SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999 COMMISSION FILE NUMBER 1-9553

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, NY (Address of Principal Executive Offices)	10036 (Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, $0.01 par value	New York Stock Exchange
Class B Common Stock, $0.01 par value	New York Stock Exchange
6.75% Senior Notes due 2003	American Stock Exchange
7.75% Senior Notes due 2005	American Stock Exchange
7.625% Senior Debentures due 2016	American Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None
(Title Of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 14, 2000, 138,136,111 shares of Viacom Inc. Class A Common Stock, $0.01 par value ("Class A Common Stock"), and 560,513,402 shares of Viacom Inc. Class B Common Stock, $0.01 par value ("Class B Common Stock"), were outstanding. The aggregate market value of the shares of Class A Common Stock (based upon the closing price of $52 7/16 per share as reported by the New York Stock Exchange on that date) held by non-affiliates was approximately $2,328,844,392 and the aggregate market value of the shares of the Class B Common Stock (based upon the closing price of $52 11/16 per share as reported by the New York Stock Exchange on that date) held by non-affiliates was approximately $24,027,308,762.

DOCUMENTS INCORPORATED BY REFERENCE

The Definitive Proxy of the Registrant for the 2000 Annual Meeting of Shareholders (Part III to the extent described herein).

Part I

Item 1. Business.

Background

Viacom Inc. (together with its subsidiaries and divisions, unless the context otherwise requires, the "Company") is a diversified entertainment company with operations in six segments: (i) Networks, (ii) Entertainment, (iii) Video, (iv) Parks, (v) Publishing and (vi) Online. The Networks segment operates MTV: MUSIC TELEVISION(R), SHOWTIME(R), NICKELODEON(R)/NICK AT NITE(R), VH1 MUSIC FIRST(R) and TV LAND(R), among other program services. The Entertainment segment, which includes PARAMOUNT PICTURES(R), PARAMOUNT TELEVISION(TM) (collectively, the "PARAMOUNT STUDIO") and PARAMOUNT STATIONS GROUP(R), produces and distributes theatrical motion pictures and television programming and operates or programs 19 broadcast television stations. The Entertainment segment also includes movie theater and music publishing operations. The Video segment consists of an approximately 82% interest in BLOCKBUSTER, which operates and franchises BLOCKBUSTER(R) video stores worldwide. The Parks segment, PARAMOUNT PARKS(R), owns and operates five theme parks and a themed attraction in the U.S. and Canada. The Publishing segment publishes and distributes consumer books and related multimedia products, under such imprints as SIMON & SCHUSTER(R), POCKET BOOKS(TM), SCRIBNER(R) and THE FREE PRESS(TM). The Online segment provides online music and children's destinations featuring entertainment, information, community tools and e-commerce, through Internet sites currently related to MTV: MUSIC TELEVISION, NICKELODEON/NICK AT NITE and VH1 MUSIC FIRST.

The Company was organized in Delaware in 1986 for the purpose of acquiring the stock of a predecessor. On March 11, 1994, the Company acquired a majority of the outstanding shares of Paramount Communications Inc. by tender offer; on July 7, 1994, Paramount Communications Inc. became a wholly owned subsidiary of the Company, and on January 3, 1995, Paramount Communications Inc. was merged into the principal subsidiary of the Company. On September 29, 1994, Blockbuster Entertainment Corporation merged with and into the Company.

On September 7, 1999, the Company and CBS Corporation ("CBS") announced that the companies had signed a definitive agreement to merge. On December 29, 1999, shareholders of the Company and CBS approved the merger of the two companies. The Company and CBS have agreed that CBS will merge with the Company upon the terms and conditions set forth in the merger agreement, as amended and restated. At the time of the merger, the Company will issue 1.085 shares of its Class B Common Stock for each share of CBS common stock and 1.085 shares of its Series C Preferred Stock for each share of CBS Series B preferred stock. Although the waiting period prescribed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired, the merger is under continuing review by the U.S. Department of Justice and is further subject to regulatory approval by the Federal Communications Commission ("FCC") (see "Business--Regulation--Broadcasting"). The Company expects the merger to be completed in April of 2000.

On August 10, 1999, BLOCKBUSTER INC. ("BLOCKBUSTER") (NYSE: BBI) sold to the public 31 million shares of its Class A common stock at $15 per share. The shares are traded on the New York Stock Exchange. The Company, through its ownership of all of the 144 million shares of BLOCKBUSTER Class B common stock outstanding, retained approximately 82% of the total equity value in, and approximately 96% of the combined voting power of, BLOCKBUSTER. Proceeds of the offering aggregated $442.9 million, net of underwriting discounts and commissions and before payment of offering expenses, and were used by BLOCKBUSTER to repay outstanding indebtedness under a $1.9 billion term and revolving credit agreement. The Company recorded a reduction to equity of approximately $662 million as a result of the issuance of subsidiary stock.

In December 1999, a registration statement on Form S-4 was filed with the Securities and Exchange Commission relating to a split-off of BLOCKBUSTER pursuant to an offering by the Company to exchange all of its shares of BLOCKBUSTER for shares of the Company's common stock. The Company has announced that, subject to the approval of the Company's Board of Directors, which will be based on an assessment of market conditions, and the receipt of a supplemental private letter ruling from the Internal Revenue Service reflecting the anticipated merger between the Company and CBS, it intends to split-off BLOCKBUSTER by offering to exchange all of its shares of BLOCKBUSTER for shares of the Company's common stock. In particular, the Company has said it does not intend to commence the offer unless the BLOCKBUSTER Class A common stock price improves to a price range exceeding $20.00 per share. The split-off is intended to establish BLOCKBUSTER as a stand-alone entity with objectives separate from those of the Company's other businesses. The Company has no obligation to effect the split-off either before or after the merger. The Company cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax free.

On June 21, 1999, the Company completed its tender offer for all outstanding shares of SPELLING ENTERTAINMENT GROUP INC. ("SPELLING") common stock that it did not already own for $9.75 per share in cash. The tender offer was made under the terms of a merger agreement between the Company and SPELLING. The tendered shares, along with the shares already owned by the Company, represented approximately 97% of all of the issued and outstanding shares of SPELLING. On June 23, 1999, the Company acquired the remaining outstanding shares of SPELLING, approximately 3%, through a merger of SPELLING and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive $9.75 in cash. The total consideration for tendered shares and shares obtained by the merger was approximately $176 million.

On November 27, 1998, the Company completed the sale of its educational, professional and reference publishing businesses to Pearson plc for approximately $4.6 billion in cash. On October 26, 1998, the Company completed the sale of its music retail stores to Wherehouse Entertainment, Inc. for approximately $115 million in cash. On September 4, 1998, SPELLING completed the sale of substantially all of the development operations of VIRGIN INTERACTIVE ENTERTAINMENT LIMITED ("VIRGIN") to Electronic Arts Inc. for $122.5 million in cash. In addition, on November 10, 1998, SPELLING completed the sale of all non-U.S. operations of VIRGIN to an investor group.

On July 2, 1997, the Company completed the sale of its ten radio stations to Chancellor Media Corp. for approximately $1.1 billion in cash. On July 31, 1996, the Company completed the split-off of a subsidiary that held its cable television systems to its shareholders pursuant to an exchange offer and related transactions. As a result, the Company realized a gain of approximately $1.3 billion, reduced its debt and retired 30,713,920 of the Company's common shares, representing approximately 4.1% of the Company's then total outstanding common shares.

As of March 14, 2000, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 1,300 movie screens in the U.S., the U.K. and South America, beneficially owned approximately 68% of the Company's voting Class A Common Stock, and approximately 28% of the Company's outstanding Class A Common Stock and non-voting Class B Common Stock on a combined basis. 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 and Chief Executive Officer of the Company.

The Company's principal offices are located at 1515 Broadway, New York, New York 10036 (telephone 212/258-6000). At December 31, 1999, the Company and its affiliated companies employed approximately 126,820 people, of which approximately 39,130 were full-time salaried employees.

Business

Networks

The Company owns and operates advertiser-supported basic cable television program services and premium subscription television program services in the U.S. and internationally. The MTV Networks division ("MTVN") includes such owned and operated program services as MTV: MUSIC TELEVISION(R) ("MTV") in the U.S., Europe and Latin America, NICKELODEON(R) in the U.S., Europe, Asia and Latin America, NICK AT NITE(R) in the U.S., VH1 MUSIC FIRST(R) in the U.S. ("VH1"), VH1(R) in the U.K. and Germany, MTV's spin-off, MTV2: MUSIC TELEVISION(TM) in the U.S. and Europe, and TV LAND(R) in the U.S. MTVN also participates in program services as a joint venturer, including MTV: MUSIC TELEVISION(TM) in Asia, Russia and Brazil and NICKELODEON(R) in the U.K. and Australia. The Company's Showtime Networks Inc. subsidiary ("SNI") owns and operates SHOWTIME(R), THE MOVIE CHANNEL(R) and FLIX(R), and participates as a joint venturer in, and is the manager of, SUNDANCE CHANNEL(R). SNI also participates as a joint venturer in the advertiser-supported basic program service SHOWTIME EXTREME(R) in Spain. Additionally, the Company participates as a joint venturer in COMEDY CENTRAL(R), an advertiser-supported basic cable program service in the U.S., GULF DTH ENTERTAINMENT LDC ("GULF DTH"), a satellite direct-to-home platform offering programming in the Middle East, and NOGGIN(TM), a subscription-supported, non-commercial children's educational program service with the Children's Television Workshop launched on February 2, 1999, which is distributed by cable and satellite, and includes a related online service.

Generally, the Company's networks are offered to customers of cable television operators, distributors of direct-to-home satellite services ("DTH") and other multichannel distributors. The two largest DTH distributors provide service using high-powered K-Band satellite technology (received by small satellite dishes at customers' premises, "DBS"); other DTH distributors provide service using low-powered C-Band satellite technology (received by large satellite dishes at customers' premises, "TVRO"). Cable television is currently the predominant means of distribution of the Company's program services in the U.S. Internationally, the predominant distribution technology varies territory by territory.

MTV Networks. MTV targets viewers from the ages of 12 to 34 with programming that consists primarily of music videos and events, augmented by music and general lifestyle information, comedy and dramatic series, animated programs, news specials, interviews, documentaries and other youth-oriented programming. MTV2: MUSIC TELEVISION, a 24-hour, seven-days-a-week spin-off of MTV, targets a segment of the 12 to 34 year old audience with a "freeform" music format which features music videos from a broad range of musical genres and artists and is principally distributed to consumers by DTH. On August 1, 1998, MTVN launched "The Suite from MTV Networks" ("The Suite"), a package of digital television program services, which currently consists of six music program services, each featuring a music genre that is an extension of the MTV or VH1 service, NOGGIN and two other children's program services from NICKELODEON. The Suite is offered for distribution by digital technologies through DBS distributors and cable operators offering digital technology. On July 15, 1999, MTVN licensed from The MTVi GROUP, L.P. The Box Music Network, a 24-hour interactive, all music basic cable channel, which was contributed to The MTVi GROUP, L.P. by Liberty Digital Inc. (see "Business--Online"). The Box Music Network targets viewers from the ages of 12 to 34 with technology allowing selection of music videos on a market-by-market basis. The Box Music Network is offered to cable operators on a local and national basis.

MTV continues to expand its business opportunities based on its programming. MTV FILMS(TM), in association with PARAMOUNT PICTURES, produced VARSITY BLUES, 200 CIGARETTES, ELECTION and THE WOOD which were released by PARAMOUNT PICTURES in 1999, and is currently producing ORIGINAL KINGS OF COMEDY. MTV has also launched lines of home videos, consumer products and books, featuring MTV programming and personalities. In addition, MTV pursues broadcast network and first-run syndication television opportunities through MTV PRODUCTIONS(TM), which, among other things, produces a reality music series scheduled to commence broadcasting on ABC on March 24, 2000. MTV's Internet activities are part of the Company's Online segment (see "Business--Online").

MTV had approximately 70.5 million domestic subscribers at December 31, 1999 (based on subscriber counts provided by each distributor of the service, including cable, DTH and other multichannel programming providers). According to the December 1999 sample reports issued by Nielsen Media Research (the "Nielsen Report"), MTV reached approximately 73.6 million domestic subscriber households. At December 31, 1999, MTV2: MUSIC TELEVISION had approximately 11.7 million domestic subscribers (based on subscriber counts provided by each distributor of the service, including cable, DTH and other multichannel programming providers). At December 31, 1999, The Box Music Network had approximately 7 million domestic subscribers (based on subscriber counts provided by each distributor of the service). According to the Nielsen Report, The Box Music Network reached approximately 19.4 million domestic subscriber households, including low power television (LPTV) transmission.

MTV also owns and operates, participates in as a joint venturer, and licenses third parties to operate, MTV program services throughout the world. The MTV international program services are described in the International MTVN Program Services chart that follows. Most of these international MTV program services are regionally customized to suit the local tastes of their young adult viewers by the inclusion of local music, programming and on-air personalities, and use of the local language.

NICKELODEON combines acquired and originally produced programs in a pro-social, non-violent format comprising two distinct program units tailored to age-specific demographic audiences: NICKELODEON, targeted to audiences ages 2 to 11 (which includes NICK JR.(R), a program block designed for 2 to 5 year olds), features a variety of live-action and animated programs, including children's game shows, educational shows, puppet shows, dramatic specials, comedy, adventure and magazine shows, and such popular shows as RUGRATS(R), BLUE'S CLUES(R) and SPONGEBOB SQUAREPANTS(TM), and NICK AT NITE, which attracts primarily audiences ages 18 to 54 and offers mostly situation comedies from various eras, including I LOVE LUCY, THE DICK VAN DYKE SHOW, HAPPY DAYS, THE MARY TYLER MOORE SHOW and TAXI. TV LAND, a 24-hour, seven-days-a-week spin-off of NICK AT NITE, is comprised of a broad range of well-known television programs from various genres, including comedies, dramas, westerns, variety and other formats from the 1950s through the 1980s. On March 1, 1999, the Company launched NICKELODEON GAS Games and Sports for Kids(TM), a cable program service packaged as part of The Suite featuring children's game shows and sports programming for viewers ages 6 to 11, which includes a related online service. NICKELODEON has committed approximately $200 million for the year 2000 to new production, both live-action and animation.

At December 31, 1999, NICKELODEON/NICK AT NITE had approximately 72.8 million domestic subscribers (based on subscriber counts provided by each distributor of the service, including cable, DTH and other multichannel programming providers). According to the Nielsen Report, NICKELODEON/NICK AT NITE reached approximately 76.6 million domestic subscriber households. According to the Nielsen Media Research report for the period from September 9, 1999 to December 26, 1999, NICKELODEON held 50% of the gross ratings points for the kids ages 2 to 11 audience during the relevant daypart. At December 31, 1999, TV LAND had approximately 45.7 million domestic subscribers (based on subscriber counts provided by each distributor of the service, including cable, DTH and other multichannel programming providers). According to the Nielsen Report, TV LAND reached approximately 43.8 million domestic subscriber households.

NICKELODEON licenses its brands and characters for and in connection with merchandise, home video and publishing worldwide. NICKELODEON MOVIES(R) develops a mix of story- and character-driven projects based on original ideas and NICKELODEON programming, such as the feature films SNOW DAY, released theatrically on February 11, 2000, and RUGRATS IN PARIS: THE MOVIE, expected to be released in 2000 by PARAMOUNT PICTURES, as well as a BLUE'S CLUES direct-to-video movie BLUE'S BIG MUSICAL. Additionally, the Company publishes a monthly NICKELODEON MAGAZINE(TM), which had approximately 803,000 subscribers at December 31, 1999, and according to Simmons Media Research, had a total audience of approximately 5.2 million children each month. NICK JR. also launched its own magazine in October 1999. The magazine is an interactive magazine for preschool families distributed nationally to approximately 500,000 parents through newsstand sales, subscriptions and preschool centers. Additionally, NICKELODEON owns and operates theme park attractions and touring shows under its NICKELODEON RECREATION(TM) unit and interactive public attractions and television production studios under its NICKELODEON STUDIOS(R) unit located at Universal Studios Florida. NICKELODEON also produces original animation at its NICKTOONS(R) Animation Studio in Burbank, California.

NICKELODEON also owns and operates, participates in as a joint venturer, and licenses third parties to operate, NICKELODEON program services throughout the world. The NICKELODEON international program services are described in the International MTVN Program Services chart that follows. Many of these international program services are customized by region and country to suit the tastes and needs of their viewers by inclusion of regionally or locally produced programming and by use of local language.

VH1 presents music and related programming directed at an audience aged 25 to 44 with emphasis on series which feature viewers' favorite music and artists such as BEHIND THE MUSIC(R), THE LIST(TM), ROCK 'N' ROLL JEOPARDY(TM), VH1 WHERE ARE THEY NOW(R), VH1 MUSIC FIRST POP UP VIDEO(R) and VH1 STORYTELLERS(TM), in addition to airing music videos, concerts, special events and musically themed movies. In 1999, VH1 began airing two-hour, movie-length programming made for VH1, such as biopics of musical artists, fictionalized music-themed stories and music documentaries, including SWEETWATER: A TRUE ROCK STORY and RICKY NELSON: ORIGINAL TEEN IDOL. At December 31, 1999, VH1 had approximately 65.7 million domestic subscribers (based on subscriber counts provided by each distributor of the service, including cable, DTH and other multichannel programming providers). According to the Nielsen Report, VH1 reached approximately 69.2 million domestic subscriber households. International versions of VH1 program services are described in the International MTVN Program Services chart that follows.

In 1999, VH1 broadcast live VH1 DIVAS LIVE '99(TM) featuring Whitney Houston, Cher, Tina Turner and Brandy. VH1 DIVAS LIVE '99(TM) was the highest rated program in the network's history. In 1999,VH1 entered into agreements with various record labels for the release of five VH1-branded audio products, including the second release from the DIVAS franchise and a live concert recording of Donna Summer. In addition, VH1 continued to support the VH1 SAVE THE MUSIC(TM) Foundation which, in connection with VH1's cable television and satellite affiliates, restored music education programs to over 140 public schools in 30 communities in 1999.

MTVN, in exchange for cash and advertising time or for promotional consideration only, licenses from record companies music videos for exhibition on MTV, VH1, MTV2: MUSIC TELEVISION and other MTVN program services. MTVN has entered into multi-year global or regional music video licensing agreements with certain of the major record companies. These agreements generally cover a three to five year period and contain provisions regarding video debut and exclusivity for a limited number of music videos in the U.S. MTVN also is negotiating and expects to renew or initiate additional global or regional license agreements with the other major record companies and independent labels. However, there can be no assurance that such renewals or agreements can be concluded on favorable terms (see "Business--Competition--Networks").

MTVN derives revenues principally from two sources: the sale of time on its own networks to advertisers; and the license of the networks to cable television operators, DTH and other distributors. The sale of MTVN advertising time is affected by viewer demographics, viewer ratings and market conditions for advertising time. Adverse changes to any of these factors could have an adverse effect on revenues. In addition, continued consolidation among cable operators could have an adverse effect on MTVN's license fee revenue (see "Business--Competition--Networks").

International MTVN Program Services

The following table sets forth information regarding MTVN program services operated internationally:

Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
MTV Europe	40 territories, including all EU states, Eastern and Central Europe, South Africa, certain countries in the former Soviet Union, the Middle East, Egypt, Faroe Islands, Israel, Liechtenstein, Malta and Moldova	100% by the Company	5 Regional Feeds (U.K., Northern, Scandinavian, Central and South), all in English (except Central presented in German and South presented in Italian)	August 1987
MTV Latin America	Latin America, the Caribbean, Brazil and the U.S.	100% by the Company	2 Regional Feeds in Spanish	October 1993
MTV Brasil	Brazil	Joint Venture (with Abril S.A.)	Portuguese	October 1990
MTV Asia	Taiwan, certain provinces in China*, Singapore, Philippines, Brunei, Thailand, Singapore, Philippines, Indonesia, Malaysia, Vietnam, Hong Kong*, South Korea*, Papua New Guinea, India, Sri Lanka, Bangladesh, Nepal and Pakistan	Joint Venture (with PolyGram N.V.)	English, Mandarin, Bahasa Indonesian, Tagalog and Hindi	April 1995
MTV Australia	Australia	Licensing Arrangement (with Optus Vision Pty Limited)	English	March 1997
MTV Russia	Russia	Joint Venture (with Russia Partners Company, L.P., Biz Enterprises and others)	Russian	September 1998
Nickelodeon Latin America	Latin America, Brazil and the Caribbean	100% by the Company	Spanish, Portuguese and English	December 1996
Nickelodeon Nordic*	Nordic region (including Sweden, Norway, Denmark and Finland)	100% by the Company	Swedish, Norwegian and Danish	February 1997
Nickelodeon U.K.*	U.K.	Joint Venture (with British Sky Broadcasting Limited)	English	September 1993
Nickelodeon Australia	Australia	Joint Venture (with XYZ Entertainment Pty Ltd.)	English	October 1995
Nickelodeon	Spain	100% by the	Spanish	March 1999

Spain*		Company		
Nickelodeon Global Network Ventures(2)	Japan, CIS/Baltic Republics, India, Poland*, Hungary*, Africa*, Malaysia, New Zealand, Romania, Indonesia, Bangladesh, Nepal and Malta	100% by the Company	Japanese, Russian, Magyar, English, Polish and Romanian	November 1998
VH1 U.K./VH1 Export	All EU states, the Middle East, Africa, Scandinavia, Israel, Malta, Moldova, South Africa and Eastern Europe	100% by the Company	English	September 1994
VH1 Germany	Germany and Austria	100% by the Company	German	May 1995

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* Denotes program services that are not 24 hours-a-day/seven-days-a-week.
(1) All MTV and VH1 program services include English language music videos.
(2) Nickelodeon Global Network Ventures consists of eleven different services with customized programming for targeted markets.

Showtime Networks Inc. SNI owns and operates three commercial-free, premium subscription television program services: SHOWTIME, offering recently released theatrical feature films, original motion pictures and series, family entertainment, and boxing and other special events; THE MOVIE CHANNEL, offering recently released theatrical films and related programming; and FLIX, an added-value program service featuring theatrical motion pictures primarily from the 1960s, 70s and 80s, as well as select recent titles. At December 31, 1999, SHOWTIME, THE MOVIE CHANNEL and FLIX, in the aggregate, had approximately 23.2 million subscriptions in 50 states and certain U.S. territories. SUNDANCE CHANNEL, a joint venture (among SNI, an affiliate of Robert Redford and Universal Studios) managed by SNI, is a commercial-free premium subscription television program service, dedicated to independent film, featuring top-quality American independent films, documentaries, foreign and classic art films, shorts and animation, with an emphasis on recently released titles.

SNI also owns and operates several multiplexed versions of SHOWTIME and THE MOVIE CHANNEL in the U.S., including SHOWTIME BEYOND(TM), a genre-based channel featuring sci-fi, horror and fantasy programming, and SHOWTIME EXTREME(R), a genre-based channel featuring action/adventure programming. A different program service, also named SHOWTIME EXTREME, is available in Spain, where it is distributed as an advertiser-supported basic program service, and is jointly owned by SNI and Media Park, S.A., a leader in thematic channel production based in Barcelona.

SNI also provides special events, such as sports and musical events, to licensees on a pay-per-view basis. SHOWTIME EVENT TELEVISION(TM) is a pay-per-view distributor of these special events, including boxing events, such as the historic rematch between heavyweight champion Evander Holyfield and former heavyweight champion Mike Tyson in June 1997, Evander Holyfield's successful defense of his heavyweight championship titles against a challenge by Michael Moorer in 1998, and the return to the ring of Mike Tyson in 1999. Other special events included the Backstreet Boys' U.S. full-length television concert in 1999.

In order to exhibit theatrical motion pictures on premium subscription television, SNI enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for SHOWTIME and THE MOVIE CHANNEL, from major or independent motion picture producers and other distributors. SNI's exhibition rights cover the U.S. and may, on a contract-by-contract basis, cover additional territories. SNI has the exclusive U.S. premium television rights to all PARAMOUNT PICTURES' feature films theatrically released beginning January 1, 1998, as well as non-exclusive rights to certain titles from PARAMOUNT PICTURES' film library (see "Business--Entertainment"). SNI also has significant theatrical motion picture license agreements with Metro-Goldwyn-Mayer Inc. ("MGM"), PolyGram Filmed Entertainment Inc., Castle Rock Entertainment, Phoenix Pictures, Artisan Pictures Inc., Stratosphere Entertainment LLC, and Buena Vista Television (a subsidiary of The Walt Disney Company) for Dimension Films theatrical pictures, covering motion pictures initially theatrically released through dates ranging from December 31, 1999 to December 31, 2003. Theatrical motion pictures that are licensed to SNI on an exclusive basis are generally exhibited first on SHOWTIME and THE MOVIE CHANNEL after an initial period for theatrical, home video and pay-per-view exhibition and before the period has commenced for standard broadcast television and basic cable television exhibition. Many of the motion pictures which appear on FLIX have been previously available for standard broadcast and other exhibitions (but are shown on FLIX unedited and commercial-free).

SNI also arranges for the development, production, acquisition and, in many cases, distribution of original programs, series and motion pictures. As part of its original programming strategy, SNI premiered 32 original motion pictures on SHOWTIME and 12 original motion pictures on THE MOVIE CHANNEL in 1999, and expects to premiere 32 original motion pictures in 2000. The producers of some of SNI's original motion pictures are given an opportunity to seek a theatrical release prior to such pictures' exhibition on SHOWTIME or THE MOVIE CHANNEL. If the producers are not successful in obtaining such a theatrical release, these pictures then premiere in the U.S. on SHOWTIME or THE MOVIE CHANNEL. SNI has entered into and plans to continue to enter into co-financing, co-production and/or co-distribution arrangements with other parties to reduce the net cost to SNI for its original motion pictures. In 1999, Hallmark Entertainment Distribution Company, PARAMOUNT TELEVISION and MGM were the predominant co-producers, co-financiers and co-distributors of SNI's original motion pictures, programs and series for that calendar year. BLOCKBUSTER and SNI have an agreement whereby BLOCKBUSTER will license from SNI the exclusive domestic home video rights to up to 90 SNI original motion pictures and other programs over the 1999-2001 period.

