Seller shall be subject to confirmation of certain tax matters with respect to the Registrant. The agreement will include a covenant that will restrict Seller's ability to purchase shares of the Registrant's common stock without the Registrant's consent or to sell shares of the Registrant's common stock other than to the Registrant in accordance with and subject to the terms of the agreement except as required pursuant to the terms of NAI's senior credit agreement.

The agreement may be terminated (1) upon the joint written agreement of the Registrant, NAIRI and NAI, (2) 45 days after written notice by NAIRI and NAI, on

the one hand, or the Registrant, on the other hand, (3) upon written notice by the Registrant if NAIRI and NAI have delivered a notice to the Registrant stating Seller's intention to sell shares of the Registrant's common stock pursuant to the terms of NAI's senior credit agreement, (4) upon written notice by NAIRI and NAI, on the one hand, or the Registrant, on the other hand, if there shall be any law or regulation that makes consummation of the transactions contemplated by the agreement illegal or otherwise prohibited or if consummation of the transactions contemplated by the agreement would violate any nonappealable final order, decree or judgment of any court or governmental body having competent jurisdiction, (5) at the termination or completion of the Registrant's stock purchase program or (6) at the two-month anniversary of the effective date of the agreement in the event that the tax condition has not been satisfied or waived by such date. The term sheet reflecting this agreement is attached hereto as Exhibit 10.

Mr. Sumner M. Redstone, Chairman of the Board and Chief Executive Officer of the Registrant, is the controlling shareholder of NAI, a closely held corporation. NAI is the controlling shareholder of NAIRI. Seller owns approximately 71% of the voting power of all classes of the Registrant's common stock, and approximately 12% of the Registrant's Class A common stock and Class B common stock on a combined basis. Mr. Redstone is Chairman and Chief Executive Officer of NAI and Chairman and President of NAIRI.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 10 Agreement Term Sheet among Viacom Inc., NAIRI, Inc. and National Amusements, Inc.

SIGNATURE

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 hereunto duly authorized.

VIACOM INC.
(Registrant)

By: /s/ Michael D. Fricklas

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

Date: October 28, 2004

Exhibit Index

Exhibit Number	Description of Exhibit
Exhibit 10	Agreement Term Sheet among Viacom Inc., NAIRI, Inc. and National Amusements, Inc.

Parties: Viacom Inc. (the "Company"), NAIRI, Inc. ("NAIRI") and National Amusements, Inc. ("NAI" and, together with NAIRI and the direct and indirect wholly owned subsidiaries of NAIRI and NAI, "Seller").

Purchase and Sale: NAIRI and NAI agree to sell, or to cause Seller to sell, to the Company, and the Company agrees to purchase from Seller, with respect to each calendar month (the "Applicable Month") in which the Company purchases Shares pursuant to the Program, a number of Class B Shares at each Closing (as calculated in accordance with Annex A hereto) such that Seller's 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 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, 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).

Purchase Price: The aggregate purchase price for the Acquired Shares at each Closing (the "Purchase Price") shall be equal to the sum of (a) 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 plus (b) the LIBOR Carry Amount for the Applicable Month. The Purchase Price shall be adjusted, if necessary, to take into account the effect of dividends relating to Acquired Shares to be settled for the Applicable Month.

Closing: Within five business days after the end of each Applicable Month, the Company shall deliver to NAIRI and NAI a notice (the "Closing Notice") of the number of Acquired Shares to be purchased by the Company from Seller and a calculation of the Purchase Price. Subject to the satisfaction or waiver of the closing conditions set forth below, 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 Applicable Month (each, a "Closing") at the offices of the Company located at 1515 Broadway, New York, New York 10036, at 10:00 A.M., New York City time, or as soon as possible thereafter; provided no Closing shall occur until the IRS Closing Condition set forth below has been satisfied.