The costs of acquiring premium television rights to programming and producing original motion pictures are the principal expenses of SNI. At December 31, 1999, in addition to program acquisition commitments reflected in the Company's financial statements, SNI had commitments to acquire programming rights and original programming commitments in an aggregate amount of approximately $726.7 million (excluding intersegment commitments of approximately $684.2 million), most of which is payable over the next six years as part of SNI's normal programming expenditures. SNI's commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

Other Joint Ventures. COMEDY CENTRAL, a joint venture of the Company and Home Box Office ("HBO"), a division of Time Warner Inc. ("Time Warner"), is an advertiser-supported basic cable television program service which features comedy programming, including SOUTH PARK. The Company is a joint venturer in GULF DTH, a satellite direct-to-home platform offering the following channels in the Middle East: MTV, VH1, NICKELODEON, TV LAND and THE PARAMOUNT COMEDY CHANNEL(TM). On February 2, 1999, NICKELODEON and the Children's Television Workshop launched as a joint venture, NOGGIN, a 24-hour, seven-days-a-week subscription-supported, non-commercial children's educational program service, which is distributed by cable and satellite, and includes a related online service. NOGGIN's purpose is to educate and entertain 2 to 12 year olds. NOGGIN's programming line-up includes a mix of live action, news, animated and puppet shows, including many acclaimed series such as Sesame Street, Electric Company and BLUE'S CLUES after their initial network runs.

Entertainment

The Entertainment segment's principal businesses are, through PARAMOUNT PICTURES, the production and distribution of motion pictures and, through PARAMOUNT TELEVISION, television programming (collectively, the "PARAMOUNT STUDIO"), as well as movie theater operations, music publishing and the ownership, operation or programming of 19 broadcast television stations. Additionally, the Company is a joint venturer in the UNITED PARAMOUNT NETWORK(R), also known as UPN(R), a U.S. broadcast television network (see "Business--Regulation--Broadcasting"), and various international basic cable and pay television program services.

Theatrical Motion Pictures. Through PARAMOUNT PICTURES, the Company produces, finances and distributes feature motion pictures. Motion pictures are produced by PARAMOUNT PICTURES, produced by independent producers and financed in whole or in part by PARAMOUNT PICTURES, or produced by others and distributed by PARAMOUNT PICTURES. Each picture is a separate and distinct product with its financial success dependent upon many factors, among which cost and public response are of fundamental importance. In general, motion pictures produced or acquired for distribution by PARAMOUNT PICTURES are exhibited in U.S. and foreign theaters followed by videocassettes, discs and DVDs, pay-per-view television, premium subscription television, network television, and basic cable television and syndicated television exploitation. During 1999, PARAMOUNT PICTURES produced or co-produced and theatrically released 15 feature motion pictures in the U.S., including RUNAWAY BRIDE, DOUBLE JEOPARDY, THE GENERAL'S DAUGHTER, SLEEPY HOLLOW, PAYBACK, SOUTH PARK, THE TALENTED MR. RIPLEY and ANGELA'S ASHES; and VARSITY BLUES, THE WOOD, ELECTION and 200 CIGARETTES produced by MTV FILMS in association with PARAMOUNT PICTURES. PARAMOUNT PICTURES currently plans to release approximately 14 films in 2000, including MISSION: IMPOSSIBLE 2, RULES OF ENGAGEMENT, SHAFT, NUMBERS, ALONG CAME A SPIDER and BLESS THE CHILD, and SNOW DAY and RUGRATS IN PARIS: THE MOVIE produced by NICKELODEON MOVIES in association with PARAMOUNT PICTURES.

In 1999, SAVING PRIVATE RYAN, theatrically released internationally through United International Pictures ("UIP"), won five Academy Awards.

PARAMOUNT CLASSICS(TM), a division of PARAMOUNT PICTURES, commenced its distribution activities in 1999 with the theatrical release of six films. PARAMOUNT CLASSICS was established to handle the distribution of specialized film product that may require alternative release strategies from films generally distributed by PARAMOUNT PICTURES. PARAMOUNT CLASSICS plans to release approximately nine titles in 2000.

In seeking to limit PARAMOUNT PICTURES' financial exposure, the Company has pursued a strategy with respect to a number of films of entering into agreements to distribute such films produced and/or financed, in whole or in part, with other parties. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In various of these arrangements, the other parties control certain distribution and other ownership rights.

PARAMOUNT PICTURES generally distributes its motion pictures for theatrical release outside the U.S. and Canada through UIP, a company owned by the Company, MGM and Universal Studios, Inc. ("Universal"). In October 1999, PARAMOUNT PICTURES and Universal agreed to extend their commitment for UIP to continue to distribute each studio's films through 2006. Also in October 1999, MGM notified UIP that as of the end of October 2000, it would be withdrawing from UIP and licensing its motion picture product elsewhere. PARAMOUNT PICTURES distributes its motion pictures on videocassette and disc in the U.S. and Canada through PARAMOUNT HOME ENTERTAINMENT(TM) and outside the U.S. and Canada, generally through PARAMOUNT HOME ENTERTAINMENT's international operations. During 1999, affiliates of the Company and Universal terminated their joint venture arrangements with regard to Cinema International B.V. which had previously handled videocassette and disc distribution outside of the U.S. and Canada for both entities; however, they continue to operate separate joint ventures for such distribution activities in five countries. PARAMOUNT PICTURES' feature films initially theatrically released in the U.S. on or after January 1, 1998 are exhibited exclusively (within U.S. premium television) on SHOWTIME and THE MOVIE CHANNEL. PARAMOUNT PICTURES also distributes its motion pictures for premium subscription, free and basic cable television release outside the U.S. and Canada and licenses its motion pictures to residential and hotel/motel pay-per-view, airlines, schools and universities.

During 1999, PARAMOUNT PICTURES entered into an agreement with RAI-Radio Televisione Italiana for free television distribution rights in Italy for current motion picture and television product. This agreement also includes free television distribution rights in Italy for various motion picture and television library product.

UIP and United Cinemas International ("UCI"; see "Business--Entertainment--Theatrical Exhibition) were the subject of governmental inquiries by the Commission of the European Community ("EC"). UIP has resolved all issues with the EC relating to its pay television operations in the European Union. Consistent with PARAMOUNT PICTURES' and the other member studios' recent practices, the UIP member studios have agreed to license their pay television rights in the future without using the facilities of UIP. UIP Pay Television will continue to administer certain agreements that were previously entered into through UIP. The EC's evaluation of UIP's theatrical distribution operations has also been concluded, which resulted in the issuance of a comfort letter, the effect of which was to extend the exemption for a minimum of five additional years.

In addition to premium subscription television, most motion pictures are also licensed for exhibition on broadcast and basic cable television, with fees generally collected in installments. All of the above license fees for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the year that licensed films are available for such exhibition, which, among other reasons, may cause substantial fluctuation in PARAMOUNT PICTURES' operating results. At December 31, 1999, the unrecognized revenues attributable to such licensing of completed films from PARAMOUNT PICTURES' license agreements were approximately $1.2 billion. At December 31, 1999, PARAMOUNT PICTURES had approximately 990 motion pictures in its library.

Television Production and Syndication. The Company, through PARAMOUNT TELEVISION, VIACOM PRODUCTIONS(TM) and SPELLING, produces, acquires and distributes series, miniseries, specials and made-for-television movies primarily for broadcast on network television, first-run syndication, pay television and basic cable television. As a result of the merger with SPELLING, certain of SPELLING's operations have been integrated into PARAMOUNT TELEVISION.

On July 1, 1999, the Company completed a transaction with Cox Broadcasting and Rysher Entertainment, pursuant to which the Company purchased their 50% interest in ENTERTAINMENT TONIGHT(R) (giving the Company a 100% ownership interest in that program) and assumed Rysher's television production and distribution operations. Under the arrangement, the Company is paid a fee for producing certain ongoing Rysher series and distributing its library throughout the world.

The Company's current network programming includes FRASIER(R) (NBC), BECKER(TM) (CBS), DIAGNOSIS MURDER(R) (CBS), JAG(TM) (CBS), NOW AND AGAIN(TM) (CBS), SABRINA, THE TEENAGE WITCH(R) (ABC), MOESHA(R) (UPN), SEVEN DAYS(TM) (UPN), THE PARKERS(TM) (UPN), STAR TREK: VOYAGER(R) (UPN), BEVERLY HILLS, 90210(R) (FOX), CHARMED(TM) (WB), SAFE HARBOR(TM) (WB) and 7TH HEAVEN(R) (WB). Generally, a network will license a specified number of episodes for exhibition on the network in the U.S. during the license period. All other distribution rights, including foreign and off-network syndication rights, are typically retained by the Company. The episodic network license fee is normally less than the costs of producing each series episode; however, in many cases, the Company has been successful in recouping some of its costs by obtaining international sales through its syndication operations. Foreign sales are generally concurrent with U.S. network runs. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication.

The Company produces and/or distributes original television programming for first-run syndication which it sells directly to television stations in the U.S. on a market-by-market basis. The Company sells its programs to television stations for cash, advertising time or a combination of both. The Company's first-run syndicated programming includes such shows as ENTERTAINMENT TONIGHT, ENTERTAINMENT TONIGHT WEEKEND(TM), JUDGE JUDY(R), THE MONTEL WILLIAMS SHOW(TM), JUDGE JOE BROWN(TM), REAL TV(TM), LEEZA(R), WILD THINGS(TM), RELIC HUNTER(TM), COMEDY SHOWCASE(TM) and AMERICA'S DUMBEST CRIMINALS(TM).

The Company also co-produces and/or distributes original television programming for foreign television exhibition. The Company's international programming includes such shows as HOPE ISLAND(TM), HIGHER GROUND(TM) and TRIBE(TM) miniseries.

The Company also distributes television programming produced by it or other parties to basic cable program services (such as the television series ANY DAY NOW(TM) and BEYOND CHANCE(TM), both on Lifetime), including services in which the Company has an interest, such as NICK AT NITE and VH1 in the U.S. and THE PARAMOUNT COMEDY CHANNEL in the U.K. and Spain.

The Company, through PARAMOUNT TELEVISION, distributes or syndicates television series, feature films, made-for-television movies, miniseries and specials for television exhibition in domestic and/or international broadcast, cable and other marketplaces. Feature film and television properties distributed by the Company are produced by the Company or acquired from third parties. Third-party agreements for the acquisition of distribution rights generally provide for a long-term grant of distribution rights which are exclusive in nature with respect to the territory or territories involved; such agreements frequently guarantee a minimum recoupable advance payment to such third parties and generally provide for periodic payment to such third parties based on the amount of revenues derived from distribution activities after deduction of the Company's distribution fee, recoupment of distribution expenses and recoupment of any advance payments.

The recognition of revenues for license fees for completed television programming in syndication and on basic cable is similar to that of feature films exhibited on television with license fees recorded as revenue in the year that programming is available for exhibition which, among other reasons, may cause substantial fluctuation in PARAMOUNT TELEVISION's operating results. At December 31, 1999, the unrecognized revenues attributable to television program license agreements were approximately $462.1 million.

Broadcasting. The Company's broadcast television division, PARAMOUNT STATIONS GROUP ("PSG"), owns and operates 17 television stations, all of which operate pursuant to the Communications Act of 1934, as amended (the "Communications Act"), under licenses granted by the FCC. Such licenses are renewable every eight years. In addition, the Company programs two additional commercial television stations pursuant to local marketing agreements ("LMAs"). These 19 stations are located in the top 50 television markets and reach approximately 25.6% of all U.S. television households, which equals approximately a 14% reach under FCC calculation rules.

In recent years, PSG has acquired television stations that are, or will become, primary affiliates of UPN in order to expand and develop its interest in the network. On February 1, 1999, PSG acquired WNPA-TV, serving Pittsburgh, Pennsylvania, for approximately $40 million. On October 12, 1999, PSG acquired an FCC construction permit for authority to build television station KSCC-TV, serving the Wichita-Hutchinson, Kansas market. That station is to be operated by Clear Channel Broadcasting, Inc. under an LMA. The station is currently expected to commence broadcasting in the second quarter of 2000.

Additionally, in connection with an agreement with the licensee of WHDF-TV, serving the Huntsville-Decatur-Florence, Alabama market, to switch the station's affiliation from NBC to UPN, on April 4, 1999, the Company acquired a minority interest in the licensee in exchange for debt and equity financing for upgrading the station's technical facilities.

The table below sets forth the 17 television stations owned and operated by PSG, the two television stations operated by PSG under LMAs, the station to be built in Kansas and the minority interest in the Alabama station.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type/ Channel	Network Affiliation
WPSG-TV Philadelphia, PA	4	UHF/57	UPN
WSBK-TV Boston, MA	6	UHF/38	UPN
KTXA-TV Dallas-Ft. Worth, TX	7	UHF/21	UPN
WDCA-TV Washington, DC	8	UHF/20	UPN
WKBD-TV Detroit, MI	9	UHF/50	UPN
WUPA-TV Atlanta, GA	10	UHF/69	UPN
KTXH-TV Houston, TX	11	UHF/20	UPN
KSTW-TV Seattle-Tacoma, WA	12	VHF/11	UPN
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	13	UHF/44	UPN
WBFS-TV Miami-Ft. Lauderdale, FL	16	UHF/33	UPN
KMAX-TV Sacramento-Stockton-Modesto, CA	19	UHF/31	UPN
WNPA-TV Pittsburgh, PA	20	UHF/19	UPN
WNDY-TV Indianapolis, IN	26	UHF/23	UPN
WWHO-TV Columbus, OH	34	UHF/53	WB/primary (expires April 2000) UPN/program license(3)
WUPL-TV New Orleans, LA	41	UHF/54	UPN
WGNT-TV Norfolk-Portsmouth-Newport News, VA	42	UHF/27	UPN
KAUT-TV Oklahoma City, OK	45	UHF/43	UPN
The following two stations are operated by PSG under LMAs:			
WTVX-TV West Palm Beach-Ft. Pierce, FL	43	UHF/34	UPN
WLWC-TV Providence, RI-New Bedford, MA	50	UHF/28	WB/primary (expires April 2000) UPN/program license(3)
The following television station when built will be owned by PSG, but operated by another entity under an LMA:			
KSCC-TV Wichita-Hutchinson, KS	65	UHF/36	UPN (upon launch)
PSG holds a 17.5% interest in the following station:			
WHDF-TV Huntsville-Decatur-Florence, AL	82	UHF/15	UPN (as of Nov. 22, 1999)

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(1) Metropolitan Areas Served are Nielsen Media Research's Designated Market Areas.
(2) Market Rank as reported in the TV & Cable Factbook No. 68, 2000 Edition, based on the 1999-2000 Nielsen U.S. Television Household Estimates.
(3) Under program license agreements, UPN programming is broadcast out-of-pattern and is scheduled around WB programming. Once the WB primary network affiliation expires, the station will broadcast UPN as its sole network affiliation.

Broadcast television signals are presently transmitted in analog form; however, in 1997, the FCC assigned to each existing television station a six MHz channel to be used for the broadcast of digital television ("DTV"). Under the construction schedule adopted by the FCC, each of the Company's television stations must construct a DTV facility no later than May 1, 2002 (see "Business--Regulation--Broadcasting"). Despite this timetable, the Company plans to launch DTV services in at least one of its markets by June 2000. The Company estimates that the cost of construction of each DTV station will range from $3 million to $7 million. The Company is currently formulating plans for use of its DTV channels and intends to construct up to seven DTV stations in 2000.

Other Joint Ventures. On January 15, 1997, the Company acquired a 50% interest in UPN from BHC Communications, Inc. ("BHC"), a corporate subsidiary of Chris-Craft Industries, Inc. On March 20, 2000, BHC agreed to sell to the Company its remaining 50% interest in UPN for $5 million. The transaction is expected to close on March 31, 2000 (see "Business--Regulation--Broadcasting").

At December 31, 1999, UPN provided 24 hours of programming a week, including two-hour prime-time programming blocks five nights per week, to affiliates in 179 U.S. television markets, reaching approximately 96% of all U.S. television households, including secondary affiliates. The Company also produces original programming for UPN and owns and operates 17 stations and programs an additional two stations pursuant to LMAs, all of which are affiliates of UPN (see "Business--Entertainment--Television Production and Syndication" and "Business--Entertainment--Broadcasting").

Through PARAMOUNT PICTURES and various of its affiliates, the Company is a joint venturer in international program services, including THE PARAMOUNT COMEDY CHANNEL in the U.K., an afternoon and nighttime (including prime time) program service featuring comedies and films, which is a joint venture with BSkyB. On March 1, 1999, the Company launched THE PARAMOUNT COMEDY CHANNEL in Spain, a wholly owned, 24-hour program service, including a NICKELODEON program segment.

Theatrical Exhibition. The Company's movie theater operations consist primarily of FAMOUS PLAYERS(R) in Canada and UCI in Europe, Latin America and Asia. At December 31, 1999, FAMOUS PLAYERS, a 100%-owned subsidiary of the Company, operated approximately 800 screens in 105 theaters across Canada. UCI, a 50%-owned joint venture of entities affiliated with the Company and Universal, operated as of December 31, 1999, approximately 868 screens in 104 theaters in the U.K., Ireland, Germany, Austria, Spain, Japan, Italy, Portugal, Poland, Argentina, Brazil and Panama.

As of November 29, 1999, WF Cinema Holdings, L.P. (a limited partnership of which the Company owns a 50% interest and the other 50% is controlled by Time Warner Inc., "WF Cinema") entered into agreements (the "Asset Agreements") with WestStar Cinemas, Inc., WestStar Real Estate, Inc., Colorado Holdings LLC and WestStar Holdings, Inc. (collectively, "WestStar"), which parties are the subject of a Chapter 11 Bankruptcy Code proceeding. Pursuant to the Asset Agreements, WF Cinema agreed to purchase from WestStar various theaters and related assets for a purchase price of $90 million (payable during 2000) and other consideration. The theaters and assets which are the subject of this transaction comprise in large part the assets that were sold by WF Cinema (then known as Cinamerica Theaters L.P.) to WestStar in 1997. WF Cinema currently intends to dispose of or close a number of the theaters being acquired. The Company and Time Warner have agreed to guarantee certain obligations of WF Cinema as part of these transactions. The Asset Agreements were approved by the Bankruptcy Court on January 12, 2000, and the acquisition by WF Cinema closed on January 28, 2000.

Music Publishing. The FAMOUS MUSIC(R) publishing companies own, control and/or administer all or a portion of the copyright rights to more than 100,000 musical works (songs, scores, cues). These rights include the right to license and exploit such works, as well as the right to collect income generated by such licensing and exploitation.

The majority of rights acquired by FAMOUS MUSIC are derived from (i) music acquisition agreements entered into by PARAMOUNT PICTURES, PARAMOUNT TELEVISION, SPELLING, MTVN and various other divisions of the Company respecting certain motion pictures, television programs and other properties produced by such units and (ii) music acquisition agreements entered into directly by FAMOUS MUSIC with songwriters and music publishers, including exclusive songwriting agreements, catalog purchases and music administration agreements.

Video

The Company operates in the home video, DVD and video game rental and retailing business through its approximately 82% interest in BLOCKBUSTER. As of December 31, 1999, BLOCKBUSTER operated or franchised 7,153 stores in the U.S., its territories and 26 other countries, a net increase of 772 stores over the prior year. Most of these stores operate under the BLOCKBUSTER(R) brand name.

BLOCKBUSTER's new technologies business consists of "blockbuster.com", which, among other things, provides information about BLOCKBUSTER's domestic stores and products, delivers content regarding certain movies and entertainment programs and allows customers to buy new and previously viewed movies, music, video games and BLOCKBUSTER GIFTCARDS(R). In November 1999, BLOCKBUSTER relaunched its Web site and introduced several new features designed to enhance the breadth and depth of blockbuster.com's entertainment-related news and information and e-commerce offerings and capabilities.

BLOCKBUSTER offers movies and video games primarily for rental and also offers certain titles for purchase. In addition, BLOCKBUSTER offers previously-viewed tapes for sale after the end of their useful lives as rental products. In 1998, in order to increase the quantity and selection of newly released video titles and to satisfy its customers' demand for newly released videos earlier, BLOCKBUSTER entered into revenue-sharing agreements with the major movie studios. For titles purchased under these agreements, revenue-sharing allows BLOCKBUSTER to purchase videocassettes for minimal up-front payments with a percentage of the U.S. rental revenues shared with the studios over a contractually determined period of time. The revenue-sharing agreements also govern the terms and conditions under which videocassettes purchased under them may be sold as previously-viewed tapes.

In addition to purchasing products pursuant to revenue-sharing agreements, BLOCKBUSTER purchases certain products that are not subject to revenue-sharing agreements at traditional wholesale prices. BLOCKBUSTER also purchases "sell-through" titles, which are movies that are released by the studios at relatively low initial prices in order to generate consumer demand to purchase, rather than rent, them. BLOCKBUSTER also acquires and offers a wide variety of independent and lower-cost movies that are generally exclusively available for a specified period of time at its stores.

BLOCKBUSTER has introduced DVDs for rental and sale in about 3,600 domestic stores and in some markets outside of the United States. BLOCKBUSTER also rents DVD players in these stores. In addition, in all of its domestic stores and many of its stores outside of the U.S., BLOCKBUSTER rents video games and video game consoles and sells previously-played video games. BLOCKBUSTER also sells new games in most of its stores in markets outside of the U.S.

BLOCKBUSTER receives substantially all of its videocassettes and video games at its 850,000 square foot distribution center located near Dallas, Texas and distributes them directly to its stores. BLOCKBUSTER's Internet sales are currently distributed by independent distributors. BLOCKBUSTER's franchisees generally are responsible for obtaining their own supplies and coordinating their own distribution system. However, as a result of making revenue-sharing agreements available to its U.S. franchisees in the fourth quarter of 1999, some of BLOCKBUSTER's U.S. franchisees are participating in such agreements. Accordingly, such U.S. franchisees are relying upon BLOCKBUSTER's distribution center to receive some portion of their videocassettes.

BLOCKBUSTER uses its extensive real estate and customer transaction databases to identify optimal sites for its new stores within targeted U.S. markets and has developed three distinct store formats that are tailored to maximize its penetration in each market. These three store formats include BLOCKBUSTER's "new" traditional store format, which is about 4,800 square feet, its seam store format, which is about 2,500-3,500 square feet, and its store-in-store format, which is about 1,000-1,200 square feet. BLOCKBUSTER also uses different store prototypes in its international markets in response to local real estate and market conditions.

BLOCKBUSTER's business may be affected by a variety of factors, including, among others: (i) introduction and acceptance of new technologies; (ii) public acceptance and interest in newly released videos; (iii) adverse changes in the movie studios' current distribution and pricing policies; (iv) the number, timing and performance of new or acquired stores and obstacles to BLOCKBUSTER's U.S. and international new stores expansion; (v) BLOCKBUSTER's mix of products rented and sold; (vi) BLOCKBUSTER's expansion into new markets and geographic locations; (vii) additional and existing competition and their pricing actions; (viii) marketing programs and new release acquisition costs; (ix) special events, such as the Olympics and the World Cup; and (x) other factors affecting retailers in general. In addition, as with other retail outlets, there is a distinct seasonal pattern to the home video and video games business, particularly weaker business in April and May, due in part to improved weather and Daylight Savings Time, and in September and October, due in part to the start of school and the introduction of new television programs. Internationally, BLOCKBUSTER's success depends in great part upon its ability to address country by country variations, including, among others, varying systems of supply and distribution of movies, video formats, film certification processes, studio arrangements, release dates, political and economic systems, legal standards and regulations, and cultural preferences for certain types of technology and movie selections.

Parks

PARAMOUNT PARKS owns and operates five regional theme parks and a themed attraction in the U.S. and Canada: PARAMOUNT'S CAROWINDS(R), in Charlotte, North Carolina; PARAMOUNT'S GREAT AMERICA(TM), in Santa Clara, California; PARAMOUNT'S KINGS DOMINION(TM), located near Richmond, Virginia; PARAMOUNT'S KINGS ISLAND(TM), located near Cincinnati, Ohio; PARAMOUNT CANADA'S WONDERLAND(R), located near Toronto, Ontario; and STAR TREK: THE EXPERIENCE(R), at the Las Vegas Hilton, a futuristic, interactive environment based on the popular television and movie series. Each of the theme parks features attractions, products and live shows based on various intellectual properties of the Company. On March 24, 1999, PARAMOUNT PARKS sold the RAGING WATERS(R) water park in San Jose, California.

A substantial amount of the theme parks' income is generated during its seasonal operating period. Factors such as local economic conditions, competitors and their marketing/pricing actions, and extreme weather conditions could negatively impact the business' overall profitability if they come into play during the operating season.

Publishing

SIMON & SCHUSTER publishes and distributes consumer hardcover books, trade paperbacks, mass-market paperbacks, children's books, audiobooks, electronic books and CD-ROM products in the U.S. and internationally. SIMON & SCHUSTER's flagship imprints include SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS. SIMON & SCHUSTER also develops special imprints and publishes titles based on MTV, VH1, NICKELODEON and PARAMOUNT PICTURES products. SIMON & SCHUSTER distributes its products directly and through third parties. SIMON & SCHUSTER also delivers content and sells products on Internet Web sites operated by various imprints or linked to individual titles.

In 1999, SIMON & SCHUSTER published 59 titles which were New York Times bestsellers, including 10 New York Times number one bestsellers. Bestselling titles released in 1999 include "HEARTS IN ATLANTIS" (Stephen King), "'TIS" (Frank McCourt), "WE'LL MEET AGAIN" (Mary Higgins Clark), "SHADOW" (Bob Woodward), "WHEN PRIDE STILL MATTERED" (David Maraniss), "YESTERDAY, I CRIED" (Iyanla Vanzant), "THE ABSOLUTELY ESSENTIAL ELOISE" (Kay Thompson and Hilary Knight), as well as a number of BLUE'S CLUES and RUGRATS books, featuring the popular NICKELODEON characters.

SIMON & SCHUSTER AUDIO(R) publishes audio editions of prominent works published by SIMON & SCHUSTER and by other publishers, as well as the PIMSLEUR(R) line of language instruction. Major titles released as audiobooks in 1999 include "'TIS" (Frank McCourt), "HEARTS IN ATLANTIS" (Stephen King) and "TOM CLANCY'S OP-CENTER: STATE OF SIEGE" (Tom Clancy).

Titles published by SIMON & SCHUSTER INTERACTIVE(R) generally consist of CD-ROM editions or product extensions of well-known book publishing properties or titles associated with recognized authors and Company properties, including such 1999 titles as "MISS SPIDER'S TEA PARTY", "SABRINA, THE TEENAGE WITCH" and "WIMZIE'S HOUSE".

SIMON & SCHUSTER ONLINE(TM), through "SimonSays.com", publishes original content, builds reader communities, and promotes and sells SIMON & SCHUSTER's books and products over the Internet.

International publishing includes the international distribution of English-language titles through SIMON & SCHUSTER UK and SIMON & SCHUSTER AUSTRALIA and other distributors, as well as the publication of local titles by SIMON & SCHUSTER UK and SIMON & SCHUSTER AUSTRALIA.

The consumer publishing marketplace is subject to increased periods of demand in the summer months and during the end-of-year holiday season. Major new title releases drive a significant portion of SIMON & SCHUSTER's sales throughout the year.

Consumer books are generally sold on a fully returnable basis, resulting in significant product returns. In the international markets, the Company is subject to global trends and local economic conditions.

Online

Through its interest in THE MTVi GROUP, L.P. ("MTVi") and through NICKELODEON ONLINE (TM), the Company operates Internet sites which are targeted to the current audiences of its various MTV, VH1 and NICKELODEON program services, as well as to new audiences such as those unable to receive cable or DTH. In addition to providing entertainment and information on such Web sites, the Company also sells Company-licensed and third-party merchandise.

On July 15, 1999, the Company together with Liberty Digital Inc. formed MTVi. The Company contributed all of its assets used exclusively in its Internet music businesses, including the assets of IMAGINE RADIO(TM), which the Company acquired in February 1999, in exchange for a 90% equity interest in MTVi. Liberty Digital Inc. contributed all of its assets used in its Internet music businesses, including SonicNet.com and assets of The Box Worldwide, Inc. (certain of which were concurrently licensed to MTVN; see "Business--Networks--MTV Networks") in exchange for a 10% equity interest in MTVi. In February 2000, a registration statement on Form S-1 was filed with the Securities and Exchange Commission relating to an initial public offering of Class A common stock in The MTVi Group, Inc. The net proceeds of the initial public offering will be contributed by The MTVi Group, Inc. to MTVi in exchange for general and limited partnership units of MTVi.

MTVi has 22 music Web site destinations around the world, including MTV.com, VH1.com and SonicNet.com. In December 1999, MTVi's Web sites attracted over 2.9 million unique visitors, according to Media Metrix, a leading online audience research measurement service.

MTVi currently obtains much of its content from record labels, music publishers and artists at minimal or no charge. While MTVi obtains certain rights to some of such content (such as performance rights of song composers and non-interactive rights to digital transmission of recordings) pursuant to statutory compulsory licenses, the royalties payable for such compulsory licenses are not yet established. Other rights are not subject to compulsory licenses and must be negotiated with the individual record labels and other providers. If these providers begin to charge significant fees for their content, or otherwise alter or discontinue their relationship with MTVi, then MTVi's content offering and business, financial condition and operating results could be adversely affected. In addition, because the laws relating to online rights for music and other copyrighted works are evolving, it is possible that parties from whom MTVi currently does not obtain licenses will demand that MTVi obtain them and pay fees for continued use, or even for prior use (see "Business--Regulation --Intellectual Property").

NICKELODEON ONLINE features nick.com, nickjr.com, tvland.com, nick-at-nite.com, gas.nick.com, teachers.nick.com and redrocket.com. In December 1999, NICKELODEON ONLINE's Web sites attracted over 2.2 million unique visitors, according to Media Metrix.

Online revenues are primarily generated by advertising revenues derived from online advertising and on-air promotion and by the sale of merchandise.

The Company also operates Internet sites through other business units for the purpose of marketing and commerce, such as PARAMOUNT PICTURES, BLOCKBUSTER and SIMON & SCHUSTER. Such activity is not reported as part of the Online segment.

Discontinued Operations

Non-Consumer Publishing. On November 27, 1998, the Company completed the sale of its educational, professional and reference publishing businesses to Pearson plc for approximately $4.6 billion in cash.

Music Retailing. On October 26, 1998, the Company completed the sale of its music retail stores to Wherehouse Entertainment, Inc. for approximately $115 million in cash. The Company had previously closed the remaining music stores that were not part of the transaction.

Interactive Games. Pursuant to the Company's previously announced plan to dispose of its interactive game businesses, including VIACOM NEW MEDIA(R), the operations of which were terminated in 1997, on September 4, 1998, SPELLING completed the sale of substantially all of the development operations of VIRGIN to Electronic Arts Inc. for $122.5 million in cash. In addition, on November 10, 1998, SPELLING completed the sale of all non-U.S. operations of VIRGIN to an investor group.

Radio. On July 2, 1997, the Company completed the sale of its ten radio stations to Chancellor Media Corp. for approximately $1.1 billion in cash.

Intellectual Property

It is the Company's practice to protect its theatrical and television product, software, publications and its other original and acquired works. The following logos and trademarks and related trademark families are among those strongly identified with the product lines they represent and are significant assets of the Company: VIACOM(R), BLOCKBUSTER(R), MTV: MUSIC TELEVISION(R), NICK AT NITE(R), NICKELODEON(R), TV LAND(R), VH1 MUSIC FIRST(TM), PARAMOUNT(R), ENTERTAINMENT TONIGHT(R), STAR TREK(R), SHOWTIME(R), THE MOVIE CHANNEL(R), SIMON & SCHUSTER(R) and POCKET BOOKS(TM).

Competition

Corporate mergers consummated in recent years have resulted in greater consolidation in the entertainment industries, which may also present significant competitive challenges to several of the Company's businesses.

Networks

MTV Networks. MTVN services compete with other basic cable program services for channel space and compensation for carriage from cable television operators, DTH and other multichannel distributors. MTVN also competes for advertising revenue with other basic cable and broadcast television networks, and radio and print media. For basic cable television networks such as the MTVN services, advertising revenues derived by each program service depend on the number of households subscribing to the service through local cable operators and other distributors in addition to household and demographic viewership as determined by research companies such as Nielsen Media Research.

Certain major record companies have launched music-based program services outside the U.S., including, but not limited to: Channel V, which is jointly owned and operated in Asia and Australia by Star TV and four major record labels; and Viva and Viva 2, German-language music channels distributed in Germany and owned in large part by four major record labels. In addition, MuchMusic, a music service which originated in Canada, is distributing a MuchMusic service customized for the Latin American market in Argentina. MuchMusic USA is being distributed in the U.S. through Rainbow Media Holdings, Inc.

Children-oriented programming blocks are currently exhibited on a number of U.S. broadcast television networks, including, among others, "Fox Kids", "Kids' WB" and a Saturday morning block on ABC, all of which compete with NICKELODEON for advertising revenue. There are also a number of other U.S. cable television program services featuring children-oriented programming, including the Cartoon Network, the Disney Channel and the Fox Family Channel. In addition, NICKELODEON competes internationally with other television program services and blocks targeted at children for distribution by cable, satellite and other systems, and for distribution license fees and advertising revenue.

Showtime Networks Inc. Competition among premium subscription television program services in the U.S. is primarily dependent on: (i) the acquisition and packaging of an adequate number of recently released quality motion pictures and the production, acquisition and packaging of original motion pictures, original series and other original programs; and (ii) the offering of prices, marketing and advertising support and other incentives to cable operators and other distributors for carriage so as to favorably position and package SNI's premium subscription television program services to subscribers. HBO is the dominant company in the U.S. premium subscription television category, offering two premium subscription television program services, the HBO service and Cinemax. SNI is second to HBO with a significantly smaller share of the premium subscription television category. Starz Encore Media Group (an affiliate of AT&T Corp.) owns the third principal premium subscription television program service in the U.S., Starz!, which features recently released motion pictures and competes with SNI's and HBO's premium program services.

Entertainment

Motion Picture and Television Production and Distribution. The Company competes with other major studios and independent film producers in the production and distribution of motion pictures, videocassettes, discs and DVDs. Similarly, as a producer and distributor of television programs, the Company competes with other studios, television networks (which now produce some of their own programming and compete in the sale of off-network and first-run syndication programming) and independent producers and syndicators in the licensing of television programs to both networks and independent television stations. PARAMOUNT STUDIO's competitive position primarily depends on the quality of the product produced, its distribution and marketing success, and public response. The Company also competes to obtain creative talents and story properties which are essential to the success of all of the Company's entertainment businesses.

Broadcasting. The principal methods of competition in broadcast television are the acquisition of popular programming and the development of audience interest through programming and promotions in order to sell advertising at profitable rates. Television stations compete for programming and for advertising revenues with other stations in their respective coverage areas and, in some cases, with larger station groups for programming, and in the case of advertising revenues, with other local media. Broadcast networks like UPN compete for audience and advertising revenues with other broadcast networks, basic cable program services and, with respect to advertising revenues only, other national media. The Company's expansion strategy has been to seek to acquire UPN affiliates or independent stations which will become primary affiliates of UPN. At this time, UPN provides 10 hours of weekday primetime programming, 12 hours of children's programming and two hours of movies (during the weekend daypart). Therefore, with respect to the UPN-affiliated stations, and to the extent that the Company acquires independent stations, there will be a need for those stations to acquire additional programming to a greater extent than would otherwise be required if the stations were affiliated with other, more established networks, which provide programming during most dayparts. In addition, the local television ownership rules, the national television ownership cap, the dual network rule and the merger with CBS will each affect competition in broadcasting (see "Business--Regulation--Broadcasting").

Video

BLOCKBUSTER operates in a highly competitive environment. The Company believes that BLOCKBUSTER's most significant competition comes from (i) video stores and other retailers that rent or sell movies and (ii) non-videocassette providers of home viewing entertainment.

Video stores and other retailers that rent or sell movies include, among others, (i) local, regional and national video stores; (ii) mass merchant retailers; and (iii) supermarkets, pharmacies and convenience stores. The Company believes that the principal factors that BLOCKBUSTER faces in competing with video stores and other retailers are (a) convenience and visibility of store locations; (b) quality, quantity and variety of titles; (c) pricing; and (d) customer service. BLOCKBUSTER also competes with other online retailers, primarily with respect to "sell-through" titles.

With the development of new technologies, BLOCKBUSTER's most significant competitive risk comes from direct broadcast satellite and digital cable television. Direct broadcast satellite, digital cable and "traditional" cable providers not only offer numerous channels of conventional television, but they also offer pay-per-view movies which permit a subscriber to pay a fee to see a selected movie. Because of the increased availability of channels, direct broadcast satellite and digital cable providers have been able to enhance their pay-per-view business by (i) substantially increasing the number and variety of movies they can offer their subscribers on a pay-per-view basis; and (ii) providing more frequent and convenient start times for the most popular movies. This is referred to in BLOCKBUSTER's industry as "near-video-on demand". Near-video-on-demand allows the consumer to avoid trips to the video store for rentals and returns of movies, which also eliminates the chance they will incur an extended viewing fee. However, newly released movies are currently made available by the studios for rental prior to being made available on a near-video-on-demand basis. Near-video-on-demand also does not allow the consumer to start, stop and rewind the movie. Some digital cable providers have begun implementing technology referred to as "video-on-demand", which technology transmits movies on demand with interactive capabilities such as start, stop and rewind. However, video-on-demand competes with other uses of cable infrastructure, such as the ability to provide Internet access and basic telephone services, some of which may provide higher returns for operators.

Parks

During the last two years, the regional theme park industry has experienced increased consolidation. The Company must now compete in a business environment that is dominated by highly-capitalized, multi-park entertainment corporations. In order to compete effectively, regional theme park operators must differentiate their product by having access to the latest entertainment intellectual property and brands and must reinvest significant levels of capital to maintain a fresh experience for their repeat-visitor base. The Company believes that its intellectual properties enhance existing attractions and facilitate the development of new attractions which encourages visitors to the PARAMOUNT PARKS theme parks and STAR TREK: THE EXPERIENCE at the Las Vegas Hilton. The Company's theme parks also compete with other forms of leisure entertainment.

Publishing

The publishing business is highly competitive and consumer publishing in particular has been affected by consolidation trends. Recent years have brought a number of significant mergers among the leading consumer publishers. The book superstore has emerged as a significant factor in the industry contributing to the general trend toward consolidation in the retail channel. There have also been a number of mergers completed in the distribution channel.

The Company must compete with other publishers for the rights to works by well-known authors and public personalities.

Online

The online industry is highly competitive as it is rapidly evolving and expanding throughout the world. Competition among media and Internet companies pursuing online consumers is particularly intense. The number of Web sites offering content and features competing with the Company's Web sites has increased dramatically and will likely continue to increase due to the Internet's low barriers to entry. Rivalry for online consumers' attention and leisure time, and associated advertising dollars and e-commerce expenditures by online consumers, will increase for all industry participants.

The Company's online businesses compete for online consumers, advertisers and content providers with leading news/information/entertainment online sites, online portal services and broadcasters, traditional media, retail and record companies and their respective Internet properties, and online commerce companies. Many of the Company's online competitors are likely to enjoy competitive advantages, including ownership of music and other content rights, superior technology, access to ownership of distribution platforms, and strong financial and marketing resources.

Web sites maintained by existing and potential competitors may be perceived by online consumers, advertisers and content and other online vendors to be superior to the Company's Web sites. In addition, with respect to MTVi's Web sites, the major record companies, which control the vast majority of recorded music, have started to engage in strategic arrangements, including business combinations, with Internet and Internet-related businesses for the online distribution and other commercialization of their music libraries and artist relationships. As a result of these actions, the Company's online businesses may not be able to maintain or increase online traffic levels on its Web sites, which may negatively affect their advertising and e-commerce revenues.

Regulation

The Company's businesses are either subject to or affected by regulations of federal, state and local governmental authorities. The rules, regulations, policies and procedures affecting these businesses are constantly subject to change. The descriptions which follow are summaries and should be read in conjunction with the texts of the statutes, rules and regulations described herein. The descriptions do not purport to describe all present and proposed statutes, rules and regulations affecting the Company's businesses.

Intellectual Property

Domestic and international laws affecting intellectual property are of significant importance to the Company.

WIPO Copyright Treaties. In 1996, delegates to the World Intellectual Property Organization ("WIPO") adopted a proposed Copyright Treaty which will take effect if ratified by 30 nations. As of December 1999, 13 countries, including the U.S., had ratified the Copyright Treaty.

The proposed Copyright Treaty updates the Berne Convention, last revised in 1971, and addresses copyright protection for new technologies that have emerged since that time. It is not possible to predict whether the Copyright Treaty will take effect or how countries would implement the Treaty after ratification. Because the Treaty includes important copyright protections for the digital transmission of content, if ratified, the Treaty likely would have a positive impact on the Company.

The U.S. implementing legislation, known as the Digital Millennium Copyright Act ("DMCA"), which is effective whether or not WIPO is ultimately ratified, affords important new copyright protections, including civil and criminal penalties for the manufacture of, or trafficking in, devices that circumvent copyright protection technologies such as encryption and scrambling, and for the act of circumventing such technologies to gain unauthorized access to a copyrighted work. The DMCA also amends the Copyright Act by creating a new statutory license concerning certain rights related to digital transmissions of sound recordings. The statute provides that new statutory rates for each license will be set either through voluntary negotiations between the interested parties or through Copyright Arbitration Royalty Proceedings.

Copyright Term Extension. In October 1998, Congress passed legislation extending the copyright term an additional twenty years. The extended term is life of the author plus 70 years for authored works and 95 years for works-made-for-hire. This extension puts the U.S. copyright term on par with the European Community. Term extension should have a beneficial effect for the Company over time, including with respect to important publishing properties which otherwise would have passed into the public domain in the next several years.

Compulsory Copyright License.

Multichannel Distributors Other Than DTH. The Copyright Act provides a compulsory license for the retransmission of broadcast signals by multichannel video distributors such as cable television, MMDS (Multipoint Multichannel Distribution Systems) and SMATV (Satellite Master Antenna Television). The compulsory license rate paid to programmers for the retransmission of distant broadcast signals by cable, MMDS and SMATV is established by statute. There is no licensing fee for the retransmission of local broadcast signals.

DTH. In November 1999, Congress enacted legislation to extend and reform the Satellite Home Viewer Act (SHVA). The original SHVA legislation created a temporary compulsory license that allowed satellite carriers to import distant broadcast signals to those homes that were unable to receive their local broadcast signals. This distant signal compulsory license was set to expire at the end of 1999. Through the SHVA legislation, Congress extended the distant signal compulsory license until December 31, 2004, and set a statutory compulsory license fee for these distant signals of $0.189 per subcriber for superstations and $0.1485 per subscriber for networks. Up to this point, the DTH compulsory license fee was set through negotiations and binding arbitration. In addition, Congress created a new and permanent compulsory license for the retransmission of local broadcast signals back into the local market, the so-called "local-into-local" provision. Unlike the distant signal compulsory license, the local signal compulsory license is royalty-free.

Congress also extended retransmission consent and must carry obligations to satellite carriers (see "Business--Regulation--Broadcasting"). As is the case with cable, local broadcasters will have the option of choosing either retransmission consent or must carry. The obligation to obtain retransmission consent from the local station does not take effect until May 2000. With respect to must carry, beginning in January 2002, satellite carriers are obligated to carry the signals of all television stations in those markets where the satellite carrier chooses to offer local broadcast service. The legislation also, for the first time, extends to satellite carriers network non-duplication and syndicated exclusivity rules to the retransmission of the signals of superstations. The FCC is instructed to make these rules effective by November 2000.

First Sale Doctrine. The copyright "First Sale" doctrine provides that the owner of a legitimate copy of a copyrighted work may use or dispose of it in such manner as the owner sees fit, including by renting it. The First Sale doctrine does not apply to sound recordings or computer software (other than software made for a limited purpose computer, such as a video game platform) for which the Copyright Act vests a rental right (i.e., the right to control the rental of the copy) in the copyright holder. The repeal or limitation of the First Sale doctrine (or conversely, the creation of a rental right vested in the copyright holder) for audiovisual works or for computer software made for limited purpose computers would have an adverse impact on the Company's home video and game rental business; however, no such legislation is pending in Congress at the present time.

Cable Networks

Cable Rate Regulation. The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") directed the FCC to limit by regulation cable system rates for the "basic service tier" ("BST") (including retransmission consent and must carry broadcast signals and public, educational and governmental channels) and the "cable programming service tier" ("CPST") to a level not to exceed the rates that would be charged in the presence of effective competition. Programming offered on a per-channel or per-program basis is exempt from rate regulation.

Although all rate regulation of the CPST expired on March 31, 1999, local franchising authorities continue to be responsible for regulating the BST. The Company believes that cable rate regulation adversely affects its non-premium cable program services which rely on cable operator license fee support, along with advertising revenues, to maintain the quantity and quality of programming. Rate regulation in this area tends to erode cable operator incentives to invest in programming and particularly in start-up program services.

Program Access. The "program access" provisions of the 1992 Cable Act impose certain pricing and other restrictions on vertically integrated program providers (those program services that are owned in whole or in part by cable operators) with respect to the provision of their program services to multichannel programming distributors, such as cable systems, SMATV systems, MMDS operators and TVRO and DBS distributors. Specifically, vertically integrated program services generally are prohibited from entering into exclusive arrangements with cable operators and from discriminating against cable competitors on programming price and other terms. The program access provisions were intended to spur competition to cable providers by facilitating the access of cable competitors to programming owned by cable operators or their affiliates. The Telecommunications Act of 1996 extended the program access rules to program services in which common carriers that provide video programming have an attributable interest.

The Company divested its cable systems in 1996 and, as a result, the Company's wholly owned program services are no longer subject to the program access rules. Legislation which would extend the program access provisions to non-vertically integrated program services, if enacted, could adversely impact the Company's program services by reducing the Company's flexibility to negotiate the most favorable terms available for the distribution of its content. However, no such legislation is pending in Congress.

Programming. Under FCC rules, cable operators must eventually close caption most of their programming on a phased-in basis beginning in January 1998. As a practical matter, however, cable networks assume responsibility for these closed captioning requirements. FCC rules also direct that all television receiver models with screens 13 inches or larger be equipped with "V-chip" technology as of January 1, 2000. This technology, which works in tandem with television ratings (age and content markers), will permit parents to block out certain programming from their children. Most cable networks, including those of MTVN and SNI, voluntarily encode their programming with television ratings. In addition, the FCC has commenced a rule making proceeding that might lead to the adoption of rules that would effectively require certain cable networks to air four hours per week of programming containing video descriptions for the visually impaired.

Motion Picture and Television Production and Distribution

The Company's first-run, network and other production operations and its distribution of off-network, first-run and other programs in domestic and foreign syndication are not directly regulated. However, existing and proposed rules and regulations of the FCC applicable to broadcast networks, individual broadcast stations and cable operators could affect the Company's entertainment businesses.

European Union Directive. Since 1989, members of the European Union have been required by the "Television without Frontiers" Directive (89/552/EEC) to maintain quotas such that programming of local origin constitutes the majority proportion of all programming, where practicable and by appropriate means, to be achieved progressively on the basis of stated criteria. The Company believes that its program services in Europe are in compliance with the EC broadcast quotas.

Broadcasting

Television broadcasting is subject to the jurisdiction of the FCC.

The Communications Act. The Communications Act authorizes the FCC to issue, renew, revoke or modify broadcast licenses; to regulate the radio frequency, operating power and location of stations; to approve the transmitting equipment used by stations; to adopt rules and regulations necessary to carry out the provisions of the Communications Act; and to impose certain penalties for violations of the Communications Act and the FCC's regulations governing the day-to-day operations of television stations.

Broadcast Licenses. Unless the FCC finds that doing so would not be in the public interest, it will grant broadcast station licenses for maximum periods of eight years. Upon application to and approval by the FCC, the licenses are renewable for an indefinite number of additional eight-year periods.

A licensee can ordinarily expect renewal of its license if the licensee has served the public interest and has not seriously violated the Communications Act or FCC rules. Among the factors the FCC considers relevant to whether a broadcaster has served the public interest is compliance with the Children's Television Act of 1990 and implementing regulations. Under those rules, beginning on September 1, 1997, licensees generally are required to regularly schedule at least three hours a week of "core" educational and informational programming targeted to children ages 16 and under. Licensees also are required to limit commercials during programming targeted to children ages 12 and under.

A license which has expired but is awaiting renewal entitles the licensee to continue broadcasting pending grant of the renewal. The status of the Company's television stations' licenses is as follows: WDCA-TV and WGNT-TV each expires on October 1, 2004; WBFS-TV and WTOG-TV each expires on February 1, 2005; WUPA-TV expires on April 1, 2005; WUPL-TV expires on June 1, 2005; WNDY-TV expires on August 1, 2005; WKBD-TV and WWHO-TV each expires on October 1, 2005; KAUT-TV expires on June 1, 2006; KTXA-TV and KTXH-TV each expires on August 1, 2006; KMAX-TV expires on December 1, 2006; KSTW-TV expires on February 1, 2007; WSBK-TV expires on April 1, 2007; and WPSG-TV and WNPA-TV each expires on August 1, 2007.

The Communications Act requires prior approval of the FCC for the assignment of a license or transfer of control of a licensee. The Company's anticipated merger with CBS, which will result in the transfer of control of CBS and its licensee subsidiaries to the Company, is subject to the approval of the FCC. The application seeking consent to the transfer of control was filed with the FCC on November 16, 1999. The comment period for formal petitioners ended on January 28, 2000. Four formal petitions to deny have been filed. If the FCC grants the application, interested parties would have 30 days from the date of public notice of the grant to seek reconsideration or review of that grant by the full Commission or, as the case may be, a court of competent jurisdiction. The full Commission has an additional 10 days to set aside on its own motion any action taken by the FCC's staff, if action on the application is taken in the first instance by the staff of the FCC; if action is taken in the first instance by the full Commission, the full Commission may set aside its own action within 30 days of public notice of such action. When passing on a transfer application, the FCC is prohibited from considering whether the public interest might be served by assignment or transfer to any party other than the one specified in the application.

Additionally, the Communications Act provides that no license may be held by a corporation whose voting stock is more than 20% owned of record or voted by aliens or is subject to control by aliens. In addition, no corporation whose voting stock is more than 25% owned of record or voted by aliens or is subject to control by aliens may hold the voting stock of a corporation holding a broadcast license without specific FCC authorization. The Company conducts periodic surveys of its shareholders to confirm its compliance with the foreign ownership limits.

Television Programming. In addition to children's educational and informational programming, discussed above, broadcasters under FCC rules must eventually close caption most of their programming on a phased-in basis beginning in January 1998. FCC rules also direct that all television receiver models with screens 13 inches or larger be equipped with "V-chip" technology as of January 1, 2000. This technology, which works in tandem with television ratings (age and content markers), will permit parents to block out certain programming from their children. Most broadcasters, including UPN and the PSG stations, voluntarily encode their programming with television ratings for use with the "V-chip" technologies.

Digital Television Service. In April 1997, the FCC issued a DTV Table of Allotments which assigned to all existing television stations nationwide a second, six-MHz channel for broadcasting in digital form. Under FCC rules, television stations may use this second channel to broadcast either one or two streams of "high definition" digital television (HDTV) video programming or to "multicast" several streams of standard digital video programming. Broadcasters may also deliver large amounts of data over their DTV channels or offer other ancillary or supplementary services, including computer software distribution, teletext, interactive materials, aural messages, paging services, audio signals or subscription video. At a minimum, under the FCC's DTV rules, broadcasters must ultimately provide a free digital video programming service the resolution of which is comparable to or better than that of today's service on air during the same time periods that their analog channels are broadcasting.

At the time it adopted the DTV Table of Allotments, the FCC also established a schedule pursuant to which all television stations must have constructed their DTV operations. Under that schedule, any commercial television station that is not an affiliate of ABC, CBS, NBC or FOX must construct its DTV station no later than May 1, 2002. Because its stations are all affiliates of UPN or the WB, the Company must have constructed its digital operations by that date, unless an extension of time is granted by the FCC. It is difficult to assess how DTV will affect the Company's broadcast business with respect to other broadcasters and other video program providers.

Each television station licensee will be licensed a digital channel for an eight-year term running coterminous with the licensee's analog channel. Broadcasters will be required to surrender their analog channels but, under FCC policy, not until at least 2006. This transition period is subject to periodic progress reviews to make sure DTV service is widely available. The FCC recently initiated the first such review. In addition, the Balanced Budget Act of 1997 includes provisions that would extend the continuation of analog service beyond the year 2006 deadline if DTV is implemented more slowly than expected. Specific conditions which would extend the transition period include the failure of one or more of the largest television stations in a market to begin broadcasting digital television signals through no fault of their own, or fewer than 85% of the television households in a market being able to receive digital televisions signals off the air either with a digital television set or with an analog set equipped with a converter box or by subscription to a cable-type service that carries the DTV stations in the market. Until the transition to digital is complete, FCC rules require that broadcasters phase in (according to annual benchmarks) the percentage of video programming of their analog channels that is simulcast on the DTV channel.

During the transition and thereafter, broadcasters are permitted to use their digital channels to offer ancillary and supplementary services, including, but not limited to, data transmission and subscription services. The Telecommunications Act of 1996 imposes fees for use of the spectrum based upon the extent to which such services generate revenues other than from commercial advertisements used to support broadcasting for which a subscription fee is not required. In 1998, the FCC adopted rules which set the spectrum use fee at 5% of the broadcaster's gross revenues from ancillary and supplemental services. The implementation of digital television will impose substantial additional costs on television stations because of the need to replace equipment and because some stations will need to operate at higher utility costs. There can be no assurance that the Company's television stations will be able to increase revenue to offset such costs. The FCC is also considering imposing new public interest requirements on television licensees in exchange for their receipt of digital television channels.

Must Carry/Retransmission Consent. The Communications Act grants certain "must carry" rights to enable broadcast television stations that are "local" to communities served by cable systems to obtain carriage on such systems. Alternatively, commercial stations may elect to secure cable system carriage pursuant to "retransmission consent" on negotiated terms. The must carry/retransmission consent election must be made every three years; the last election was made on October 1, 1999, and took effect on January 1, 2000.