Delayed Closing: In the event that the first Closing has been delayed pending satisfaction of the IRS Closing Condition, then the first Closing shall take place on the day that is five business days following the satisfaction of such IRS Closing Condition (the "Delayed Closing") at the Company's offices at the address and time set forth above and the Company shall deliver a Closing Notice to NAIRI and NAI no later than two business days prior to the Delayed Closing. At the Delayed Closing, the Seller shall deliver to the Company the Acquired Shares in respect of each prior Applicable Month for which a Closing had been delayed and the Company shall pay the Seller the Purchase Price for such Acquired Shares.

Conditions to Closing: The obligations of the Company and Seller to consummate each Closing or Delayed Closing shall be subject to the satisfaction or waiver of conditions customary for agreements of this nature. In addition, the obligation of the Company to consummate the first Closing or Delayed Closing shall be subject to the condition that the Company shall have received confirmation from the Internal Revenue Service

satisfactory to the Company that the purchase and sale of the Shares pursuant to the terms of the Agreement will not adversely affect the IRS ruling on the Blockbuster split-off (the "IRS Closing Condition").

Representations
and Warranties:

The Agreement shall contain representations and warranties from each of the Company, NAIRI and NAI as are customary for an agreement of this nature.

Covenants:

The Agreement shall contain covenants of each of the Company, NAIRI and NAI as are customary for an agreement of this nature. In addition, the Agreement shall contain a covenant from NAIRI and NAI that until termination of the Agreement, NAIRI and NAI agree not to purchase, and to cause Seller not to purchase, Shares without the consent of the Audit Committee of the Company and not to sell, transfer, assign or deliver, and cause Seller not to sell, transfer, assign or deliver, Shares other than to the Company pursuant to the Agreement; provided that Seller may sell such Shares as are required pursuant to the terms of NAI's senior credit agreement so long as NAIRI and NAI provide the Company with prior written notice 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.

Termination:

The Agreement shall terminate:

- (a) upon joint written agreement of the Company, NAIRI and NAI; or
- (b) 45 days after written notice by NAIRI and NAI, on the one hand, or the Company, on the other hand; or
- (c) upon 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 NAI's senior credit agreement; or
- (d) upon 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
- (e) at the termination or completion of the Program; or
- (f) at the two-month anniversary of the effective date of the Agreement in the event that the IRS Closing Condition is not 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 such joint agreement or such notice of termination, as applicable.

Governing Law:

State of New York.

"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.

"Individual LIBOR Carry Amount" means, for any period, an amount determined at the end of such period in respect of each day's trading within such period equal to the product of (a) the volume of Acquired Shares in respect of such day's trades and (b) the VWAP for such day and (c) the number of days measured from the third trading day following such trading day until the date of the next Closing and (d) LIBOR divided by 360; provided that the Individual LIBOR Carry Amount shall be adjusted, if necessary, to take into account the effect of dividends relating to Acquired Shares to be settled for the period.

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

"Program" means the share repurchase program approved by the Audit Committee of the Board of Directors of the Company on October 27, 2004 authorizing the Company to purchase from time to time such Shares as the Company shall deem advisable from time to time up to a maximum aggregate amount of \$8 billion.

"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 clause (a), (b) or (c) under "Termination" and the date of termination of the Agreement falls on a date other than the last business day of the applicable period, the Volume-Weighted Average Price for the final Closing shall be calculated only through the date of termination of the Agreement.

"VWAP" means, for any day, the sum of 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.

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.

For purposes of the Acquired Shares calculation, Shares shall be deemed to have been purchased on the day that the buy trade with respect to such Shares has been effected and not the day on which such trade settles.

"Seller Ownership Percentage" means Seller's ownership of Shares, expressed as a percentage, as determined 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 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 pursuant to the Program during such Applicable Month and the Acquired Shares purchased during such Applicable Month in respect of any prior month's activity) or if Seller has sold Shares other than to the Company pursuant to the Agreement, then the Seller Ownership Percentage shall include an appropriate adjustment to reflect such changes.