All of the Company's television stations are carried on cable systems serving the communities in the stations' markets. Most of the stations obtained carriage by asserting must carry rights, but some stations followed the retransmission consent process. Failure of broadcast stations to be carried on cable systems could be detrimental to the business of a television station.

The application of must carry requirements to DTV is to be decided by the FCC in a proceeding that is expected to be completed during the second quarter of 2000. The Telecommunications Act of 1996 expressly provides that no ancillary or supplementary DTV services provided by broadcasters will be entitled to mandatory cable carriage. As explained in the section on SHVA, the recently enacted SHVA legislation imposes retransmission consent and, ultimately, must carry, obligations on satellite carriers as well.

Ownership Regulation. The Communications Act and FCC rules and policies regulate broadcast ownership. FCC rules limit the ability of individuals and entities to own or have an official position or ownership interest, known as an attributable interest, above a specific level in broadcast stations as well as other specified mass media. As detailed below, in August 1999, the FCC substantially revised a number of its attribution and ownership rules. The attribution and ownership rules, including the FCC's recent revisions, are summarized below.

Attribution of Ownership. A direct or indirect purchaser of certain interests of the Company could violate FCC regulations or policies if that purchaser owned or acquired an attributable interest in other media properties in the same areas as stations owned by the Company or in other television stations which, when aggregated with those of the Company, reached more than 35% of all U.S. television households. Under the FCC's recently revised rules, an attributable interest for purposes of the Commission's broadcast ownership rules generally includes:

- Equity and debt interests, which combined exceed 33% of a television station licensee's total assets, if the interest holder supplies more than 15% of total weekly programming, or is a same-market media entity, including television, radio, cable or newspaper.

- 5% or greater voting stock interest. Equity interests up to 49% are nonattributable if the licensee is controlled by a single majority shareholder and the interest holder is not otherwise attributable under the "equity/debt plus" standard referred to above.

- 20% or greater voting stock interest, if the holder is a qualified passive investor.

- Any equity interest in a limited liability company or limited partnership, unless properly "insulated" from management activities and the interest holder is not otherwise attributable under the "equity/debt plus" standard referred to above.

- All officers and directors of a licensee and its direct or indirect parent.

Local Television Ownership. The FCC's new television duopoly rule permits parties to own two television stations without regard to signal contour overlap, provided they are located in separate markets, as determined by Nielsen Media Research's Designated Market Areas ("DMAs"). In addition, the new rules permit parties in larger DMAs to own up to two television stations in the same DMA so long as at least eight independently owned and operating full-power television stations remain in the market at the time of acquisition and at least one of the two stations is not among the top four-ranked stations in the market based on audience share. In addition, without regard to numbers of remaining or independently owned television stations, the FCC will permit television duopolies within the same DMA provided that certain signal contours of the stations involved do not overlap. A "satellite" station (one that simply rebroadcasts the programming of a "parent" station) will continue to be exempt from the duopoly rule if located in the same DMA as its parent station. The duopoly rule also applies to same-market LMAs involving more than 15% of the station's program time, although current LMAs will be exempt from the duopoly rule for a period of either two or five years, depending on the date of the LMA agreement. Further, the FCC may grant a waiver of the television duopoly rule if one of the two television stations is a "failed" or "failing" station, as defined by the FCC, or the proposed transaction would result in the construction of a new television station.

Following the Company's anticipated merger with CBS, and exclusive of other acquisitions, the Company could potentially have duopolies in six television markets: Philadelphia, Boston, Dallas, Miami, Detroit and Pittsburgh. The Company has applied to the FCC for ownership of duopolies in those markets as part of its application seeking consent to the transfer of control of the CBS licenses to the Company, but there can be no assurance that the Company will be able to retain ownership of two television stations in each of these markets.

National Television Ownership Cap. The FCC imposes a 35% national audience reach cap for television ownership, under which one party may have an attributable interest in television stations which reach no more than 35% of all U.S. television households. The FCC discounts the audience reach of a UHF station for this purpose by 50%. Under new FCC rules, for parties that have attributable interests in two stations in the same market, the FCC counts the audience reach of that market only once for national ownership cap purposes.

The Company's television stations currently reach approximately 14% of U.S. households, using the FCC's UHF discount. The merger of the Company's television stations with those of CBS would have an aggregate national audience reach of approximately 41%. As these stations would exceed the FCC's current 35% national ownership cap, it will be necessary, absent legislative or regulatory relief, to divest specific television stations in order to comply with the national ownership cap.

Dual Network Rule. The FCC's "dual network" rule generally prohibits a television station from affiliating with an entity that "maintains" one of the existing four major networks (ABC, CBS, NBC and FOX) and one other specific qualifying network in existence as of February 8, 1996, specifically UPN or The WB. The FCC is evaluating this rule as part of its biennial review of broadcast regulations, which is expected to be released in the second quarter of this year. FCC regulations do not identify the amount and nature of ownership interest required to trigger the dual network prohibition.

The Company's anticipated merger with CBS would result in the common ownership of UPN and the CBS Television Network in potential conflict with the FCC's dual network rule. Accordingly, it is possible that, absent either legislative or regulatory relief, the combined company might be required to divest some or all of the Company's interest in UPN.

In applying for consent to the transfer of control of the CBS broadcast licenses, the Company requested, if deemed necessary, a 24-month period following consummation of the merger to comply with the local television ownership rules, the national television ownership cap and the dual network rule.

Video

BLOCKBUSTER is subject to various federal, state and local laws that govern the access and use of its video stores by disabled people and the disclosure and retention of video rental records. BLOCKBUSTER also must comply with various regulations affecting its business, including state and local advertising, consumer protection, credit protection, licensing, zoning, land use, construction, environmental, and minimum wage and other labor and employment regulations.

BLOCKBUSTER is also subject to the Trade Regulation Rule of the Federal Trade Commission ("FTC") entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" and state laws and regulations that govern (i) the offer and sale of franchises and (ii) franchise relationships. These regulations require BLOCKBUSTER to furnish each prospective franchisee with a current franchise offering circular prior to the offer or sale of a franchise. In addition, a number of states require that BLOCKBUSTER, as franchisor, comply with that state's registration or filing requirements prior to offering or selling a franchise in the state and provide a prospective franchisee with a current franchise offering circular complying with the state's laws, prior to the offer or sale of the franchise. BLOCKBUSTER intends to maintain a franchise offering circular that complies with all applicable federal and state franchise sales and other applicable laws.

BLOCKBUSTER is also subject to a number of state laws and regulations that regulate some substantive aspects of the franchisor-franchisee relationship, including (i) those governing the termination or non-renewal of a franchise agreement; (ii) requirements that the franchisor deal with its franchisees in good faith; (iii) prohibitions against interference with the right of free association among franchisees; and (iv) those regulating discrimination among franchisees in charges, royalties or fees.

Compliance with federal and state franchise laws is costly and time-consuming, and no assurance can be given that BLOCKBUSTER will not encounter difficulties or delays in this area or that it will not require significant capital for franchising activities.

Online

Web Sites Directed to Children. The Children's Online Privacy Protection Act of 1998 ("COPPA"), which was implemented by the FTC in October 1999, applies to Web sites, or those portions of Web sites, directed to children under age 13. Under COPPA, Web site operators generally cannot collect online from a child under age 13 information that is individually identifiable such as a first and last name, an e-mail address or telephone number without the prior consent of that child's parent. The FTC rules become effective on April 21, 2000. Congress may also consider legislation this year regarding online privacy for adults.

Anti-Cybersquatting Legislation. In 1999, Congress enacted legislation to address the practice of domain name piracy. The legislation is designed to limit the practice of registering an Internet address of an established trademark with the hopes of selling the Internet address to the affected company. The legislation also includes a prohibition on the registration of a domain name that is the name of another living person, or a name that is confusingly similar to that name. There is a broad exemption for personal names linked to copyrighted works.

Item 2. Properties.

The Company maintains its world headquarters at 1515 Broadway, New York, New York, where it rents approximately one million square feet for executive offices and certain of its operating divisions. The lease runs to 2010, with four renewal options for five years each. The lease also grants the Company options for additional space and a right of first negotiation for other available space in the building. The Company also leases approximately 548,000 square feet of office space at 1633 Broadway, New York, New York, which lease runs to 2010, and approximately 237,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2009, which leases contain options to renew. The Company owns the PARAMOUNT PICTURES studio at 5555 Melrose Avenue, Los Angeles, California, which consists of approximately 65 acres containing sound stages, administrative, technical and dressing room structures, screening theaters, machinery and equipment facilities, plus a back lot and parking lots. PARAMOUNT PARKS' operations in the U.S. include approximately 1,950 acres owned and 108 acres leased and in Canada include approximately 380 acres owned. The BLOCKBUSTER headquarters at 1201 Elm Street, Dallas, Texas consists of approximately 220,000 square feet of leased space. The BLOCKBUSTER distribution center consists of approximately 850,000 square feet of leased space. Facilities within the Publishing segment (other than executive offices at 1230 Avenue of the Americas described above) include approximately 1,190,000 square feet of space, of which approximately 603,000 square feet are leased. The facilities are used for warehouse, distribution and administrative functions.

The Company also owns and leases office, studio, retail and warehouse space and broadcast and satellite transmission facilities in various cities in the U.S., Canada and several countries around the world for its businesses. The Company considers its properties adequate for its present needs.

Item 3. Legal Proceedings.

Antitrust. On July 21, 1999, Ruben Loredo, doing business as Five Palms Video, purporting to act as a class representative on behalf of himself and all others similarly situated, filed a complaint in the District Court of Bexar County, Texas, against BLOCKBUSTER. The plaintiff asserts, among other things, that by entering into and operating under its revenue-sharing agreements with the major motion picture studios, BLOCKBUSTER has attempted to and conspired with the studios to monopolize and restrain competition in the market for the retail rental of videocassettes in violation of Texas law. A substantially similar complaint with different class representatives is pending in the United States District Court for the Western District of Texas against the Company and major motion picture studios and their home video subsidiaries that have operated under these revenue-sharing agreements with BLOCKBUSTER, including PARAMOUNT HOME VIDEO (now PARAMOUNT HOME ENTERTAINMENT). These plaintiffs are seeking triple the amount of the alleged actual damages to themselves and triple the amount of alleged damages of those similarly situated, as well as preliminary and permanent injunctive relief prohibiting any unlawful attempt or conspiracy to monopolize the market for the retail rental of videocassettes. The Company believes that the plaintiff's' position in these litigations are without merit and intends to vigorously defend itself in the litigations.

MTVN has been subject to an investigation by the Antitrust Division of the Department of Justice regarding possible anticompetitive practices in the music video industry. The Company does not believe that it has engaged in any anti-competitive conduct in the areas of investigation.

The Company, through PARAMOUNT PICTURES, is subject to a consent decree, entered in 1948, which contains restrictions on certain motion picture trade practices in the U.S. The Company, through PARAMOUNT PICTURES, along with other major distributors, has received a Civil Investigative Demand from the Justice Department which is investigating possible violations of the industry-wide decrees. The Company believes that it has not committed any violation of the consent decree and has not been advised that the Department of Justice believes otherwise.

Other Matters. On March 19, 1999, the date upon which the Company announced its proposal to acquire the remaining stock of SPELLING that it did not currently own, eight putative class action complaints were filed in the Court of Chancery of the State of Delaware naming the Company, SPELLING and all of SPELLING's Directors, and alleging various breaches of fiduciary duties to SPELLING and its stockholders, as well as other claims. These legal proceedings were settled, subject to confirmatory discovery and court approval.

Certain subsidiaries of the Company from time to time receive claims from federal and state environmental regulatory agencies and other entities asserting that they are or may be liable for environmental cleanup costs and related damages arising out of former operations. While the outcome of these claims cannot be predicted with certainty, on the basis of its experience and the information currently available to it, the Company does not believe that the claims it has received will have a material adverse effect on its results of operations, financial position or cash flows. (See "Item 6. Selected Financial Data" and "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition".)

The Company and various of its subsidiaries are parties to certain other legal proceedings. However, these proceedings are not likely to result in judgments that will have a material adverse effect on its results of operations, financial position or cash flows.

Financial Information About Foreign and Domestic Operations

Financial information relating to foreign and domestic operations for each of the last three years ending December 31, is set forth in Note 16 to the Consolidated Financial Statements of the Company included elsewhere herein.

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

By a joint proxy statement/prospectus dated November 24, 1999, and mailed to shareholders on or about November 26, 1999, the written consent of the shareholders of the Company's Class A Common Stock was solicited with respect to the following matters: (i) if the merger is structured as a merger of CBS into the Company, the adoption of the Agreement and Plan of Merger dated as of September 6, 1999, as amended and restated as of October 8, 1999, and as of November 23, 1999, among the Company, CBS and Viacom/CBS LLC (the "Merger Agreement"); (ii) if the merger is structured as a merger of CBS into Viacom/CBS LLC, the adoption of the proposed new Restated Certificate of Incorporation of the Company; (iii) if the merger is structured as a merger of CBS into Viacom/CBS LLC, the issuance of up to 907,746,991 shares of the Company's Class B Common Stock to the holders of CBS common stock and up to 11,003 shares of the Company's Series C Preferred Stock to the holders of CBS Series B preferred stock in the merger, in accordance with the terms set forth in the Merger Agreement; and (iv) the amendment to increase the number of shares of the Company's Class B Common Stock authorized to be issued under the Company incentive plan by an additional 10 million shares.

The consents cast for, against or abstaining from, and the broker non-consents, with respect to the adoption of the Merger Agreement, if the merger is structured as a merger of CBS into the Company:

For:	Against:	Abstentions and Broker Non-Consents:
128,074,140	61,585	5,173,686

The consents cast for, against or abstaining from, and the broker non-consents, with respect to the adoption of the proposed new Restated Certificate of Incorporation of the Company, if the merger is structured as a merger of CBS into Viacom/CBS LLC:

For:	Against:	Abstentions and Broker Non-Consents:
128,062,616	67,212	5,179,583

The consents cast for, against or abstaining from, and the broker non-consents, with respect to the issuance of up to 907,746,991 shares of the Company's Class B Common Stock to the holders of CBS common stock and up to 11,003 shares of the Company's Series C Preferred Stock to the holders of CBS Series B preferred stock in the merger, in accordance with the terms set forth in the Merger Agreement, if the merger is structured as a merger of CBS into Viacom/CBS LLC:

For:	Against:	Abstentions and Broker Non-Consents:
128,051,135	73,709	5,184,567

The consents cast for, against or abstaining from, and the broker non-consents, with respect to the amendment to increase the number of shares of the Company's Class B Common Stock authorized to be issued under the Company incentive plan by an additional 10 million shares:

For:	Against:	Abstentions and Broker Non-Consents:
126,209,604	7,059,393	40,414

Executive Officers of the Company

Set forth below is certain information concerning the executive officers of the Company.

Name	Age	Title
Sumner M. Redstone......	76	Chairman of the Board of Directors and Chief Executive Officer
Philippe P. Dauman......	46	Deputy Chairman, Executive Vice President and Director
Thomas E. Dooley........	43	Deputy Chairman, Executive Vice President and Director
Carl D. Folta...........	42	Senior Vice President, Corporate Relations
Michael D. Fricklas.....	40	Senior Vice President, General Counsel and Secretary
Susan C. Gordon.........	46	Vice President, Controller and Chief Accounting Officer
Rudolph L. Hertlein.....	59	Senior Vice President, Corporate Development
Carol A. Melton.........	45	Senior Vice President, Government Affairs
William A. Roskin.......	57	Senior Vice President, Human Resources and Administration
Martin M. Shea..........	56	Senior Vice President, Investor Relations
George S. Smith, Jr.....	51	Senior Vice President, Chief Financial Officer

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None of the executive officers of the Company is related to any other executive officer or director by blood, marriage or adoption except that Brent D. Redstone and Shari Redstone, Directors of the Company, are the son and daughter, respectively, of Sumner M. Redstone.

Mr. Redstone has been a Director of the Company since 1986 and Chairman of the Board since 1987, acquiring the additional title of Chief Executive Officer in January 1996. Mr. Redstone has served as Chief Executive Officer of NAI since 1967, and continues to serve in such capacity; he has also served as Chairman of the Board of NAI since 1986. Mr. Redstone was President of NAI from 1967 through 1999. Mr. Redstone became a Director of Blockbuster in 1999. He is a member of the Advisory Council for the Academy of Television Arts and Sciences Foundation and on the Board of Trustees for The Museum of Television and Radio. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners, and is currently a member of the Executive Committee of that organization. Since 1982, Mr. Redstone has been a member of the faculty of Boston University Law School, where he has lectured on entertainment law, and since 1994, he has been a Visiting Professor at Brandeis University. In 1944, Mr. Redstone graduated from Harvard University and, in 1947, received an LL.B. from Harvard University School of Law. Upon graduation, he served as Law Secretary with the U.S. Court of Appeals, and then as a Special Assistant to the U.S. Attorney General.

Mr. Dauman has been a Director of the Company since 1987. He was elected Executive Vice President in March 1994, and was appointed Deputy Chairman in January 1996. From February 1993 to October 1998, Mr. Dauman also served as General Counsel and Secretary of the Company. Prior to February 1993, Mr. Dauman was a partner in the law firm of Shearman & Sterling in New York, which he joined in 1978. Mr. Dauman became a Director of Lafarge Corporation in 1997, a Director of Blockbuster in 1999 and a Director of NAI in 1992.

Mr. Dooley was elected Executive Vice President in March 1994 and appointed a Director and Deputy Chairman of the Company in January 1996, having been an executive officer of the Company since January 1987. From July 1992 to March 1994, Mr. Dooley served as Senior Vice President, Corporate Development of the Company. From August 1993 to March 1994, he also served as President, Interactive Television. Prior to that, he held various positions in the Company's corporate and divisional finance areas. Mr. Dooley became a Director of Blockbuster in 1999.

Mr. Folta was elected Senior Vice President, Corporate Relations of the Company in November 1994. Prior to that, he served as Vice President, Corporate Relations of the Company from April 1994 to November 1994. From 1984 until joining the Company in April 1994, Mr. Folta held various Corporate Communications positions at Paramount Communications Inc., serving most recently as Senior Director, Corporate Communications.

Mr. Fricklas was elected Senior Vice President, General Counsel and Secretary of the Company in October 1998. From July 1993 to October 1998, he served as Deputy General Counsel of the Company. He served as

Vice President, General Counsel and Secretary of Minorco (U.S.A.) Inc. from 1990 to 1993. Prior to that, Mr. Fricklas was an attorney in private practice at the law firm of Shearman & Sterling.

Ms. Gordon was elected Vice President, Controller and Chief Accounting Officer in April 1995. Prior to that, she served as Vice President, Internal Audit of the Company since October 1986. From June 1985 to October 1986, Ms. Gordon served as Controller of Viacom Broadcasting. She joined the Company in 1981 and held various positions in the corporate finance area.

Mr. Hertlein was elected Senior Vice President, Corporate Development of the Company in July 1994. Prior to that, he served as Senior Vice President and Controller of Paramount Communications Inc. from September 1993 to July 1994 and as Senior Vice President, Internal Audit and Special Projects of Paramount Communications Inc. from September 1992 to September 1993 and, before that, as Vice President, Internal Audit and Special Projects of Paramount Communications Inc.

Ms. Melton was elected Senior Vice President, Government Affairs of the Company in May 1997. Before joining the Company, Ms. Melton served most recently as Vice President, Law and Public Policy at Time Warner Inc., having joined Warner Communications Inc. in 1987. Prior to that, Ms. Melton served as Legal Advisor to the Chairman of the Federal Communications Commission and as Assistant General Counsel for the National Cable Television Association.

Mr. Roskin has been an executive officer of the Company since April 1988 when he became Vice President, Human Resources and Administration. In July 1992, Mr. Roskin was elected Senior Vice President, Human Resources and Administration of the Company. From May 1986 to April 1988, he was Senior Vice President, Human Resources at Coleco Industries, Inc. From 1976 to 1986, he held various executive positions at Warner Communications Inc., serving most recently as Vice President, Industrial and Labor Relations.

Mr. Shea was elected Senior Vice President, Investor Relations of the Company in January 1998. From July 1994 to May 1995 and from November 1995 to December 1997, he was Senior Vice President, Corporate Communications for Triarc Companies, Inc. From June 1995 through October 1995, he served as Managing Director of Edelman Worldwide. From 1977 until July 1994, Mr. Shea held various Investor Relations positions at Paramount Communications Inc., serving most recently as Vice President, Investor Relations.

Mr. Smith has been an executive officer of the Company since May 1985. In November 1987, he was elected Senior Vice President, Chief Financial Officer of the Company and he continues to serve in such capacity. In May 1985, Mr. Smith was elected Vice President, Controller and, in October 1987, he was elected Vice President, Chief Financial Officer of the Company. From 1983 until May 1985, he served as Vice President, Finance and Administration of Viacom Broadcasting and from 1981 until 1983, he served as Controller of Viacom Radio. Mr. Smith joined the Company in 1977 in the Corporate Treasurer's office and until 1981 served in various financial planning capacities.

PART II

Item 5. Market for Viacom Inc.'s Common Equity and Related Security Holder Matters.

Viacom Inc. voting Class A Common Stock and Viacom Inc. non-voting Class B Common Stock are listed and traded on the New York Stock Exchange ("NYSE") under the symbols "VIA" and "VIA.B", respectively. The Company moved its listing to the NYSE from the American Stock Exchange effective April 8, 1999.

On February 25, 1999, the Board of Directors of the Company declared a 2-for-1 common stock split, to be effected in the form of a dividend. The additional shares were issued on March 31, 1999 to shareholders of record on March 15, 1999. All common share and per share amounts have been adjusted to reflect the stock split for all periods presented.

The following table sets forth, for the calendar periods indicated, the per share range of high and low sales prices for Viacom Inc.'s Class A Common Stock and Class B Common Stock, as reported on the NYSE or by the American Stock Exchange as the case may be.

	Viacom Inc. Class A Common Stock		Viacom Inc. Class B Common Stock	
	High	Low	High	Low
1998				
1st quarter....................	$27 1/8	$19 15/16	$27 17/32	$20 1/4
2nd quarter....................	30 1/2	26 1/8	30 5/8	26 13/32
3rd quarter....................	34 11/16	24 5/8	35	24 3/4
4th quarter....................	36 29/32	25 7/16	37 1/8	25 163/512
1999				
1st quarter....................	$45 1/2	$35 5/16	$45 15/16	$35 3/8
2nd quarter....................	48 3/4	36 11/16	49 3/16	36 5/8
3rd quarter....................	49 5/8	38 7/16	48 3/4	38 9/16
4th quarter....................	60 7/16	40 5/16	60 7/16	39 13/16

Viacom Inc. has not declared cash dividends on its common stock and has no present intention of so doing.

As of March 14, 2000, there were approximately 8,967 holders of Viacom Inc. Class A Common Stock and 17,894 holders of Viacom Inc. Class B Common Stock.

Item 6. Selected Financial Data.

VIACOM INC. AND SUBSIDIARIES
(Millions of dollars, except per share amounts)

	Year Ended December 31,				
	1999	1998	1997	1996	1995
Revenues	$12,858.8	$12,096.1	$10,684.9	$ 9,683.9	$ 8,700.1
Operating income (a)	$ 1,247.3	$ 751.6	$ 685.4	$ 1,197.2	$ 1,247.2
Earnings (loss) from continuing operations	$ 371.7	$ (43.5)	$ 373.5	$ 152.2	$ 88.0
Net earnings (loss)	$ 334.0	$ (122.4)	$ 793.6	$ 1,247.9	$ 222.5
Net earnings (loss) attributable to common stock	$ 321.6	$ (149.6)	$ 733.6	$ 1,187.9	$ 162.5
Basic earnings per common share:					
Earnings (loss) from continuing operations	$ .52	$ (.10)	$ .44	$ .13	$ .04
Net earnings (loss)	$ .46	$ (.21)	$ 1.04	$ 1.63	$ .22
Diluted earnings per common share:					
Earnings (loss) from continuing operations	$ .51	$ (.10)	$ .44	$ .13	$ .04
Net earnings (loss)	$ .45	$ (.21)	$ 1.04	$ 1.62	$ .22
At Year End:					
Total assets	$24,486.4	$23,613.1	$28,288.7	$28,834.0	$28,991.0
Long-term debt, net of current portion	$ 5,697.7	$ 3,813.4	$ 7,423.0	$ 9,855.7	$10,712.1
Shareholders' equity	$11,132.0	$12,049.6	$13,383.6	$12,586.5	$12,093.8

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

See Notes to Consolidated Financial Statements for additional information on transactions and accounting classifications which have affected the comparability of the periods presented above.

Viacom Inc. has not declared cash dividends on its common stock for any of the periods presented above.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

(Tabular dollars in millions)

General

Management's discussion and analysis of the results of operations and financial condition of Viacom Inc. and its subsidiaries (the "Company") should be read in conjunction with the Consolidated Financial Statements and related Notes. Descriptions of all documents incorporated by reference herein or included as exhibits hereto are qualified in their entirety by reference to the full text of such documents so incorporated or included.

The Company delivered exceptional financial results in 1999 and continues to accomplish its strategic objectives to focus on its core businesses, strengthen the balance sheet and improve the capital structure. The Company, in conjunction with the anticipated completion of the merger with CBS Corporation ("CBS"), has secured its position as a leading global media and entertainment company. The Company's significant transactions were as follows:

- On September 7, 1999, the Company and CBS announced that the companies had signed a definitive agreement to merge. On December 29, 1999, the shareholders of both companies approved this transaction. At the time of the merger, the Company will issue 1.085 shares of its Class B Common Stock for each share of CBS common stock and 1.085 shares of its Series C Preferred Stock for each share of CBS Series B preferred stock. Although the waiting period prescribed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired, the merger is under continuing review by the U.S. Department of Justice and is further subject to regulatory approval by the Federal Communications Commission. The Company expects the merger to be completed in April of 2000.

- On August 10, 1999, Blockbuster Inc. ("Blockbuster") sold to the public 31 million shares of its Class A common stock at $15 per share. The shares are traded on the New York Stock Exchange. The Company, through its ownership of all of the 144 million shares of Blockbuster Class B common stock outstanding, retained approximately 82% of the total equity value in, and approximately 96% of the combined voting power of, Blockbuster.

- Throughout 1998 and 1999, the Company repurchased its common stock, warrants and convertible preferred stock for an aggregate cost of $2.5 billion. In addition, on February 16, 2000, the Company announced a new repurchase program to acquire up to $1.0 billion of its shares of common stock.

- On June 21, 1999, the Company completed its tender offer for all outstanding shares of Spelling Entertainment Group Inc. ("Spelling") common stock that it did not already own and on June 23, 1999, the Company acquired the remaining outstanding shares through a merger of Spelling and a wholly owned subsidiary of the Company. The Spelling transaction resulted in the Company recording a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense. The restructuring charge of $70.3 million was primarily associated with the integration of the operations of Spelling into Paramount Television, resulting in the elimination of duplicative sales forces and certain other back office functions.

Business Segment Information

The Company has the following six operating segments:

Networks--Basic Cable and Premium Subscription Television Program Services.

Entertainment--Production and Distribution of Motion Pictures and Television Programming as well as the operation of Television Stations, International Television Program Services, Movie Theaters and Music Publishing.

Video--Home Video and Game Rental and Retail through traditional stores and the Internet.

Parks--Theme Parks.

Publishing--Consumer Publishing.

Online--Interactive Online Services.

The following tables set forth revenues and operating income (loss) by business segment, for the years ended December 31, 1999, 1998 and 1997. Results for each year presented exclude the educational, professional and reference publishing businesses ("Non-Consumer Publishing"), music retail stores, interactive game businesses and Viacom Radio Stations which are reported as discontinued operations.

	Year ended December 31,			Percent Better/(Worse)	
	1999	1998	1997	1999 vs 1998	1998 vs 1997
Revenues:					
Networks	$ 3,045.5	$ 2,607.9	$ 2,262.8	17%	15%
Entertainment	4,618.1	4,757.8	4,305.9	(3)	10
Video	4,463.5	3,893.4	3,313.6	15	17
Parks	390.8	421.2	367.3	(7)	15
Publishing	610.7	564.6	556.6	8	1
Online	29.8	13.7	10.4	118	32
Intercompany	(299.6)	(162.5)	(131.7)	(84)	(23)
Total revenues	$12,858.8	$12,096.1	$10,684.9	6	13
Operating income (loss) (a):					
Networks	$ 932.4	$ 744.3	$ 635.6	25%	17%
Entertainment	332.0	448.0	343.0	(26)	31
Video	127.9	(342.2)	(196.8)	NM	(74)
Parks	42.5	49.9	42.4	(15)	18
Publishing	54.3	53.2	60.4	2	(12)
Online	(64.5)	(7.5)	2.3	NM	NM
Segment total	1,424.6	945.7	886.9	51	7
Corporate/Eliminations	(177.3)	(194.1)	(201.5)	9	4
Total operating income	$ 1,247.3	$ 751.6	$ 685.4	66	10

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

NM--Not meaningful

EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization principally of goodwill related to business combinations) for the years ended December 31, 1999, 1998 and 1997. While many in the financial community consider EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, but not as a substitute for or superior to operating income, net earnings, cash flow and other measures of financial performance prepared in accordance with generally accepted accounting principles.

	Year ended December 31,			Percent Better/(Worse)	
	1999	1998	1997	1999 vs 1998	1998 vs 1997
EBITDA(a):					
Networks	$1,053.1	$ 851.3	$ 729.4	24%	17%
Entertainment	554.3	640.5	514.5	(13)	24
Video	520.3	39.9	221.6	NM	(82)
Parks	95.5	101.1	88.9	(6)	14
Publishing	74.0	71.2	77.9	4	(9)
Online	(48.4)	(3.5)	2.3	NM	NM
Segment total	2,248.8	1,700.5	1,634.6	32	4
Corporate/Eliminations	(156.8)	(171.6)	(176.6)	9	3
Total EBITDA	$2,092.0	$1,528.9	$1,458.0	37	5

(a) EBITDA is defined as operating income (loss) before depreciation and amortization.

NM--Not meaningful

Results of Operations 1999 versus 1998

Revenues increased 6% to $12.9 billion for 1999 from $12.1 billion for 1998. Revenue increases were paced by gains in the Networks, Video and Publishing segments. Networks recorded higher advertising revenues and affiliate fees for the year. Video's revenue gains were led by increases in worldwide same store sales and the increased number of system-wide stores in 1999. Entertainment's revenues were down slightly for the year as its worldwide theatrical and home video contributions did not match the extraordinary box office and home video success in 1998 of Titanic, Deep Impact and the theatrical performance of Saving Private Ryan.

Total expenses increased 3% to $11.6 billion for 1999 from $11.3 billion for 1998 principally reflecting normal increases associated with revenue growth and the Spelling charge of $81.1 million. In addition, results for 1998 include the second quarter Blockbuster charge of $424.3 million associated with an adjustment to the carrying value of rental tapes due to a new method of accounting.

EBITDA and operating income increased 37% to $2.1 billion and 66% to $1.2 billion, respectively, for 1999 from $1.5 billion and $751.6 million, respectively, for 1998. Excluding the impact of the Spelling charge recorded in the third quarter of 1999 and the second quarter 1998 Blockbuster charge from the results presented above, EBITDA increased 11% and operating income increased 13% for 1999.

Segment Results of Continuing Operations--1999 versus 1998

Networks (Basic Cable and Premium Subscription Television Program Services)

	Year ended December 31, 1999	Year ended December 31, 1998	Percent Better/(Worse)
Revenues	$ 3,045.5	$ 2,607.9	17%
Operating Income	$ 932.4	$ 744.3	25
EBITDA	$ 1,053.1	$ 851.3	24

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

For the year, MTVN revenues of $2.25 billion, EBITDA of $915.1 million and operating income of $816.9 million increased 21%, 23% and 24% respectively. The increase in MTVN's revenues principally reflects higher worldwide advertising revenues, up 22% for the year, and higher affiliate fees, up 13%, along with the success of MTVN's consumer products licensing programs, including Rugrats and Blues Clues. Advertising revenue growth was driven by rate increases at VH1 and MTV and higher unit volume at MTV. Nickelodeon's advertising revenue growth was driven by the increased number of units sold and lower average unit rates which was principally due to a 2% decline in spending in the Kids advertising segment during 1999 as well as increased competition in that category. The increased revenues drove MTVN's EBITDA and operating income gains.

SNI's revenues, EBITDA and operating income increased 7%, 14% and 19%, respectively, over the prior year. The revenue increases were principally due to an increase of approximately 3.5 million subscriptions, up 18% over the prior year to 23.2 million subscriptions at December 31, 1999. Operating results reflect revenue increases attributable to the continued growth of direct broadcast satellite subscriptions, as well as higher programming, marketing and advertising expenses to support subscription growth, and SNI's original films and branding initiatives.

Entertainment (Production and Distribution of Motion Pictures and Television Programming as well as the operation of Television Stations, International Television Program Services, Movie Theaters and Music Publishing)

	Year ended December 31, 1999	Year ended December 31, 1998	Percent Better/(Worse)
Revenues	$ 4,618.1	$ 4,757.8	(3)%
Operating Income	$ 332.0	$ 448.0	(26)
EBITDA	$ 554.3	$ 640.5	(13)

The Entertainment segment is comprised of Paramount Pictures and Paramount Television (the "Paramount Studio"), the Paramount Stations Group, Movie Theaters, Music Publishing and International Television Program Services.

For the year, Entertainment's revenues decreased 3%, and EBITDA and operating income decreased 13% and 26%, respectively, as the 1999 results were impacted by the Spelling charge and did not match the prior year's extraordinary box office and home video success of Titanic and Deep Impact and the theatrical performance of Saving Private Ryan. The Spelling charge of $81.1 million was incurred in the third quarter of 1999, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense. The restructuring charge was primarily associated with the integration of Spelling's operations into Paramount Television, resulting in the elimination of duplicative sales forces and certain other back office functions. Excluding the impact of the Spelling charge, Entertainment's EBITDA and operating income decreased 2% and 8%, to $624.6 million and $413.1 million, respectively, and Paramount Studio's EBITDA and operating income decreased 2% and 4%, to $458.4 million and $336.8 million, respectively.

Paramount Studio's revenues decreased 6% to $3.8 billion from $4.1 billion in the prior year. Paramount Studio's revenues included strong theatrical contributions from Varsity Blues, Payback, The General's Daughter, Runaway Bride, Double Jeopardy, Sleepy Hollow and The Talented Mr. Ripley, but did not match last year's box office success of Titanic, Saving Private Ryan, Deep Impact, The Truman Show and The Rugrats Movie. Foreign home video revenues were higher primarily driven by Saving Private Ryan, The Rugrats Movie and The Truman Show, but were offset by lower domestic home video revenues which did not match last year's release of Titanic. Television programming revenues were higher primarily due to higher syndication revenues from Judge Judy, the first time availability of JAG, Star Trek: Voyager, The Sentinel and Viper, and from an additional season of Sister, Sister. Television programming revenues for the year also benefited from the recognition of a cable retransmission royalty settlement. For the year, the increase in Television programming revenues was partially offset by lower library syndication revenues. Theaters' revenues were higher primarily as a result of the new multiplex theaters opened since the end of 1998.

Paramount Studio's EBITDA and operating income decreased 17% and 27%, to $388.1 million and $255.7 million, respectively, principally due to the Spelling charge and the revenue items discussed above. Theaters' EBITDA and operating income were lower for the year primarily due to the one-time costs associated with opening new multiplexes.

License fees for the television exhibition of motion pictures and for syndication and basic cable exhibition of television programming are recorded as revenue in the period that the products are available for such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. As of December 31, 1999, the unrecognized revenues attributable to such licensing agreements were approximately $1.7 billion.

For the year, Paramount Stations Group's revenues increased 2% to $437.1 million, EBITDA increased 2% to $151.5 million and operating income increased 1% to $100.6 million. Paramount Stations Group owns and operates 17 television stations, including WNPA-TV serving Pittsburgh, Pennsylvania, which was acquired on February 1, 1999. In addition, Paramount Stations Group programs two additional television stations pursuant to local marketing agreements.

Video (Home Video and Game rental and retail through traditional stores and the Internet)

	Year ended December 31, 1999	1998	Percent Better/(Worse)
Revenues	$ 4,463.5	$ 3,893.4	15%
Operating Income	$ 127.9	$ (342.2)	NM
EBITDA	$ 520.3	$ 39.9	NM

NM--Not meaningful

The Video segment is comprised of Blockbuster's operations in the home video, DVD and video game rental and retailing business through traditional stores and the Internet.

For the year, Video's revenues were higher principally due to higher worldwide same store sales and the increased number of system-wide video stores. Worldwide same store sales, including rental and retail product, increased 8.3%, and worldwide same store rental revenues increased 10.1%. The increase in same store revenues was principally due to increases in the average domestic rental fee and increased sales of previously-viewed tapes. Blockbuster ended the year with 7,153 stores, a net increase of 772 stores over the prior year.

Video's EBITDA increased to $520.3 million in 1999 from $39.9 million in 1998. The 1999 results reflect Blockbuster's investment in its Internet business which resulted in a reduction to EBITDA and operating income of $6.6 million and $7.0 million, respectively, for the year ended December 31, 1999. The 1998 results reflect a charge taken in the second quarter of $424.3 million associated with an adjustment to the carrying value of rental tapes due to a new method of accounting.

Excluding the amounts attributable to the investment in its Internet business described above and the effects of the 1998 charge, Video's EBITDA increased by $62.7 million, or 14%, reflecting the continuing success of revenue growth programs implemented in the first quarter of 1999 which emphasize tape copy depth, promote customer loyalty and reward customer frequency. For the year, Video's gross margin percentage decreased slightly to 60.5% from 60.8%, excluding the Internet business' results in 1999 and the $424.3 million charge taken in 1998.

Parks (Theme Parks)

	Year ended December 31, 1999	1998	Percent Better/(Worse)
Revenues	$ 390.8	$ 421.2	(7)%
Operating Income	$ 42.5	$ 49.9	(15)
EBITDA	$ 95.5	$ 101.1	(6)

The Parks segment is comprised of five regional theme parks and a themed attraction in the U.S. and Canada. The Parks' revenue, EBITDA and operating income declines for the year reflect declines in overall attendance primarily due to increased competition at two of the parks and generally less than favorable weather conditions.

Publishing (Consumer Publishing)

	Year ended December 31, 1999	1998	Percent Better/(Worse)
Revenues	$ 610.7	$ 564.6	8%
Operating Income	$ 54.3	$ 53.2	2
EBITDA	$ 74.0	$ 71.2	4

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

For the year, the improved revenues and operating results are due principally to higher sales in the Trade division, led by the best selling titles 'Tis by Frank McCourt, Hearts in Atlantis by Stephen King and When Pride Still Mattered by David Maraniss. The Children's division revenues also increased for the year driven by higher sales including the best-selling title The Dance by Richard Paul Evans and Eloise at Christmastime by Kay Thompson.

On November 27, 1998, the Company completed the sale of Non-Consumer Publishing for $4.6 billion in cash. The Company realized a gain of $65.5 million, net of tax, from the sale and presented Non-Consumer Publishing as a discontinued operation for 1998 and for all prior periods.

Online (Interactive Online Services)

	Year ended December 31, 1999	1998	Percent Better/(Worse)
Revenues	$ 29.8	$ 13.7	118%
Operating Income	$ (64.5)	$ (7.5)	NM
EBITDA	$ (48.4)	$ (3.5)	NM

- ---------------------
NM--Not meaningful

The Online segment is comprised of online music ventures and children's destinations featuring entertainment, information and e-commerce, using the MTVN brands and SonicNet.

Revenue increases for the year principally reflect increased license fees and higher advertising revenues. The operating losses reflect the continued investments in the Company's online services.

On July 15, 1999, the Company together with Liberty Digital Inc. formed the MTVi Group, L.P. ("MTVi"). The Company contributed all of its assets used exclusively in its Internet music businesses, including the assets of Imagine Radio, which the Company acquired in February 1999, in exchange for a 90% equity interest in MTVi. Liberty Digital Inc. contributed all of its assets used in its Internet music businesses, including SonicNet.com and assets of The Box Worldwide, Inc. (certain of which were concurrently licensed to MTVN) in exchange for a 10% equity interest in MTVi.

Other Income and Expense Information

Corporate Expenses/Eliminations

Corporate expenses/eliminations, including depreciation and amortization expense, decreased 9% to $177.3 million for 1999 from $194.1 million for 1998. Corporate expenses of $194.6 million in 1999 increased 7% from $182.3 million in 1998 while the benefit from eliminations of $17.3 million increased over the prior year by approximately $21 million principally due to the timing of the recognition of intersegment sales.

Interest Expense

Interest expense decreased 28% to $448.9 million for 1999 from $622.4 million for 1998 due to lower average debt outstanding of $5.8 billion during 1999 versus $7.4 billion during 1998. The Company had approximately $6.0 billion and $4.2 billion principal amount of debt outstanding (including current maturities) at December 31, 1999 and 1998, respectively, at weighted average interest rates of 7.5% and 7.8%, respectively.

Interest Income

Interest income increased 18% to $27.7 million for 1999 from $23.4 million for 1998.

Other Items, Net

"Other items, net" reflects $17.8 million of income for 1999 compared to a loss of $15.3 million in 1998. The net increase of $33.1 million principally reflects a $25.2 million foreign exchange gain in 1999 compared to a $7.4 million foreign exchange loss in 1998. "Other items, net" also includes a net loss of approximately $7.4 million from the sale of assets in 1999 and the loss of approximately $91 million associated with the closing of the Viacom Entertainment Store partially offset by a net gain of approximately $82.9 million from the sale of assets in 1998.

Provision for Income Taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 48.8% for 1999 and 101.0% for 1998 were both adversely affected by amortization of intangibles in excess of amounts which are deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the annual effective tax rates would have been 35.4% for 1999 and 31.8% for 1998.

Equity in Loss of Affiliates

"Equity in loss of affiliated companies, net of tax" was $60.7 million for 1999 as compared to $41.4 million for 1998 principally reflecting increased net operating losses of United Paramount Network ("UPN") and international ventures partially offset by the improved results of Comedy Central.

Minority Interest

Minority interest primarily represents the minority ownership of Blockbuster common stock in 1999 and Spelling common stock in 1998.

Discontinued Operations

For 1998, discontinued operations reflect the results of operations, net of tax, of Non-Consumer Publishing and the music retail stores which were sold on November 27, 1998 and October 26, 1998, respectively. Discontinued operations also reflect the gain from the sale of Non-Consumer Publishing of $65.5 million, net of tax, the loss from the sale of music retail stores of $138.5 million, net of tax, additional losses recognized for Virgin operations prior to disposal of $20.3 million, net of minority interest, the tax benefit associated with the disposal of Virgin of $134.0 million and the reversal of excess cable split-off reserves.

Extraordinary Loss

During 1999 and 1998, the Company recognized after-tax extraordinary losses on the early extinguishment of debt of $37.7 million and $74.7 million, respectively.

Net Earnings (Loss)

For the reasons described above, net earnings of $334.0 million for 1999 increased $456.4 million from a loss of $122.4 million for 1998.

Results of Operations 1998 versus 1997

Revenues increased 13% to $12.1 billion for 1998 from $10.7 billion for 1997 with every operating segment posting increases over the prior year. Primary contributors to the increase were the Entertainment segment which recorded higher feature and theater revenues; the Video segment which realized the positive impact from revenue sharing as well as revenue increases from the increase in the number of system-wide stores; and the Networks segment, where revenue increases were driven primarily by increased advertising and affiliate revenues.

Total expenses increased 13% to $11.3 billion for 1998 from $10.0 billion for 1997 principally reflecting normal increases associated with revenue growth and the second quarter 1998 Blockbuster charge of approximately $424.3 million principally associated with an accounting change for tape amortization. In 1997, expenses reflect the impact of the Blockbuster charge which consisted primarily of a reduction in the carrying value of excess retail inventory and the cost of closing underperforming stores principally located in international markets.

Effective April 1, 1998, Blockbuster adopted an accelerated method of amortizing videocassettes and game rental inventory. Blockbuster adopted this new method of amortization because it implemented a new business model, including revenue sharing agreements with Hollywood studios, which dramatically increased the number of videocassettes in the stores and which is satisfying consumer demand over a shorter period of time. Previously, Blockbuster purchased tapes for a fixed price, which were amortized over a period of six to 36 months. Pursuant to the new method, the Company records base stock videocassettes at cost and amortizes a portion of the costs on an accelerated basis over three months, generally to $8 per unit, with the remaining cost of the base stock videocassettes amortized on a straight-line basis over 33 months to an estimated $4 salvage value. Non-base stock videocassette costs are amortized on an accelerated basis over three months to an estimated $4 salvage value. Video games are amortized on an accelerated basis over a 12 month period to an estimated $10 salvage value. Revenue sharing payments are expensed when earned pursuant to the applicable contractual arrangements. The Company recorded a pre-tax charge of $424.3 million which represents an adjustment to the carrying value of the rental tapes due to the new method of accounting. The charge was reflected as part of operating expenses for 1998.

During the second quarter of 1997, Blockbuster shifted its strategic emphasis from retailing a broad assortment of merchandise to focusing on its core rental business. Rationalization of the retail product lines such as sell-through video, confectionery items, literature, music and fashion merchandise allowed the Company to devote more management time and attention, as well as retail floor selling space, to its video and rental game business. In addition, as part of its effort to improve the performance of its operations, Blockbuster adopted a plan to close consistently underperforming stores primarily located in the United Kingdom and Australia and to exit the German market. As a result, Blockbuster recorded a pre-tax charge of $322.8 million which consisted of operating and general and administrative expenses of approximately $247.5 million, as well as depreciation expense attributable to the write-off of long-lived assets of $45.9 million and write-offs attributable to international joint ventures accounted for under the equity method of $29.4 million. As a result of exiting the music business, approximately $72.6 million of the charge was presented as part of discontinued operations. The remaining balance of the charge consisted principally of $100.8 million for a reduction in the carrying value of excess merchandise inventories, $69.6 million for the closing of underperforming stores principally located in international markets, and $39.3 million recognized as general and administrative expenses, primarily related to relocation costs incurred in connection with the move of the Company's employees, corporate offices and data center from Fort Lauderdale, Florida to Dallas, Texas.

The $69.6 million charge for the closing of underperforming stores was comprised of a $41.8 million non-cash impairment charge associated with long-lived assets and a $27.8 million charge for lease exit obligations. These amounts were recognized as depreciation expense and general and administrative expense, respectively. Through December 31, 1999, the Company paid and charged approximately $19.9 million against the lease exit obligations.

The Company's EBITDA increased 5% to $1.53 billion for 1998 from $1.46 billion for 1997 and operating income increased 10% to $751.6 million for 1998 from $685.4 million for 1997. Operating results were adversely affected by the charges taken by Blockbuster during 1998 and 1997. Excluding the impact of such charges in each period, the Company's EBITDA increased 20% to $1.97 billion and operating income increased 31% to $1.19 billion.

Segment Results of Continuing Operations--1998 versus 1997

Networks (Basic Cable and Premium Subscription Television Program Services)

For the year, MTVN revenues of $1.9 billion increased 21%, EBITDA of $743.5 million increased 17% and operating income of $660.1 million increased 16% over the prior year principally reflecting higher advertising revenues, as well as the benefit of the continued licensing success of Rugrats and Blue's Clues. Advertising revenue growth was driven by rate increases at Nickelodeon and VH1 and higher unit volume at MTV. MTVN's EBITDA and operating income growth were driven by revenue growth partially offset by increased production, selling and marketing expenses. Results for 1998 also include an operating loss of $22.0 million for MTV Asia, which was previously accounted for under the equity method. Excluding the loss of MTV Asia, MTVN's EBITDA and operating income increased 21% and 20%, respectively.

SNI's revenues, EBITDA and operating income increased 3%, 15% and 29%, respectively, over the prior-year period. Operating results reflect revenue increases attributable to the continued growth of direct broadcasting satellite subscriptions partially offset by increased marketing costs associated with SNI's No Limits branding campaign. SNI's subscriptions increased over the prior year by approximately 1.5 million to 19.7 million subscriptions at December 31, 1998.

Entertainment (Production and Distribution of Motion Pictures and Television Programming as well as the operation of Television Stations, International Television Program Services, Movie Theaters and Music Publishing)

Entertainment revenues for the year ended December 31, 1998 were 10% higher than the same period last year principally reflecting Paramount Studio (including Spelling) revenue increases of 11%. Higher Paramount Studio revenues were led by the extraordinary domestic box office and home video success of Titanic, along with the successful domestic theatrical performance of Deep Impact and The Rugrats Movie, the foreign theatrical performance of Saving Private Ryan, and the worldwide theatrical success of The Truman Show. These results were partially offset by lower television programming revenues compared with the prior year, which included the successful first time availability of Frasier in syndication. The revenue increases also reflect the impact of the licensing of Spelling's classic video library and the sale of television library product, partially offset by Spelling's exit from the feature film and video distribution businesses. Theaters' revenues were also higher primarily as a result of opening new multiplex theaters.

Paramount Studio recorded EBITDA and operating income increases of 36% and 53%, respectively, compared with the same prior year period. The results reflect the revenue increases described above partially offset by earnings recorded in 1997 attributable to long-term foreign licensing agreements.

License fees for the television exhibition of motion pictures and for syndication and basic cable exhibition of television programming are recorded as revenue in the period that the products are available for such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. As of December 31, 1998, the unrecognized revenues attributable to such licensing agreements were approximately $1.6 billion.

For the year, Paramount Stations Group's revenues increased 1% and EBITDA and operating income decreased 5% and 15%, respectively, from the same prior-year period. Operating results primarily reflect decreased advertising revenues and the impact of swapping for television stations with greater growth potential.

Video (Home Video and Game rental and retail through traditional stores and the Internet)

For the year, Video revenues increased 17% driven by higher video store revenues reflecting the impact of revenue sharing and an increase in the number of system-wide stores. EBITDA decreased 82% principally reflecting the impact of the $424.3 million charge taken in the second quarter of 1998 to adjust the carrying value of videocassettes and game rental inventory under a new method of amortization as a result of the implementation of Blockbuster's new business model. For the year, Blockbuster recorded same store sales increases of 13% domestically and worldwide. Blockbuster ended the year with 6,381 stores, a net increase of 332 stores over the prior year. Video results in 1997 reflect a charge of approximately $250 million related primarily to the reduction of the carrying value of excess retail inventory and the cost of closing underperforming stores principally located in international markets.

Excluding the impact of the 1998 and 1997 charges, Video's EBITDA increased 20% to $476.6 million in 1998 from $397.3 million in 1997. Excluding the impact of the second quarter 1998 and 1997 Blockbuster charges, Video's gross margin percentage decreased to 60.8% in 1998 from 61.4% in 1997 due to the initial impact of revenue sharing agreements and increased promotional activity.

Parks (Theme Parks)

Parks' revenues of $421.2 million, EBITDA of $101.1 million and operating income of $49.9 million for 1998 increased 15%, 14% and 18%, respectively, as compared with revenues of $367.3 million, EBITDA of $88.9 million and operating income of $42.4 million for 1997, principally reflect increased attendance driven by new branded attractions and entertainment, including Star Trek: The Experience located at the Las Vegas Hilton, and increased pricing.

Publishing (Consumer Publishing)

On November 27, 1998, the Company completed the sale of Non-Consumer Publishing for $4.6 billion in cash. The Company retained its consumer operations including the Simon & Schuster name. The Company recognized a gain of $65.5 million, net of tax, from the sale and presented Non-Consumer Publishing as a discontinued operation.

Growth in revenues to $564.6 million was primarily attributable to increases in the trade hard cover business driven by the best selling titles including Bag of Bones by Stephen King, All Through the Night by Mary Higgins Clark and Angela's Ashes by Frank McCourt, along with gains in the children's and interactive businesses. The mass-market business experienced a sales decrease due to weakness in that segment of the industry.

Online (Interactive Online Services)

Revenues increased 32% to $13.7 million for 1998 from $10.4 million for 1997. Operating loss of $7.5 million in 1998, as compared with operating income of $2.3 million in 1997, reflects the increased investment in the Company's online services.

Other Income and Expense Information

Corporate Expenses/Eliminations

Corporate expenses/eliminations, including depreciation and amortization expense, decreased 4% to $194.1 million for 1998 from $201.5 million for 1997, principally reflecting a decrease in general and administrative and litigation expenses.

Interest Expense

Interest expense decreased 19% to $622.4 million for 1998 from $772.9 million for 1997. The Company had approximately $4.2 billion and $7.8 billion principal amount of debt outstanding (including current maturities) at December 31, 1998 and 1997, respectively, at a weighted average interest rate of 7.8% for each period.

Interest Income

Interest income increased 6% to $23.4 million for 1998 from $22.0 million for 1997.

Other Items, Net

The Company continued the strategy of focusing on its core businesses and in December 1998, announced plans to close the Viacom Entertainment Store in Chicago in January 1999 and to phase out its Nickelodeon stores in the first half of 1999. As a result, the Company recorded a loss of approximately $91 million, which is reflected in "Other items, net", for the year ended December 31, 1998. The loss principally reflects $8.5 million for estimated severance benefits payable to approximately 530 employees and $32.7 million for lease exit obligations. Through December 31, 1999, the Company paid and charged approximately $8.5 million against the severance benefits payable and $6.8 million against lease exit obligations. The loss also reflects the write-off of property and equipment, inventory and prepaid assets of $21.1 million, $10.3 million and $3.1 million, respectively, as well as future vendor commitments of $3.3 million. Additionally, "Other items, net" principally reflects foreign exchange losses and the write-off of certain investments, partially offset by a gain of approximately $118.9 million from the sale of a cost investment. "Other items, net" of $1.2 billion for 1997 principally reflects the gain from the sale of USA Networks as well as gains associated with the exchange of certain television stations offset by the write-off of certain investments held at cost.

Provision for Income Taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The annual effective tax rates of 101.0% for 1998 and 54.9% for 1997 were both adversely affected by amortization of intangibles in excess of amounts, which are deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the annual effective tax rates would have been 31.8% for 1998 and 44.1% for 1997.

Equity in Loss of Affiliates

"Equity in loss of affiliated companies, net of tax" was $41.4 million for 1998 as compared to $163.3 million for 1997. In 1998, the equity loss primarily reflects the net operating loss of UPN partially offset by the positive results of Comedy Central. In 1997, the equity loss primarily reflects the net operating loss of UPN and charges associated with international network ventures partially offset by earnings from the Company's half-interest in USA Networks, which was sold in the fourth quarter of 1997.

Minority Interest

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

Discontinued Operations

For 1998, discontinued operations reflect the results of operations, net of tax, of Non-Consumer Publishing prior to sale on November 27, 1998, and music retail stores prior to sale on October 26, 1998. Discontinued operations also reflect the gain from the sale of Non-Consumer Publishing of $65.5 million net of tax, the loss from the sale of music retail stores of $138.5 million, net of tax, additional losses recognized for Virgin operations prior to disposal of $20.3 million, net of minority interest, the tax benefit associated with the disposal of Virgin of $134.0 million and the reversal of excess cable split-off reserves.

For 1997, discontinued operations reflect the results of operations, net of tax, of (1) Non-Consumer Publishing, (2) music retail stores, (3) the Viacom Radio Stations prior to disposal on July 2, 1997, as well as the realized gain on the sale of $416.4 million, net of tax, (4) additional losses recognized for Virgin operations prior to disposal of $32.0 million, net of minority interest, and (5) the reversal of excess cable split-off reserves.

Extraordinary Loss

During 1998, the Company recognized an after-tax extraordinary loss on the early extinguishment of debt of $74.7 million.

Net Earnings (Loss)

For the reasons described above, the Company reported a net loss of $122.4 million in 1998 as compared to net earnings of $793.6 million in 1997.

Liquidity and Capital Resources

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

Subsequent to its initial public offering, Blockbuster no longer participates in the Company's centralized cash management system. Cash generated by Blockbuster's operations is expected to be retained by Blockbuster to fund its anticipated cash requirements.

As of December 31, 1999, the Company had $1.45 billion available under its shelf registration statement as filed with the Securities and Exchange Commission in 1995. The net proceeds from the sale of the offered securities may be used by the Company to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement.

At December 31, 1999, National Amusements, Inc. ("NAI") beneficially owned approximately 68% of Viacom Inc. Class A Common Stock and approximately 28% of Class A and Class B Common Stock on a combined basis.

Share Repurchase Programs

On February 16, 2000, the Company initiated a share repurchase program to acquire up to $1.0 billion in the Company's common stock. For the year to date period ended March 21, 2000, the Company repurchased 10,000 shares of its Class A Common Stock and 11,570,900 shares of its Class B Common Stock for $634.6 million in the aggregate.

During 1999, the Company had repurchased 25,000 shares of its Class A Common Stock, 10,551,200 shares of its Class B Common Stock and 1,140,400 Viacom Five-Year Warrants, for approximately $466.4 million in the aggregate. During 1998, the Company had repurchased a total of 12,000 shares of its Class A Common Stock, 26,190,200 shares of its Class B Common Stock and 5,502,000 Viacom Five-Year Warrants, for approximately $822.0 million in the aggregate.

On December 2, 1998, the Company repurchased 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $564 million in cash. On January 5, 1999, the Company repurchased the remaining 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash.

Financial Position

Current assets increased to $5.2 billion as of December 31, 1999 from $5.1 billion as of December 31, 1998, principally reflecting an increase of $194.3 million in theatrical and television inventory to $1.5 billion from $1.3 billion, partially offset by a decrease in cash and cash equivalents of $86.5 million. The allowance for doubtful accounts as a percentage of receivables increased to 6% for 1999 from 5% for 1998. The change in property and equipment principally reflects capital expenditures of $706.2 million related to capital additions for new and existing video stores, construction of new movie theaters and additional construction and equipment upgrades for Parks offset by depreciation expense of $496.8 million. Current liabilities decreased to $4.4 billion from $5.6 billion reflecting the payment of taxes associated with the sale of Non-Consumer Publishing, payment of accrued expenses and the settlement of the 8% Merger Debentures. Long-term debt, including current maturities, increased to $6.0 billion from $4.2 billion, reflecting the tax payments discussed above and acquiring the Company's common stock, preferred stock and warrants under its repurchase programs.

The Company continually monitors its positions with, and credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties. The Company's receivables do not represent significant concentrations of credit risk at December 31, 1999, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

Cash Flows

Net cash flow provided by operating activities decreased to $294.1 million in 1999 from $864.1 million in 1998 primarily reflecting the increased investment in inventory of $512.7 million in 1999 versus a $202.7 million net decrease in 1998, excluding the impact of the Blockbuster inventory charge, and an increase in unbilled receivables of $120.7 million in 1999 versus a $105.0 million decrease in 1998. The decrease in operating cash flow for 1999 was partially offset by the net earnings of $334.0 million. Net cash expenditures for investing activities of $1.1 billion for 1999 principally reflect capital expenditures and the Spelling transaction as well as acquisitions of video stores and television stations. Net cash flow provided by investing activities of $4.2 billion for 1998 principally reflects the proceeds from the sale of Non-Consumer Publishing of approximately $4.6 billion and the sale of certain investments offset by capital expenditures. Financing activities reflect borrowings and repayment of debt, the repurchase of convertible preferred stock and purchase of common stock and warrants, offset by the proceeds from the exercise of stock options and warrants.

Planned capital expenditures, including information systems costs, are approximately $550 million to $650 million in 2000. Capital expenditures are primarily related to capital additions for new and existing video stores, expansion of Paramount's theatres and theme park attractions. The Company's joint ventures are expected to require estimated net cash contributions of approximately $25 million to $65 million in 2000.

Commitments and Contingencies

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of December 31, 1999 and are estimated to aggregate approximately $1.0 billion, excluding intersegment commitments of approximately $865.9 million, principally reflect SNI's commitments of approximately $726.7 million for the acquisition of programming rights and the production of original programming. This estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

See Note 15 of Notes to Consolidated Financial Statements for a description of the Company's future minimum lease commitments.

There are various lawsuits and claims pending against the Company. Management believes that any ultimate liability resulting from those actions or claims will not have a material adverse effect on the Company's results of operations, financial position or liquidity.

Certain subsidiaries and affiliates of the Company from time to time receive claims from federal and state environmental regulatory agencies and other entities asserting that they are or may be liable for environmental cleanup costs and related damages, principally relating to discontinued operations. The Company has recorded a liability reflecting its best estimate of environmental exposure. Such liability was not discounted or reduced by potential insurance recoveries and reflects management's estimate of cost sharing at multiparty sites. The estimated liability was calculated based upon currently available facts, existing technology and presently enacted laws and regulations. On the basis of its experience and the information currently available to it, the Company believes that the claims it has received will not have a material adverse effect on its results of operations, financial position or cash flows.

CAPITAL STRUCTURE

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

	At December 31, 1999	At December 31, 1998
Notes payable to banks	$3,054.2	$ 868.5
Senior debt	2,310.9	2,308.9
Senior subordinated debt	35.3	36.3
Subordinated debt	--	475.2
Obligations under capital leases	591.6	501.4
Other	--	.3
	5,992.0	4,190.6
Less current portion	294.3	377.2
	$5,697.7	$3,813.4

Debt as a percentage of total capitalization of the Company increased to 35% at December 31, 1999 from 26% at December 31, 1998.

The Viacom Credit Agreements, as amended, are comprised of (i) a $3.7 billion senior unsecured reducing revolver maturing July 1, 2002, and a $571 million term loan maturing April 1, 2002 (the "Viacom Agreement") and (ii) a $100 million term loan for Viacom International Inc. maturing July 1, 2002 (the "Viacom International Agreement"). Of these amounts, $1.8 billion and $846.2 million were outstanding as of December 31, 1999 and 1998, respectively.

The interest rate on all loans made under the Viacom Credit Agreements is based on Citibank, N.A.'s base rate or a spread over the London Interbank Offered Rate ("LIBOR"). The spread over such rate is based on the Company's credit rating. At December 31, 1999, LIBOR (upon which the Company's borrowing rate was based) for borrowing periods of one month and two months were 5.8% and 5.9%, respectively. At December 31, 1998, LIBOR for borrowing periods of one month and two months were each 5.09%.

The Company's scheduled maturities of indebtedness through December 31, 2004, assuming full utilization of the Viacom Credit Agreements, as amended, are $1.0 billion (2000), $1.8 billion (2001), $2.0 billion (2002), $350.0 million (2003) and $0 (2004). The Company's maturities of long-term debt outstanding at December 31, 1999, excluding capital leases, are $302.2 million (2000), $304.6 million (2001), $1.7 billion (2002), $350.0 million (2003) and $0 (2004). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

At December 31, 1999, the Company was in compliance with all debt covenants and had satisfied all financial ratios and tests under the credit agreements. The Company expects to be in compliance and satisfy all such covenants and ratios as may be applicable from time to time during 2000.

The Company used proceeds received from Blockbuster, as described below in Blockbuster Debt, to permanently reduce its commitments under the Viacom Credit Agreements by $1.139 billion.

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

During 1999, the Company redeemed the remaining $211.8 million principal amount of its 8% Merger Debentures outstanding and recognized an extraordinary loss of $37.4 million, net of tax, on the early redemption.

During 1999, the Company amended the Viacom Credit Agreements to, among other things, provide for the Blockbuster Credit Agreement and to allow for a potential split-off of Blockbuster.

During 1998, the Company redeemed and retired $1.3 billion in the aggregate of notes and debentures and also purchased and retired $50.8 million of notes and debentures in open market transactions. As a result of the early extinguishment of outstanding indebtedness, the Company recognized an extraordinary loss of $74.7 million, net of tax, in 1998.

Blockbuster Credit Agreement

On June 21, 1999, Blockbuster entered into a $1.9 billion unsecured credit agreement (the "Blockbuster Credit Agreement") with a syndicate of banks. The Blockbuster Credit Agreement is comprised of a $700 million revolver due July 1, 2004, a $600 million term loan due in quarterly installments beginning April 1, 2002 and ending July 1, 2004, and a $600 million revolver due June 19, 2000, which was subsequently reduced with proceeds from the initial public offering as described below. Interest rates are based on the prime rate or LIBOR at Blockbuster's option at the time of borrowing. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver.

The Blockbuster Credit Agreement contains covenants, which, among other things, relate to the payment of dividends, repurchase of Blockbuster's common stock or other distributions and also require compliance with certain financial covenants with respect to a maximum leverage ratio and a minimum fixed charge coverage ratio.

On June 23, 1999, Blockbuster borrowed $1.6 billion, comprised of $400 million borrowed under the long-term revolver, $600 million borrowed under the term loan, and $600 million under the short-term revolver. The weighted average interest rate at December 31, 1999 for these borrowings was 7.9%. The proceeds of the borrowings were used to pay amounts owed to the Company. Blockbuster has repaid $442.9 million of the short-term revolver through proceeds from the offering. These proceeds permanently reduced Blockbuster's commitments under the Blockbuster Credit Agreement from $1.9 billion to approximately $1.46 billion.

Blockbuster's scheduled maturities of indebtedness through December 31, 2004, assuming full utilization of the Blockbuster Credit Agreement are $157.1 million (2000), $0 (2001), $150.0 million (2002), $275.0 million (2003) and $875.0 million (2004). Blockbuster's maturities of long-term debt outstanding at December 31, 1999, excluding capital leases, are $157.1 million (2000), $0 (2001), $150.0 million (2002), $275.0 million (2003) and $605.0 million (2004). Blockbuster expects to fund the current obligation by various external sources, including additional borrowings under the revolver due July 1, 2004, an amendment to Blockbuster's Credit Agreement or the issuance of debt securities.

Spelling Transaction and Restructuring Charge

On June 21, 1999, the Company completed its tender offer for all outstanding shares of Spelling common stock that it did not already own for $9.75 per share in cash. The tender offer was made under the terms of a merger agreement between the Company and Spelling. The tendered shares, along with the shares already owned by the Company, represented approximately 97% of all of the issued and outstanding shares of Spelling. On June 23, 1999, the Company acquired the remaining outstanding shares of Spelling, approximately 3%, through a merger of Spelling and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive $9.75 in cash. The consideration for tendered shares was approximately $176 million.

In connection with the integration of the operations of Spelling into Paramount Television, the Company recorded a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense in the third quarter of 1999. Included in the restructuring charge are severance and employee related costs of $48.1 million, lease termination and other occupancy costs of $17.7 million and other exit costs of $4.5 million. Severance and other employee related costs
represent the costs to terminate approximately 250 employees engaged in legal, sales, marketing, finance,

information systems, technical support and human resources for Spelling. Lease termination and other occupancy costs principally represent the expenses associated with vacating existing lease obligations in New York and Los Angeles. The depreciation expense of approximately $10.8 million was associated with the fixed asset write-offs for software, leasehold improvements and equipment located at these premises. As of December 31, 1999, the Company had paid and charged approximately $11.0 million against the severance liability, $3.7 million against lease termination and other occupancy costs, and $.6 million against the other exit costs. The Company expects to complete the exit activities by the end of the year 2000.

Market Risk

The Company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or issue financial instruments for speculative trading purposes. The derivative instruments used are foreign exchange forward contracts, spots and options. The foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the European Union's common currency (the "Euro"). These derivatives, which are over-the-counter instruments, are non-leveraged. Realized gains and losses on contracts that hedge anticipated future cash flows are recognized in "Other items, net" and were not material in any of the periods presented. The Company is primarily vulnerable to changes in LIBOR which is the rate currently used in existing agreements; however, the Company does not believe this exposure to be material.

The Company enters into interest rate exchange agreements with off-balance sheet risk in order to reduce its exposure to changes in interest on its variable rate long-term debt and/or take advantage of changes in interest rates. These interest rate exchange agreements include interest rate swaps and interest rate caps. At December 31, 1999, the Company had $400 million of interest rate exchange agreements outstanding with commercial banks. These agreements, which expired February 24, 2000, effectively changed the Company's interest rate on an equivalent amount of variable rate borrowings to a fixed rate of 6.35%.

Other Matters

In February 2000, a registration statement on Form S-1 was filed with the Securities and Exchange Commission relating to an initial public offering of Class A common stock in The MTVi Group, Inc. The net proceeds of the initial public offering will be contributed by The MTVi Group, Inc. to MTVi in exchange for general and limited partnership units of MTVi.

On September 7, 1999, the Company and CBS announced that the companies had signed a definitive agreement to merge. On December 29, 1999, the shareholders of both companies approved this transaction. The Company and CBS have agreed that CBS will merge with the Company upon the terms and conditions set forth in the merger agreement, as amended and restated. At the time of the merger, the Company will issue 1.085 shares of its Class B Common Stock for each share of CBS common stock and 1.085 shares of its Series C Preferred Stock for each share of CBS Series B preferred stock. Although the waiting period prescribed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired, the merger is under continuing review by the U.S. Department of Justice and is further subject to regulatory approval by the Federal Communications Commission. The Company expects the merger to be completed in April of 2000.

On August 10, 1999, Blockbuster sold to the public 31 million shares of its Class A common stock for $15 per share. The shares are traded on the New York Stock Exchange. The Company, through its ownership of all of the 144 million shares of Blockbuster Class B common stock outstanding, retained approximately 82% of the total equity value in, and approximately 96% of the combined voting power of, Blockbuster. Proceeds from the offering aggregated $442.9 million, net of underwriting discounts and commissions and before payment of offering expenses, and were used by Blockbuster to repay outstanding indebtedness under a $1.9 billion term and revolving credit agreement. The Company recorded a reduction to equity of approximately $662 million as a result of the issuance of subsidiary stock.

In December 1999, a registration statement on Form S-4 was filed with the Securities and Exchange Commission relating to a split-off of Blockbuster pursuant to an offering by the Company to exchange all of its shares of Blockbuster for shares of the Company's common stock. The Company has announced that, subject to the approval of the Company's Board of Directors, which will be based on an assessment of market conditions, and the receipt of a supplemental private letter ruling from the Internal Revenue Service reflecting the anticipated merger between the Company and CBS, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of the Company's common stock. In particular, the Company has said that it does not intend to commence the offer unless the Blockbuster Class A common stock improves to a price range exceeding $20 per share. The split-off is intended to establish Blockbuster as a stand-alone entity with objectives separate from those of the Company's other businesses. The Company has no obligation to effect the split-off either before or after the merger. The Company cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free. The aggregate market value of the shares of Blockbuster common stock based on the March 20, 2000 closing price of $10.9375 per share of Blockbuster common stock was approximately $1.9 billion. The net book value of Viacom's investment in Blockbuster at December 31, 1999 was approximately $5.1 billion. If the Company determines to engage in the split-off, any difference between the fair market value and net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the March 20, 2000 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax loss on discontinued operations of approximately $3.5 billion. The actual amount of the gain or loss will depend upon the fair market value and net book value of Blockbuster at the time of the split-off as well as the exchange ratio used in the split-off.

On July 7, 1999, the Viacom Five-Year Warrants expired. The Company received proceeds of approximately $317 million and issued approximately 9.0 million shares of its Class B Common Stock in connection with the exercise of 4.5 million warrants issued as part of the 1994 acquisition of Paramount Communications.

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

On January 15, 1997, the Company acquired a 50% interest in UPN from BHC Communications, Inc. ("BHC"), a corporate subsidiary of Chris Craft Industries, Inc. On March 20, 2000, BHC agreed to sell to the Company its remaining 50% interest in UPN for $5 million. The transaction is expected to close on March 31, 2000.

Recent Pronouncements

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), effective for fiscal years beginning after June 15, 2000. The Company anticipates that due to its limited use of derivative instruments, the adoption of SFAS 133 will not have a material effect on its financial statements.

In October 1998, the FASB released an exposure draft of the proposed statement on "Rescission of FASB Statement No. 53, Financial Reporting by Producers and Distributors of Motion Picture Films," ("SFAS 53"). An entity that previously was subject to the requirements of SFAS 53 would follow the guidance in a proposed Statement of Position, "Accounting by Producers and Distributors of Films." This proposed Statement of Position would be effective for financial statements for fiscal years beginning after December 15, 2000 and could have a significant impact on the Company's results of operations and financial position depending on its final outcome.

Euro Conversion

In January 1999, eleven member countries of the European Union established permanent conversion rates between their existing currencies and the Euro. The transition period for the introduction of the Euro will be between January 1, 1999 and June 30, 2002. The Company conducts business in member countries and is addressing the issues involved with the introduction of the Euro. The more important issues facing the Company include: converting information technology systems, reassessing currency risk, negotiating and amending licensing agreements and contracts, and processing tax, accounting, payroll and customer records.

Based on the progress to date, the Company believes that the transition to the Euro currency will not have a significant impact on the manner in which it conducts its business affairs and processes its business and accounting records. Accordingly, conversion to the Euro is not expected to have a material effect on the Company's financial condition or results of operations.

Year 2000

The Company has completed its program to identify and mitigate Year 2000 ("Y2K") risks. To date, the Company has not encountered any disruptions related to the Y2K issue. The Company cannot provide any assurances, however, that its business partners have not been or will not be affected in any manner. As a result, the Company will continue to monitor its own Y2K compliance and that of its business partners. Based on the action described above, the Company does not expect to encounter any significant disruptions in the future.

Costs

Y2K costs have been expensed as incurred, except those costs directly related to the replacement of systems requiring upgrades in the ordinary course of business, which have been capitalized. As of January 28, 2000, the Company incurred costs of approximately $55.0 million, of which $14.7 million had been capitalized. The Company does not anticipate incurring any additional material costs related to Y2K.

Cautionary Statement Concerning Forward-Looking Statements

This document and the documents incorporated by reference into this Form 10-K, including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition", contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by 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 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 the Company's forward-looking statements:

- The Company derives substantial revenues from the sale of advertising time on its basic cable networks and television stations. The sale of advertising time is affected by viewer demographics, viewer ratings and market conditions for advertising time, which tends to be cyclical. Adverse changes to any of these factors could have an adverse effect on revenues.

- Operating results derived from the Company's motion picture and television production fluctuate depending primarily upon cost of such productions and acceptance of such productions by the public, which are difficult to predict. Motion picture and television production has experienced cycles in which increased costs of talent and other factors have resulted in higher production costs. In addition, the commercial success of the Company's motion picture and television productions also depends upon the quality and acceptance of other competing productions, and the availability of alternative forms of entertainment and leisure time activities.

- The Company's operating results also fluctuate due to the timing and availability of theatrical and home video releases, as well as a result of the recording of license fees for television exhibition of motion pictures and for syndication and basic cable exhibition of television programming in the period that the products are available for such exhibition.

- The Company's basic cable networks and pay television networks are dependent on affiliation agreements with cable and direct broadcast satellite distributors on acceptable terms. The loss of carriage on such distributors, or continued carriage on less favorable terms, could adversely affect, with respect to basic cable networks, revenues from subscriber fees and the ability to sell advertising time, and with respect to pay television networks, subscriber fee revenues.

- Many of the Company's businesses are seasonal. More specifically, the home video business and consumer publishing business are subject to increased periods of demand coinciding with summer and winter holidays, while a substantial majority of the theme parks operating income is generated from May through September. In addition, the home video and theme parks businesses' revenues are influenced by weather.

- Changes in Federal Communications Laws and Regulations could, directly or indirectly, adversely affect the operations and ownership of the Company's properties.

- The Company has contingent liabilities related to discontinued operations, including environmental liabilities and pending litigation. While there can be no assurance in this regard, the pending or potential litigation, environmental and other liabilities should not have a material adverse effect on the Company.

- The Company may be adversely affected by changes in technology and its effect on competition in the Company's markets.

- If the merger of the Company and CBS is completed as anticipated, the Company's and CBS' businesses may not be integrated successfully and/or the combined company's new corporate governance structure may not be a successful model for managing the combined company.

- The split-off of Blockbuster from the Company may not occur, which may hinder the operation of the Company's different businesses. For example, the Company believes that the operation of Blockbuster under the same corporate parent as Paramount results in a perceived conflict of interest between Blockbuster and Paramount by the movie studio competitors of Paramount.

- Other economic, business, competitive and/or regulatory factors affecting the Company's businesses generally.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. The Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot assure you that projected results or events will be achieved. You should review carefully all information, including the financial statements and the notes to the financial statements, included or incorporated by reference into this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Response to this item is included in "Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations--Market Risk."

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholders of Viacom Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of shareholders' equity and comprehensive income present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

New York, New York
February 10, 2000, except for the second and third paragraphs of Note 2, which are as of March 21, 2000

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared and is responsible for the consolidated financial statements and related notes of Viacom Inc. They have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on judgments and estimates by management. All financial information in this annual report is consistent with the consolidated financial statements.

The Company maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and properly recorded, and that accounting records may be relied upon for the preparation of consolidated financial statements and other financial information. The design, monitoring, and revision of internal accounting control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. The Company also maintains an internal auditing function which evaluates and reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

Viacom Inc.'s consolidated financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants, who have expressed their opinion with respect to the presentation of these statements.

The Audit Committee of the Board of Directors, which is comprised solely of directors who are not employees of the Company, meets periodically with the independent accountants, with our internal auditors, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee is also responsible for recommending to the Board of Directors the independent accounting firm to be retained for the coming year, subject to shareholder approval. The independent accountants and the internal auditors have full and free access to the Audit Committee with and without management's presence.

VIACOM INC.

By: /s/ Sumner M. Redstone

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

By: /s/ George S. Smith, Jr.

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

By: /s/ Susan C. Gordon

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

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

	Year Ended December 31,		
	1999	1998	1997
Revenues	$12,858.8	$12,096.1	$10,684.9
Expenses:			
Operating	8,337.9	8,506.3	7,476.3
Selling, general and administrative	2,358.6	2,060.9	1,750.6
Restructuring charge (Note 4)	70.3	--	--
Depreciation and amortization	844.7	777.3	772.6
Total expenses	11,611.5	11,344.5	9,999.5
Operating income	1,247.3	751.6	685.4
Interest expense	(448.9)	(622.4)	(772.9)
Interest income	27.7	23.4	22.0
Other items, net (Note 18)	17.8	(15.3)	1,244.0
Earnings from continuing operations before income taxes	843.9	137.3	1,178.5
Provision for income taxes	(411.4)	(138.7)	(646.4)
Equity in loss of affiliated companies, net of tax (Note 9)	(60.7)	(41.4)	(163.3)
Minority interest	(.1)	(.7)	4.7
Earnings (loss) from continuing operations	371.7	(43.5)	373.5
Discontinued operations (Note 5):			
Earnings (loss), net of tax	--	(54.1)	14.9
Net gain on dispositions, net of tax	--	49.9	405.2
Net earnings (loss) before extraordinary loss	371.7	(47.7)	793.6
Extraordinary loss, net of tax (Note 19)	(37.7)	(74.7)	--
Net earnings (loss)	334.0	(122.4)	793.6
Cumulative convertible preferred stock dividend requirement	(.4)	(57.2)	(60.0)
(Premium) discount on repurchase of preferred stock (Note 12)	(12.0)	30.0	--
Net earnings (loss) attributable to common stock	$ 321.6	$ (149.6)	$ 733.6
Basic earnings per common share:			
Earnings (loss) from continuing operations	$ .52	$ (.10)	$ .44
Net earnings (loss)	$ .46	$ (.21)	$ 1.04
Diluted earnings per common share:			
Earnings (loss) from continuing operations	$ .51	$ (.10)	$ .44
Net earnings (loss)	$ .45	$ (.21)	$ 1.04
Weighted average number of common shares:			
Basic	695.2	708.7	705.8
Diluted	709.5	708.7	708.5

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions)

	At December 31, 1999	At December 31, 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 680.8	$ 767.3
Receivables, less allowances of $109.5 (1999) and $98.7 (1998)	1,697.4	1,759.1
Inventory (Note 8)	1,959.5	1,805.5
Other current assets	860.7	732.6
Total current assets	5,198.4	5,064.5
Property and Equipment:		
Land	450.3	458.5
Buildings	660.1	623.0
Capital leases	881.9	671.7
Leasehold improvements	1,134.0	1,019.5
Equipment and other	2,129.6	1,764.3
	5,255.9	4,537.0
Less accumulated depreciation and amortization	1,830.6	1,457.5
Net property and equipment	3,425.3	3,079.5
Inventory (Note 8)	2,829.5	2,470.8
Intangibles, at amortized cost	11,478.9	11,557.3
Other assets	1,554.3	1,441.0
	$ 24,486.4	$23,613.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 544.4	$ 499.2
Accrued expenses	1,431.2	2,125.8
Deferred income	371.4	286.5
Accrued compensation	473.3	410.3
Participants' share, residuals and royalties payable	1,087.2	1,227.5
Program rights	196.9	179.6
Income taxes payable	1.0	526.5
Current portion of long-term debt	294.3	377.2
Total current liabilities	4,399.7	5,632.6
Long-term debt (Note 10)	5,697.7	3,813.4
Other liabilities	2,010.5	2,046.3
Commitments and contingencies (Note 15)		
Minority interest	1,246.5	71.2
Shareholders' Equity:		
Convertible Preferred Stock, par value $.01 per share; 200.0 shares authorized; and 12.0 (1998) shares issued and outstanding	--	600.0
Class A Common Stock, par value $.01 per share; 500.0 shares authorized; 139.7 (1999) and 141.6 (1998) shares issued	1.4	1.4
Class B Common Stock, par value $.01 per share; 3,000.0 shares authorized; 606.6 (1999) and 591.9 (1998) shares issued	6.1	5.9
Additional paid-in capital	10,338.5	10,574.7
Retained earnings	2,247.9	1,932.9
Accumulated other comprehensive loss (Note 1)	(30.2)	(67.1)
	12,563.7	13,047.8
Less treasury stock, at cost; 1.4 (1999 and 1998) Class A shares and 47.1 (1999) and 37.1 (1998) Class B shares	1,431.7	998.2

Total shareholders' equity	11,132.0	12,049.6
	$ 24,486.4	$23,613.1

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	1999	1998	1997
Operating Activities:			
Net earnings (loss)	$ 334.0	$ (122.4)	$ 793.6
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:			
Net gain on dispositions	(29.8)	(49.9)	(1,761.3)
Depreciation and amortization	844.7	777.3	943.3
Restructuring charge	70.3	--	--
Distribution from affiliated companies	26.4	17.9	62.2
Gain on the sale of cost investments	(3.9)	(118.9)	--
Loss on redemption of debt	37.7	126.6	--
Equity in loss of affiliated companies	60.7	41.4	163.3
Amortization of deferred financing costs	15.4	16.1	33.6
Change in operating assets and liabilities:			
Decrease (increase) in receivables	61.7	135.6	(251.3)
Decrease (increase) in inventory and related programming liabilities, net	(603.4)	367.1	79.7
Decrease (increase) in prepublication costs, net	--	13.8	(21.4)
Increase in prepaid expenses and other current assets	(49.4)	(119.7)	(83.5)
Decrease (increase) in unbilled receivables	(120.7)	105.0	(53.3)
Increase (decrease) in accounts payable and accrued expenses	(19.7)	192.6	(7.6)
Increase (decrease) in income taxes payable and deferred income taxes, net	(344.5)	(563.9)	455.6
Increase (decrease) in deferred income	57.0	7.4	(93.1)
Other, net	(42.4)	38.1	80.2
Net cash flow provided by (used for) operating activities	294.1	864.1	340.0
Investing activities:			
Capital expenditures	(706.2)	(603.5)	(530.3)
Acquisitions, net of cash acquired	(312.4)	(126.4)	(355.1)
Investments in and advances to affiliated companies	(161.6)	(100.3)	(300.4)
Proceeds from sale of short-term investments	406.3	101.4	139.8
Purchases of short-term investments	(416.2)	(151.6)	(81.3)
Proceeds from dispositions	114.3	4,950.1	3,014.9
Proceeds from sale of cost investments	4.0	167.3	--
Other, net	(35.8)	(18.6)	18.2
Net cash flow provided by (used for) investing activities	(1,107.6)	4,218.4	1,905.8
Financing activities:			
Borrowings (repayments) of credit agreements, net	2,184.8	(2,383.0)	(2,092.3)
Repayment of notes and debentures	(1,075.3)	(869.3)	--
Purchase of treasury stock and warrants	(478.8)	(809.6)	(9.8)
Repurchase of Preferred Stock	(611.9)	(564.0)	--
Payment on capital lease obligations	(106.5)	(110.7)	(66.2)
Net proceeds from issuance of subsidiary stock	430.7	--	--
Payment of Preferred Stock dividends	(7.8)	(64.8)	(60.0)
Proceeds from exercise of stock options and warrants	390.8	182.8	69.6
Other, net	1.0	11.1	(3.8)
Net cash flow provided by (used for) financing activities	727.0	(4,607.5)	(2,162.5)
Net increase (decrease) in cash and cash equivalents	(86.5)	475.0	83.3
Cash and cash equivalents at beginning of year	767.3	292.3	209.0
Cash and cash equivalents at end of year	$ 680.8	$ 767.3	$ 292.3

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(In millions)

	Year ended December 31,					
	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
Convertible Preferred Stock:						
Balance, beginning of year	12.0	$ 600.0	24.0	$ 1,200.0	24.0	$ 1,200.0
Repurchase of Preferred Stock	12.0	600.0	12.0	600.0	--	--
Balance, end of year	--	$ --	12.0	$ 600.0	24.0	$ 1,200.0
Class A Common Stock:						
Balance, beginning of year	141.6	$ 1.4	140.7	$ 1.4	140.2	$ 1.4
Exercise of stock options and warrants	--	--	.9	--	.5	--
Conversion of A shares into B shares	(1.9)	--	--	--	--	--
Balance, end of year	139.7	$ 1.4	141.6	$ 1.4	140.7	$ 1.4
Class B Common Stock:						
Balance, beginning of year	591.9	$ 5.9	581.1	$ 5.8	576.4	$ 5.8
Exercise of stock options and warrants	12.8	.2	10.8	.1	4.7	--
Conversion of A shares into B shares	1.9	--	--	--	--	--
Balance, end of year	606.6	$ 6.1	591.9	$ 5.9	581.1	$ 5.8
Additional Paid-In Capital:						
Balance, beginning of year		$10,574.7		$10,329.5		$10,238.5
Exercise of stock options and warrants, net of tax benefit		443.5		280.1		94.9
Loss on Blockbuster Offering		(662.1)		--		--
Warrants repurchased		(17.6)		(34.9)		(3.9)
Balance, end of year		$10,338.5		$10,574.7		$10,329.5
Retained Earnings:						
Balance, beginning of year		$ 1,932.9		$ 2,089.0		$ 1,358.6
Net earnings (loss)		334.0		(122.4)		793.6
Preferred Stock dividend requirement		(.4)		(57.2)		(60.0)
Discount (premium) on repurchase of Preferred Stock		(12.0)		30.0		--
Comprehensive income reclassification		--		--		(3.2)
Exercise of stock options		(6.6)		(6.5)		--
Balance, end of year		$ 2,247.9		$ 1,932.9		$ 2,089.0
Accumulated Other Comprehensive Income (Loss):						
Balance, beginning of year		$ (67.1)		$ (12.6)		$ 5.9
Other comprehensive income (loss)		36.9		(54.5)		(18.5)
Balance, end of year		$ (30.2)		$ (67.1)		$ (12.6)
Treasury Stock, at cost:						
Balance, beginning of						

year	38.5	$ (998.2)	13.0	$ (229.5)	12.5	$ (223.6)
Common Stock repurchased	10.6	(448.8)	26.2	(787.0)	.5	(5.9)
Exercise of stock options (Class B)	(.6)	15.3	(.7)	18.3	--	--
Balance, end of year	48.5	$(1,431.7)	38.5	$ (998.2)	13.0	$ (229.5)
Total Shareholders' Equity		$11,132.0		$12,049.6		$13,383.6
Comprehensive Income (Loss):						
Net earnings (loss)		$ 334.0		$ (122.4)		$ 793.6
Other Comprehensive Income (Loss):						
Unrealized gain on securities		15.8		85.2		29.9
Reclassification adjustment for gains included in net earnings		(2.3)		(118.9)		--
Cumulative translation adjustments		21.2		(19.0)		(50.4)
Minimum pension liability adjustment		2.2		(1.8)		2.0
Total Other Comprehensive Income (Loss)		36.9		(54.5)		(18.5)
Total Comprehensive Income (Loss)		$ 370.9		$ (176.9)		$ 775.1

See notes to consolidated financial statements.

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

1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation--Viacom Inc. and its subsidiaries (the "Company") is a diversified entertainment company with operations in the six segments described below. These operating segments have been determined in accordance with the Company's internal management structure, which is organized based on products and services. In accordance with Statement of Financial Accounting Standards ("SFAS") 131, "Disclosures about Segments of an Enterprise and Related Information," certain similar operating segments have been aggregated. See Note 16 regarding the relative contribution to revenues and operating results from each of the following operating segments:

Networks

MTV Networks owns and operates advertiser-supported basic cable television program services, and Showtime Networks Inc. owns and operates premium subscription cable television program services.

Entertainment

Paramount Pictures: 1) produces, acquires, finances and distributes feature motion pictures, normally for exhibition in U.S. and foreign theaters followed by videocassettes, discs and DVDs, pay-per-view television, premium subscription television, network television, basic cable television and syndicated television exploitation; 2) produces, acquires and distributes series, mini-series, specials and made-for-television movies initially for network television, first-run syndication, pay television, and basic cable television and subsequently for syndication; 3) operates movie theaters; 4) acquires and exploits a library of music copyrights to various musical works, including songs, scores and cues; and 5) owns and operates 17 television stations and programs 2 stations pursuant to local marketing agreements.

Video

Blockbuster Video operates and franchises in the home video, DVD and video game rental and retailing business throughout the United States and internationally. Blockbuster's new technologies business consists of blockbuster.com.

Parks

Paramount Parks owns and operates five regional theme parks and a themed attraction in the United States and Canada.

Publishing

Simon & Schuster publishes and distributes consumer hardcover books, trade paperbacks, mass-market paperbacks, children's books, audiobooks, electronic books and CD-ROM products in the United States and internationally.

Online

Viacom interactive online services provides online music and children's destinations featuring entertainment, information, community tools and e-commerce.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could subsequently differ from those estimates.

(Tabular dollars in millions, except per share amounts)

Principles of Consolidation--The consolidated financial statements include the accounts of the Company and investments of more than 50% in subsidiaries and other entities. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less are accounted for under the cost method. All significant intercompany transactions have been eliminated.

Cash and Cash Equivalents--Cash and cash equivalents consist of cash on hand and short-term (three months or less) highly liquid investments.

Inventories--Inventories related to theatrical and television product (which includes direct production costs, production overhead, acquisition costs, prints and certain exploitation costs) are stated at the lower of amortized cost or net realizable value. Inventories are amortized, and liabilities for residuals and participation are accrued, for an individual product based on the proportion that current revenues bear to the estimated remaining total lifetime revenues. Estimates for initial domestic syndication and basic cable revenues are not included in the estimated lifetime revenues of network series until such sales are probable. Estimates of total lifetime revenues and expenses are periodically reviewed. The costs of feature and television films are classified as current assets to the extent such costs are expected to be recovered through their respective primary markets, with the remainder classified as non-current. A portion of the cost to acquire Paramount Communications was allocated to theatrical and television inventories based upon estimated revenues from certain films less related costs of distribution and a reasonable profit allowance for the selling effort. The cost allocated to films is being amortized over their estimated economic lives not to exceed 20 years.

The Company estimates that approximately 66% of unamortized film costs (including amounts allocated under purchase accounting) at December 31, 1999 will be amortized within the next three years.

Inventories related to base stock videocassettes (generally less than five copies per title for each store) are recorded at cost and a portion of these costs are amortized on an accelerated basis over three months, generally to $8 per unit, with the remaining base stock videocassette costs amortized on a straight-line basis over 33 months to an estimated $4 salvage value. The cost of non-base stock videocassettes (generally greater than four copies per title for each store) is amortized on an accelerated basis over three months to an estimated $4 salvage value. Video games are amortized on an accelerated basis over a 12 month period to an estimated $10 salvage value (See Note 6).

Program Rights--The Company acquires rights to programming and produces programming to exhibit on its broadcast stations or cable networks. The costs incurred in acquiring and producing programs are capitalized and amortized over the license period or projected useful life of the programming. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

Property and Equipment--Property and equipment is stated at cost. Depreciation is computed principally by the straight-line method over estimated useful lives as follows:

Buildings (including capital leases)	20 to 40 years
Leasehold improvements	4 to 15 years
Equipment and other (including capital leases)	3 to 20 years

Depreciation expense, including capitalized lease amortization, was $496.8 million (1999), $441.8 million (1998) and $447.2 million (1997). Amortization expense related to capital leases was $80.1 million (1999), $62.6 million (1998) and $58.4 million (1997). Accumulated amortization of capital leases was $295.5 million at December 31, 1999 and $272.7 million at December 31, 1998.

Impairment of Long-Lived Assets--The Company assesses long-lived assets and certain identifiable intangibles for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to their net carrying value. The amount of impairment loss if any, will generally be measured by the difference between the net book value of the assets and the estimated fair value of the related assets. No material impairment losses have been identified by the Company.

Intangible Assets--Intangible assets, which primarily consist of the cost of acquired businesses in excess of the fair value of tangible assets and liabilities acquired ("goodwill"), are generally amortized by the straight-line method over estimated useful lives of up to 40 years. The Company evaluates the amortization period of intangibles on an ongoing basis in light of changes in any business conditions, events or circumstances that may indicate the potential impairment of intangible assets. Accumulated amortization of intangible assets was $1.9 billion at December 31, 1999 and $1.6 billion at December 31, 1998.

Revenue Recognition--Subscriber fees for Networks are recognized in the period the service is provided. Advertising revenues for Networks are recognized in the period during which the spots are aired. Video segment revenues are recognized at the time of rental or sale. The Publishing segment recognizes revenue when merchandise is shipped. Online advertising revenue is recognized ratably during the period in which the advertising is displayed and obligations are satisfied.

Theatrical revenues from domestic and foreign markets are recognized as films are exhibited; revenues from the sale of videocassettes, discs and DVDs are recognized upon availability of sale to the public; and revenues from all television sources are recognized upon availability of the film for telecast. On average, the length of the initial revenue cycle for feature films approximates four to seven years.

Television series initially produced for the networks and first-run syndication are generally licensed to domestic and foreign markets concurrently. The more successful series are later syndicated in domestic markets and in certain foreign markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production. Revenues arising from television license agreements are recognized in the period that the films or television series are available for telecast and therefore may cause fluctuation in operating results.

Interest--Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of the related debt. The Company may enter into interest rate exchange agreements; the amount to be paid or received under such agreements would be accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense. Amounts paid for purchased interest rate cap agreements would be amortized as interest expense over the term of the agreement.

Foreign Currency Translation and Transactions--The Company's foreign subsidiaries' assets and liabilities are translated at exchange rates in effect at the balance sheet date, while results of operations are translated at average exchange rates for the respective periods. The resulting translation gains or losses are included as a separate component of shareholders' equity in accumulated other comprehensive income. Foreign currency transaction gains and losses have been included in "Other items, net".

(Tabular dollars in millions, except per share amounts)

Subsidiary Stock Transactions--Gains or losses arising from issuances by a subsidiary of its own stock in a public offering are recorded within shareholders' equity.

Provision for Doubtful Accounts--The provision for doubtful accounts charged to expense was $33.5 million (1999), $29.5 million (1998) and $83.1 million (1997).

Net Earnings (Loss) per Common Share--Basic earnings per share is based upon the net earnings applicable to common shares after preferred dividend requirements and upon the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the effect of the assumed conversions of convertible securities and exercise of stock options only in the periods in which such effect would have been dilutive.

For each of the full years presented, the effect of the assumed conversion of preferred stock is antidilutive and therefore, not reflected in diluted net earnings per common share. For the year ended December 31, 1998, the incremental shares attributable to the assumed exercise of stock options had an antidilutive effect, and are therefore excluded from the diluted earnings per share computation. The numerator used in the calculation of both basic and diluted EPS for each respective year reflects earnings (loss) from continuing operations less preferred stock dividends of $.4 million for 1999, $57.2 million for 1998 and $60 million for 1997 plus the (premium) discount on preferred stock of ($12 million) for 1999 and $30 million for 1998, respectively. The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS:

	1999	1998	1997
Weighted average shares for basic EPS	695.2	708.7	705.8
Plus incremental shares for stock options	14.3	--	2.7
Weighted average shares for diluted EPS	709.5	708.7	708.5

Comprehensive Income (Loss)--The components of accumulated other comprehensive income (loss) were as follows:

	Unrealized Gain (Loss) on Securities	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
At December 31, 1996	$ 5.0	$ 11.3	$(10.4)	$ 5.9
Current period change	29.9	(50.4)	2.0	(18.5)
At December 31, 1997	34.9	(39.1)	(8.4)	(12.6)
Current period change	(33.7)	(19.0)	(1.8)	(54.5)
At December 31, 1998	1.2	(58.1)	(10.2)	(67.1)
Current period change	13.5	21.2	2.2	36.9
At December 31, 1999	$14.7	$(36.9)	$ (8.0)	$(30.2)

Reclassifications--Certain amounts reported for prior years have been reclassified to conform with the current year's presentation.

Recent Pronouncements--In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), effective for fiscal years beginning after June 15, 2000. The Company anticipates that due to its limited use of derivative instruments, the adoption of SFAS 133 will not have a material effect on its financial statements.

In October 1998, the FASB released an exposure draft of the proposed statement on "Rescission of FASB Statement No. 53, Financial Reporting by Producers and Distributors of Motion Picture Films," ("SFAS 53"). An entity that previously was subject to the requirements of SFAS 53 would follow the guidance in a proposed Statement of Position, "Accounting by Producers and Distributors of Films." This proposed Statement of Position would be effective for financial statements for fiscal years beginning after December 15, 2000 and could have a significant impact on the Company's results of operations and financial position depending on its final outcome.

2) PENDING TRANSACTIONS AND SUBSEQUENT EVENTS

On September 7, 1999, the Company and CBS Corporation ("CBS") announced that the companies had signed a definitive agreement to merge. On December 29, 1999, the shareholders of both companies approved this transaction. The Company and CBS have agreed that CBS will merge with the Company upon the terms and conditions set forth in the merger agreement, as amended and restated. At the time of the merger, the Company will issue 1.085 shares of its Class B Common Stock for each share of CBS common stock and 1.085 shares of its Series C Preferred Stock for each share of CBS Series B preferred stock. Although the waiting period prescribed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired, the merger is under continuing review by the U.S. Department of Justice and is further subject to regulatory approval by the Federal Communications Commission. The Company expects the merger to be completed in April of 2000. The Company's consolidated results of operations will incorporate CBS activity upon the acquisition date.

On March 20, 2000, BHC Communications, Inc. ("BHC"), a corporate subsidiary of Chris Craft Industries, Inc., agreed to sell to the Company its remaining 50% interest in United Paramount Network ("UPN") for $5 million. The transaction is expected to close on March 31, 2000.

On February 16, 2000, the Company initiated a share repurchase program to acquire up to $1.0 billion in the Company's common stock. For the year to date period ended March 21, 2000, the Company repurchased 10,000 shares of its Class A Common Stock and 11,570,900 shares of its Class B Common Stock for $634.6 million in the aggregate.

3) BLOCKBUSTER INITIAL PUBLIC OFFERING

On August 10, 1999, Blockbuster sold to the public 31 million shares of its Class A common stock at $15 per share. The shares are traded on the New York Stock Exchange. The Company, through its ownership of all of the 144 million shares of Blockbuster Class B common stock outstanding, retained approximately 82% of the total equity value in, and approximately 96% of the combined voting power of, Blockbuster. Proceeds from the offering aggregated $442.9 million, net of underwriting discounts and commissions and before payment of offering expenses, and were used by Blockbuster to repay outstanding indebtedness under a $1.9 billion term and revolving credit agreement. The Company recorded a reduction to equity of approximately $662 million as a result of the issuance of subsidiary stock.

In December 1999, a registration statement on Form S-4 was filed with the Securities and Exchange Commission relating to a split-off of Blockbuster pursuant to an offering by the Company to exchange all of its shares of Blockbuster for shares of the Company's common stock. The Company has announced that, subject to the approval of the Company's Board of Directors, which will be based on an assessment of market conditions, and the receipt of a supplemental private letter ruling from the Internal Revenue Service reflecting the anticipated merger between the Company and CBS, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of the Company's common stock. In particular, the Company has said that it does not intend to commence the offer unless the Blockbuster Class A common stock improves to a price range exceeding $20 per share. The split-off is intended to establish Blockbuster as a stand-alone entity with objectives separate from those of the Company's other businesses. The Company has no obligation to effect the split-off either before or after the merger. The Company cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free. The aggregate market value of the shares of Blockbuster common stock based on the March 20, 2000 closing price of $10.9375 per share of Blockbuster common stock was approximately $1.9 billion. The net book value of Viacom's investment in Blockbuster at December 31, 1999 was approximately $5.1 billion. If the Company determines to engage in the split-off, any difference between the fair market value and net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the March 20, 2000 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax loss on discontinued operations of approximately $3.5 billion. The actual amount of the gain or loss will depend upon the fair market value and net book value of Blockbuster at the time of the split-off as well as the exchange ratio used in the split-off.

4) SPELLING TRANSACTION AND RESTRUCTURING CHARGE

On June 21, 1999, the Company completed its tender offer for all outstanding shares of Spelling Entertainment Group Inc. ("Spelling") common stock that it did not already own for $9.75 per share in cash. The tender offer was made under the terms of a merger agreement between the Company and Spelling. The tendered shares, along with the shares already owned by the Company, represented approximately 97% of all of the issued and outstanding shares of Spelling. On June 23, 1999, the Company acquired the remaining outstanding shares of Spelling, approximately 3%, through a merger of Spelling and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive $9.75 in cash. The consideration for tendered shares was approximately $176 million.

In connection with the integration of the operations of Spelling into Paramount Television, the Company recorded a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense in the third quarter of 1999. Included in the restructuring charge are severance and employee related costs of $48.1 million, lease termination and other occupancy costs of $17.7 million and other exit costs of $4.5 million. Severance and other employee related costs represent the costs to terminate approximately 250 employees engaged in legal, sales, marketing, finance, information systems, technical support and human resources for Spelling. Lease termination and other occupancy costs principally represent the expenses associated with vacating existing lease obligations in New York and Los Angeles. The depreciation expense of approximately $10.8 million was associated with the fixed asset write-offs for software, leasehold improvements and equipment located at these premises. As of December 31, 1999, the Company paid and charged approximately $11.0 million against the severance liability, $3.7 million against lease termination and other occupancy costs, and $.6 million against the other exit costs. The Company expects to complete the exit activities by the end of the year 2000.

5) DISCONTINUED OPERATIONS

In accordance with Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the Company presented the following lines of business as discontinued operations: its educational, professional and reference publishing businesses ("Non-Consumer Publishing"), its music retail stores, interactive game businesses and Viacom Radio Stations.

On November 27, 1998, the Company completed the sale of Non-Consumer Publishing for $4.6 billion in cash. Viacom retained its consumer publishing operations, including the Simon & Schuster name. As a result of the sale, the Company recorded a net gain on the transaction of $65.5 million.

On October 26, 1998, the Company completed the sale of its music retail stores to Wherehouse Entertainment, Inc. for $115 million in cash and recorded a net loss on the transaction of $138.5 million. The Company had previously closed the remaining music stores that were not part of the transaction.

On February 19, 1997, the Company adopted a plan to dispose of its interactive game businesses, including Viacom New Media, the operations of which were terminated in 1997. On that same date, the Board of Directors of Spelling approved a formal plan to dispose of Virgin Interactive Entertainment Limited ("Virgin"). Accordingly, the interactive game businesses were presented as discontinued operations. On September 4, 1998, Spelling completed the sale of substantially all of the development operations of Virgin to Electronic Arts Inc. for $122.5 million in cash. In addition, on November 10, 1998, Spelling completed the sale of all non-U.S. operations of Virgin to an investor group.

For the year ended December 31, 1997, the revenues and operating losses of the interactive game businesses were $241.3 million and $43.5 million, respectively. These losses were provided for in the estimated loss on disposal of $159.3 million, net of minority interest, which included a provision for future operating losses of $44.0 million, net of minority interest, as of December 31, 1996. In the fourth quarter of 1997, an estimated loss of $32.0 million, net of minority interest, was recorded, reflecting anticipated future operating losses and cash funding requirements through completion of the disposition.

On July 2, 1997, the Company completed the sale of Viacom Radio Stations to Chancellor Media Corp. for $1.1 billion in cash. As a result of the sale, the Company realized a gain on disposition of $416.4 million, net of tax, in the third quarter of 1997.

(Tabular dollars in millions, except per share amounts)

Summarized financial data of discontinued operations are as follows:

Results of discontinued operations:	Non-Consumer Publishing	Music	Radio	Total
For the Year ended December 31, 1998(1)(2)				
Revenues	$1,718.0	$ 293.5	--	$2,011.5
Loss from operations before income taxes	(15.2)	(20.9)	--	(36.1)
Benefit (provision) for income taxes	(26.0)	8.0	--	(18.0)
Net loss	(41.2)	(12.9)	--	(54.1)
For the Year ended December 31, 1997(3)				
Revenues	$1,915.5	$ 605.7	$ 57.1	$2,578.3
Earnings (loss) from operations before income taxes	144.5	(100.3)	24.5	68.7
Benefit (provision) for income taxes	(80.8)	37.6	(10.6)	(53.8)
Net earnings (loss)	63.7	(62.7)	13.9	14.9

(1) Results of operations reflect Non-Consumer Publishing for the period January 1 through November 26, 1998.
(2) Results of operations reflect the music retail stores for the period January 1 through August 10, 1998.
(3) Results of operations include Radio for the six months ended June 30, 1997.

The provision for income taxes of $18.0 million for 1998 and $53.8 million for 1997 represent effective tax rates of (49.9%) and 78.3%, respectively. The differences between the effective tax rates and the statutory federal tax rate of 35% principally relate to certain non-deductible expenses, the allocation of non-deductible goodwill amortization, state and local taxes.

	Year ended December 31, 1998	1997
Net gain on dispositions, net of tax:		
Loss on sale of Music	$ (138.5)	$ --
Gain on sale of Non-Consumer Publishing	65.5	--
Gain on sale of Viacom Radio	--	416.4
Additional reserves for Virgin's operating losses	(20.3)	(32.0)
Tax benefit for the sale of Virgin	134.0	--
Reversal of excess cable split-off reserves	9.2	20.8
Net gain on dispositions, net of tax	$ 49.9	$ 405.2

Basic and diluted earnings (loss) per share for discontinued operations was $(.01) and $.60 for 1998 and 1997, respectively.

6) CHANGE IN ACCOUNTING METHOD AND OTHER CHARGES

Effective April 1, 1998, Blockbuster adopted an accelerated method of amortizing videocassette and game rental inventory. Blockbuster has adopted this new method of amortization because it has implemented a new business model, including revenue sharing agreements with Hollywood studios, which has dramatically increased the number of videocassettes in the stores and is satisfying consumer demand over a shorter period of time. Revenue sharing allows Blockbuster to purchase videocassettes at a lower product cost than the traditional buying arrangements, with a percentage of the net rental revenues shared with the studios over a contractually determined period of time. As the new business model results in a greater proportion of rental revenue over a shorter period of time, Blockbuster has changed its method of amortizing rental inventory in order to more closely match expenses in proportion with the anticipated revenues to be generated therefrom.

Pursuant to the new accounting method, the Company records base stock videocassettes (generally less than five copies per title for each store) at cost and amortizes a portion of these costs on an accelerated basis over three months, generally to $8 per unit, with the remaining base stock videocassette costs amortized on a straight-line basis over 33 months to an estimated $4 salvage value. The cost of non-base stock videocassettes (generally greater than four copies per title for each store) is amortized on an accelerated basis over three months to an estimated $4 salvage value. Video games are amortized on an accelerated basis over a 12-month period to an estimated $10 salvage value. Revenue sharing payments are expensed when revenues are earned pursuant to the applicable contractual arrangements.

The new method of accounting has been applied to rental inventory held as of April 1, 1998. The adoption of the new method of amortization has been accounted for as a change in accounting estimate effected by a change in accounting principle. The Company recorded a pre-tax charge of $436.7 million to operating expenses in the second quarter of 1998. Approximately $424.3 million of the charge represents an adjustment to the carrying value of the rental tapes due to the new method of accounting and approximately $12.4 million represents a write-down of retail inventory.

The Company believes that the new amortization method developed for Blockbuster's new business model will result in a better matching of revenue and expense recognition. Under the new model, operating expense attributable to videocassettes is comprised of revenue sharing payments, which are expensed when earned, and amortization of product costs. The calculation of the change in operating expense attributable to videocassettes and games for the twelve months ended December 31, 1998 would not be meaningful because the method of accounting applied prior to April 1, 1998 did not contemplate the new business model.

Prior to April 1, 1998, videocassette rental inventory was recorded at cost and amortized over its estimated economic life. Base stock videocassettes (1 to 4 copies per title for each store) were amortized over 36 months on a straight-line basis. Non-base stock videocassettes (the fifth and succeeding copies per title for each store) were amortized over six months on a straight-line basis. Video game inventory was amortized on a straight-line basis over a period of 12 to 24 months.

During the second quarter of 1997, Blockbuster shifted its strategic emphasis from retailing a broad assortment of merchandise to focusing on its core rental business. Rationalization of the retail product lines such as sell-through video, confectionery items, literature, music and fashion merchandise allowed the Company to devote more management time and attention, as well as retail floor selling space, to its video and game rental business. In addition, as part of its effort to improve the performance of its operations, Blockbuster adopted a plan to close consistently underperforming stores primarily located in the United Kingdom and Australia and to exit the German market. As a result, Blockbuster recorded a pre-tax charge of $322.8 million which consisted of operating and general and administrative expenses of approximately $247.5 million, as well as depreciation expense attributable to the write-off of long-lived assets of $45.9 million and write-offs attributable to international joint ventures accounted for under the equity method of $29.4 million. As a result of exiting the music business, approximately $72.6 million of the charge was presented as part of discontinued operations. The remaining balance of the charge consisted principally of $100.8 million for a reduction in the carrying value of excess merchandise inventories, $69.6 million for the closing of underperforming stores principally located in international markets, and $39.3 million recognized as general and administrative expenses, primarily related to relocation costs incurred in connection with the move of the Company's employees, corporate offices and data center from Fort Lauderdale, Florida to Dallas, Texas.

(Tabular dollars in millions, except per share amounts)

The $69.6 million charge for the closing of underperforming stores was comprised of a $41.8 million non-cash impairment charge associated with long-lived assets and a $27.8 million charge for lease exit obligations. These amounts were recognized as depreciation expense and general and administrative expense, respectively. Through December 31, 1999, the Company paid and charged approximately $19.9 million against the lease exit obligations.

7) ACCOUNTS RECEIVABLE

As of December 31, 1999, the Company had an aggregate of $516.7 million outstanding under revolving receivable securitization programs. Proceeds from the securitization programs were used to reduce outstanding borrowings.

8) INVENTORY

	December 31, 1999	December 31, 1998
Theatrical and television inventory:		
Theatrical and television productions:		
Released	$1,944.3	$1,800.4
Completed, not released	.8	35.9
In process and other	411.6	321.0
Program rights	1,434.4	1,246.2
	3,791.1	3,403.5
Less current portion	1,531.1	1,336.8
	2,260.0	2,066.7
Merchandise inventory, including sell-through videocassettes	338.0	381.9
Videocassette rental inventory	569.5	404.1
Publishing:		
Finished goods	60.0	59.7
Work in process	6.1	6.9
Raw materials	4.3	2.5
Other	20.0	17.7
	997.9	872.8
Less current portion	428.4	468.7
	569.5	404.1
Total Current Inventory	$1,959.5	$1,805.5
Total Non-Current Inventory	$2,829.5	$2,470.8

9) INVESTMENTS IN AFFILIATED COMPANIES

The Company accounts for its investments in affiliated companies over which the Company has significant influence or ownership of more than 20% but less than or equal to 50%, under the equity method. Such investments principally include but are not limited to the Company's interest in Comedy Central (50% owned), United Paramount Network (50% owned), United Cinemas International (50% owned), Nickelodeon U.K.

(Tabular dollars in millions, except per share amounts)

(50% owned), NOGGIN (50% owned) and Middle East Channel (33% owned). Investments in affiliates are included as a component of other assets.

The following is a summary of combined financial information that is based on information provided by the equity investees.

	Year Ended December 31,		
	1999	1998	1997
Results of operations:			
Revenues	$1,995.4	$1,898.3	$2,324.9
Operating loss	(109.4)	(73.2)	(142.5)
Net loss	(154.9)	(115.4)	(150.6)

	At December 31,	
	1999	1998
Financial position:		
Current assets	$ 851.9	$ 740.5
Non-current assets	972.1	781.2
Current liabilities	811.3	694.9
Non-current liabilities	652.8	451.8
Equity	359.9	375.0

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

In 1999 and 1998, equity in loss of affiliated companies, net of tax, principally reflects the net operating loss of UPN, partially offset by the positive results of Comedy Central. In 1997, the equity loss primarily reflects the net operating loss of UPN and charges associated with international network ventures partially offset by earnings from the Company's half-interest in USA Networks which was sold on October 21, 1997.

(Tabular dollars in millions, except per share amounts)

10) BANK FINANCING AND DEBT

Long-term debt consists of the following:

	December 31, 1999	December 31, 1998
Notes payable to banks	$3,054.2	$ 868.5
5.875% Senior Notes* due 2000, net of unamortized discount of $.1 (1999) and $.2 (1998)	149.9	149.8
7.5% Senior Notes* due 2002, net of unamortized discount of $.9 (1999) and $1.3 (1998)	249.1	248.7
6.75% Senior Notes due 2003, net of unamortized discount of $.1 (1999) and $.2 (1998)	349.9	349.8
7.75% Senior Notes due 2005, net of unamortized discount of $5.0 (1999) and $5.9 (1998)	966.0	965.0
7.625% Senior Debentures due 2016, net of unamortized discount of $1.1 (1999) and $1.2 (1998)	198.9	198.7
8.25% Senior Debentures* due 2022, net of unamortized discount of $2.5 (1999) and $2.6 (1998)	247.5	247.4
7.5% Senior Debentures* due 2023, net of unamortized discount of $.4 (1999) and $.5 (1998)	149.6	149.5
10.25% Senior Subordinated Notes* due 2001	35.3	36.3
8.0% Merger Debentures due 2006, net of unamortized discount of $44.1 (1998)	--	475.2
Other Notes	--	.3
Obligations under capital leases	591.6	501.4
	5,992.0	4,190.6
Less current portion	294.3	377.2
	$5,697.7	$3,813.4

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* Issues of Viacom International Inc. guaranteed by the Company.

The Viacom Credit Agreements, as amended, are comprised of (i) a $3.7 billion senior unsecured reducing revolver maturing July 1, 2002 and a $571 million term loan maturing April 1, 2002 (the "Viacom Agreement") and (ii) a $100 million term loan for Viacom International Inc. maturing July 1, 2002 (the "Viacom International Agreement"). Of these amounts, $1.8 billion and $846.2 million were outstanding as of December 31, 1999 and 1998, respectively.

The following is a summary description of the Viacom Credit Agreements, as amended. The description does not purport to be complete and should be read in conjunction with each of the credit agreements, which have been filed as exhibits and are incorporated by reference herein.

The Company guarantees the Viacom International Agreement and notes and debentures issued by Viacom International Inc. Viacom International Inc. guarantees the Viacom Agreement and notes and debentures issued by the Company.

The Company may prepay the loans and reduce commitments under the Viacom Credit Agreements in whole or in part at any time.

The Viacom Credit Agreements contain certain covenants which, among other things, require that the Company maintain certain financial ratios and impose on the Company and its subsidiaries certain limitations on substantial asset sales and mergers with any other company in which the Company is not the surviving entity.

The Viacom Credit Agreements contain certain customary events of default and provide that it is an event of default if NAI fails to own at least 51% of the outstanding voting stock of the Company.

During 1999, the Company amended the Viacom Credit Agreements to, among other things, provide for the Blockbuster Credit Agreement and to allow for a potential split-off of Blockbuster.

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

The Company used proceeds received from Blockbuster as described below to permanently reduce its commitments under the Viacom Credit Agreements by $1.139 billion.

The interest rate on all loans made under the Viacom Credit Agreements is based on Citibank, N.A.'s base rate or a spread over the London Interbank Offered Rate ("LIBOR"). The spread over such rate is based on the Company's credit rating. At December 31, 1999, LIBOR (upon which the Company's borrowing rate was based) for borrowing periods of one month and two months were 5.8% and 5.9%, respectively. At December 31, 1998, LIBOR for borrowing periods of one month and two months were each 5.09%.

Certain proceeds from the disposition of Non-Consumer Publishing in November of 1998 were used to reduce borrowings under the Viacom Credit Agreements.

The Company is required to pay a commitment fee based on the aggregate daily unborrowed portion of the loan commitments. As of December 31, 1999, the Company had $2.5 billion of available unborrowed loan commitments. The Viacom Credit Agreements do not require compensating balances.

Blockbuster Credit Agreement

On June 21, 1999, Blockbuster entered into a $1.9 billion unsecured credit agreement (the "Blockbuster Credit Agreement") with a syndicate of banks. The Blockbuster Credit Agreement is comprised of a $700 million revolver due July 1, 2004, a $600 million term loan due in quarterly installments beginning April 1, 2002 and ending July 1, 2004, and a $600 million revolver due June 19, 2000, which was subsequently reduced with proceeds from the offering as described below. Interest rates are based on the prime rate or LIBOR at Blockbuster's option at the time of borrowing. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver.

The Blockbuster Credit Agreement contains covenants, which, among other things, relate to the payment of dividends, repurchase of Blockbuster's common stock or other distributions and also require compliance with financial covenants with respect to a maximum leverage ratio and a minimum fixed charge ratio.

On June 23, 1999, Blockbuster borrowed $1.6 billion, comprised of $400 million borrowed under the long-term revolver, $600 million borrowed under the term loan, and $600 million under the short-term revolver. The weighted average interest rate at December 31, 1999 for these borrowings was 7.9%. The proceeds of the borrowings were used to pay amounts owed to the Company. Blockbuster has repaid $442.9 million of the short-term revolver through proceeds from the offering. These proceeds permanently reduced Blockbuster's commitments under the Blockbuster Credit Agreement from $1.9 billion to approximately $1.46 billion.

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During December 1998, the Company commenced the unconditional tender offers to purchase for cash, all of its outstanding 8.0% Merger Debentures due 2006 at a purchase price of 104% of the principal amount, and to purchase Viacom International Inc.'s outstanding 10.25% Senior Subordinated Notes due 2001 at a purchase price of 112.925% of the principal amount. The tender offer for the 8.0% Merger Debentures expired on January 4, 1999. The offer for the 10.25% Senior Subordinated Notes expired December 30, 1998 and $163.7 million of such notes were tendered. Through December 31, 1998, $533.8 million of the 8% Merger Debentures were tendered and classified as part of accrued liabilities as the settlement date occurred subsequent to year-end. During 1999, the Company redeemed the remaining outstanding 8.0% Merger Debentures for $539.9 million. The Company recognized extraordinary losses of $37.4 million and $41.7 million, net of taxes, in 1999 and 1998, respectively, on the early redemption of the 8% Merger Debentures.

In addition, the Company purchased $21.8 million of the 8.0% Merger Debentures and $29.0 million of the 7.75% Senior Notes in open market transactions during 1998.

As of December 31, 1999, the Company had $1.45 billion available under its shelf registration statement as filed with the Securities and Exchange Commission in 1995. The net proceeds from the sale of the offered securities may be used by the Company to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement.

The Company's scheduled maturities of indebtedness through December 31, 2004, assuming full utilization of the Viacom Credit Agreements, as amended, are $1.0 billion (2000), $1.8 billion (2001), $2.0 billion (2002), $350.0 million (2003) and $0 (2004). The Company's maturities of long-term debt outstanding at December 31, 1999, excluding capital leases, are $302.2 million (2000), $304.6 million (2001), $1.7 billion (2002), $350.0 million (2003) and $0 (2004). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

Blockbuster's scheduled maturities of indebtedness through December 31, 2004, assuming full utilization of the Blockbuster Credit Agreement are $157.1 million (2000), $0 (2001), $150.0 million (2002), $275.0 million (2003) and $875.0 million (2004). Blockbuster's maturities of long-term debt outstanding at December 31, 1999, excluding capital leases, are $157.1 million (2000), $0 (2001), $150.0 million (2002), $275.0 million (2003) and $605.0 million (2004).

11) FINANCIAL INSTRUMENTS

The Company's carrying value of financial instruments approximates fair value, except for differences with respect to the notes and debentures and certain differences related to other financial instruments that are not significant. The carrying value of the senior debt and senior subordinated debt is $2.35 billion and the fair value, which is estimated based on quoted market prices, is $2.33 billion.

The Company entered into interest rate exchange agreements with off-balance sheet risk in order to reduce its exposure to changes in interest on its variable rate long-term debt and/or take advantage of changes in interest rates. These interest rate exchange agreements include interest rate swaps and interest rate caps. At December 31, 1999, the Company had $400 million of interest rate exchange agreements outstanding with commercial banks. These agreements, which expired February 24, 2000, effectively changed the Company's interest rate on an equivalent amount of variable rate borrowings to a fixed rate of 6.35%.

The Company enters into foreign currency exchange contracts in order to reduce its exposure to changes in foreign currency exchange rates that affect the value of its firm commitments and certain anticipated foreign currency cash flows. These contracts generally mature within the calendar year. The Company does not enter into foreign currency contracts for speculative purposes. To date, the contracts utilized have been purchased options, spots and forward contracts. A spot or forward contract is an agreement between two parties to exchange a specified amount of foreign currency, at a specified exchange rate on a specified date. An option contract provides the right, but not the obligation, to buy or sell currency at a fixed exchange rate on a future date. In 1999 the foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the European Union's common currency (the "Euro"). At December 31, 1999, the Company had outstanding contracts with a notional value of approximately $69.2 million that expire in 2000. Realized gains and losses on contracts that hedge anticipated future cash flows are recognized in "Other items, net" and were not material in each of the periods. Option premiums are expensed at the inception of the contract. Deferred gains and losses on foreign currency exchange contracts as of December 31, 1999 were not material.

The Company continually monitors its positions with, and credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties. The Company's receivables do not represent significant concentrations of credit risk at December 31, 1999, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

12) SHAREHOLDERS' EQUITY

On February 25, 1999, the Company announced a 2-for-1 common stock split in the form of a dividend with a record date of March 15, 1999 and a distribution date of March 31, 1999. An amount equal to the par value of the shares issued has been transferred from additional paid-in capital to the common stock account.

During 1999, the Company had repurchased 25,000 shares of its Class A Common Stock, 10,551,200 shares of its Class B Common Stock and 1,140,400 Viacom Five-Year Warrants, for approximately $466.4 million in the aggregate. During 1998, the Company had repurchased a total of 12,000 shares of its Class A Common Stock, 26,190,200 shares of its Class B Common Stock and 5,502,000 Viacom Five-Year Warrants, for approximately $822.0 million in the aggregate.

On July 7, 1999, the Viacom Five-year Warrants expired. The Company received proceeds of approximately $317 million and issued approximately 9.0 million shares of its Class B Common Stock in connection with the exercise of 4.5 million warrants issued as part of the 1994 acquisition of Paramount Communications.

On December 2, 1998, the Company repurchased 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $564 million in cash. On January 5, 1999, the Company repurchased the remaining 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash.

Long-Term Incentive Plans--The Company has three Long-Term Incentive Plans (the "Plans"): the Viacom Long-Term Management Incentive Plan (the "Viacom Plan"), the Blockbuster Long-Term Management

(Tabular dollars in millions, except per share amounts)

Incentive Plan (the "Blockbuster Plan") and MTVi Long-Term Incentive Plan (the "MTVi Plan"). The Plans provide for the issuance of fixed grants of equity-based interests which include stock options, stock appreciation rights, restricted shares, phantom shares and other equity-based interests.

The Company has adopted the disclosure-only provisions of SFAS 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). In accordance with the provisions of SFAS 123, the Company applies APB 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for the Plans and accordingly, does not recognize compensation expense for any of its Plans because the Company typically does not issue options at exercise prices below the market value at date of grant. Had compensation expense for its Plans been determined based upon the fair value at the grant date for awards consistent with the methodology prescribed by SFAS 123, the Company's consolidated pre-tax income would have decreased by $118.0 million ($70.8 million after tax or $0.10 per basic and diluted common share), $67.4 million ($40.5 million after tax or $.06 per basic and diluted common share) and $36.3 million ($22.2 million after tax or $.03 per basic and diluted common share) in 1999, 1998 and 1997, respectively. 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 additional options may be granted in future years.

Viacom Plan--The purpose of the Viacom Plan is to benefit and advance the interests of the Company by rewarding certain key employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future. The Viacom Plan provide for fixed grants of equity-based interests pursuant to awards of phantom shares, stock options, stock appreciation rights, restricted shares or other equity-based interests ("Awards"), and for subsequent payments of cash with respect to phantom shares or stock appreciation rights based, subject to certain limits, on their appreciation in value over stated periods of time. The stock options generally vest over a four to six year period from the date of grant and expire 10 years after the date of grant. The Company has reserved a total of 20,430 shares of Viacom Inc. Class A Common Stock and 53,980,626 shares of Viacom Inc. Class B Common Stock principally for exercise of stock options.

During 1999, the Board of Directors, subject to shareholder approval, increased the total aggregate number of shares of Class B Common Stock that may be issued under the 1997 plan by 10,000,000 shares. In December 1999, shareholder approval was obtained by consent. The stock options available for future grant under the Viacom Plans are as follows:

December 31, 1997	26,753,956
December 31, 1998	14,849,484
December 31, 1999	11,726,413

The weighted-average fair value of each option as of the grant date was $19.89, $12.97 and $6.58 in 1999, 1998 and 1997, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999	1998	1997
Expected dividend yield(a)	--	--	--
Expected stock price volatility	29.64%	32.76%	31.74%
Risk-free interest rate	6.11%	5.43%	6.04%
Expected life of options (years)	7.5	6.0	6.0

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(a) The Company has not declared any cash dividends on its common stock for any of the periods presented and has no present intention of so doing.

(Tabular dollars in millions, except per share amounts)

The following table summarizes the Company's stock option activity under the Viacom plans:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1996	39,291,014	$16.23
Granted	18,406,000	15.34
Exercised	(5,467,748)	14.40
Canceled	(7,012,692)	18.24
Balance at December 31, 1997	45,216,574	15.78
Granted	13,576,420	30.53
Exercised	(12,077,298)	16.16
Canceled	(1,802,390)	16.97
Balance at December 31, 1998	44,913,306	20.09
Granted	14,283,483	42.02
Exercised	(4,403,681)	17.19
Canceled	(814,588)	18.59
Balance at December 31, 1999	53,978,520	26.16

The following table summarizes information concerning currently outstanding and exercisable stock options under the Viacom Plans at December 31, 1999:

	Outstanding			Exercisable	
Range of Exercise Price	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
$10 to $20	24,270,729	6.7	$16.44	10,642,350	$17.14
20 to 30	1,693,416	5.1	24.09	1,600,082	24.27
30 to 40	13,701,420	8.7	30.78	15,000	34.25
40 to 50	13,655,234	9.5	41.89	2,500	41.94
50 to 60	210,000	9.9	55.88	--	--
3 to 25(a)	178,486(a)	3.6	10.93	178,486	10.93
15 to 30(b)	209,238(b)	3.3	23.95	209,238	23.95
	53,918,523			12,647,656	

(a) Represents information for options assumed with the merger of Blockbuster.
(b) Represents information for options assumed with the merger of Paramount.

Shares issuable under exercisable stock options:

December 31, 1997	14,795,698
December 31, 1998	8,892,882
December 31, 1999	12,647,656

(Tabular dollars in millions, except per share amounts)

Blockbuster Plan

On July 15, 1999, Blockbuster's Board of Directors adopted the Blockbuster Plan for the benefit of its employees and directors. An aggregate of 25,000,000 shares of Blockbuster Class A common stock is reserved for issuance under the Blockbuster Plan, which provides for the issuance of stock-based incentive awards, including stock options to purchase shares of Blockbuster Class A common stock, stock appreciation rights, restricted shares of Blockbuster Class A common stock, restricted share units and phantom shares. The Blockbuster stock options generally vest over a five year period from the date of grant and expire 10 years after the date of the grant.

The weighted average fair value of each option as of the grant date was $7.98 for 1999. The fair value of each Blockbuster option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999
Expected dividend yield(a)	.6%
Expected stock price volatility	45.0%
Risk-free interest rate	6.2%
Expected life of options (years)	7.0

(a) Blockbuster's current intention is to pay dividends of $.02 per share each quarter on both its Class A common stock and Class B common stock.

At December 31, 1999, there are 11,235,479 outstanding stock options issued with an exercisable price ranging from $13.56 to $15.00 under the Blockbuster Plan. All outstanding shares have a weighted average exercise price of $14.99 and a remaining contractual life of 9.6 years, and none of them are exercisable as of December 31, 1999. The following table summarizes Blockbuster's stock option activity pursuant to the Blockbuster Plan:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1998	--	$ --
Granted	11,573,108	14.99
Exercised	--	--
Canceled	337,629	15.00
Balance at December 31, 1999	11,235,479	$14.99

MTVi Plan

MTVi, a subsidiary of the Company, operates the Company's Internet music business. In connection with the planned initial public offering of MTVi, the Company established the MTVi Plan to benefit and advance the interests of the business by rewarding employees for their contributions to the financial success of MTVi and thereby motivating them to continue to make such contributions in the future. An aggregate of approximately 12 million shares of MTVi Class A common stock is reserved for issuance under the MTVi Plan. The MTVi stock options generally vest over a three to four year period from the date of grant and expire 10 years after the date of grant.

(Tabular dollars in millions, except per share amounts)

The weighted average fair value of each option as of the grant date was $11.45 for 1999. The fair value of each MTVi option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1999
Expected dividend yield	--
Expected stock price volatility	97.60%
Risk-free interest rate	6.04%
Expected life of options (years)	5.0

At December 31, 1999, there were 5,074,500 outstanding stock options issued with an exercisable price of $15 under the MTVi Plan. All outstanding shares have a weighted remaining contractual life of 9.6 years and none of them are exercisable as of December 31, 1999. The following table summarizes MTVi's stock option activity for 1999:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1998	--	$ --
Granted	5,106,500	15.00
Exercised	--	--
Canceled	32,000	15.00
Balance at December 31, 1999	5,074,500	15.00

13) INCOME TAXES

Earnings from continuing operations before income taxes are attributable to the following jurisdictions:

	Year Ended December 31,		
	1999	1998	1997
United States	$656.3	$ 74.1	$ 910.4
Foreign	187.6	63.2	268.1
Total	$843.9	$137.3	$1,178.5

Components of the provision for income taxes on earnings from continuing operations before income taxes are as follows:

	Year Ended December 31,		
	1999	1998	1997
Current:			
Federal	$167.4	$151.0	$ 370.0
State and local	21.3	34.9	115.1
Foreign	35.3	50.9	24.5
	224.0	236.8	509.6
Deferred	187.4	(98.1)	136.8
	$411.4	$138.7	$ 646.4

(Tabular dollars in millions, except per share amounts)

The equity losses of affiliated companies are shown net of tax on the Company's Statements of Operations. The tax benefit relating to losses from equity investments in 1999, 1998 and 1997 are $17.7 million, $24.0 million and $29.0 million, respectively, which represents an effective tax rate of 22.6%, 36.7% and 15.1%, respectively.

The difference between the effective tax rates and the statutory U.S. federal tax rate of 35% is principally due to the effect of non-deductible goodwill amortization, state and local taxes and foreign losses for which no benefit was provided. Excluding the non-deductible amortization of intangibles, the annual effective tax rate on earnings from continuing operations before income taxes would have been 35.4%, 31.8% and 44.1% for 1999, 1998 and 1997, respectively. See Note 5 for tax benefits relating to the discontinued operations. In 1999 and 1998, respectively, $58.8 million and $55.1 million of income tax benefit was recorded as a component of shareholders' equity as a result of exercised stock options.

A reconciliation of the statutory U.S. federal tax rate to the Company's effective tax rate on earnings from continuing operations before income taxes is summarized as follows:

	Year Ended December 31,		
	1999	1998	1997
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	3.7	5.7	5.9
Effect of foreign operations	(9.3)	(35.5)	(.6)
Amortization of intangibles	15.7	86.3	9.7
Other, net	3.7	9.5	4.9
Effective tax rate on earnings from continuing operations before income taxes	48.8%	101.0%	54.9%

(Tabular dollars in millions, except per share amounts)

The following is a summary of the components of the deferred tax accounts:

	At December 31, 1999	At December 31, 1998
Current deferred tax assets and (liabilities):		
Recognition of revenue	$ 84.5	$103.0
Sales return and allowances	26.9	29.9
Publishing costs	17.0	15.2
Employee compensation and other payroll related expenses	41.7	23.7
Other differences between tax and financial statement values	17.9	7.1
Gross current deferred net tax assets	188.0	178.9
Noncurrent deferred tax assets and (liabilities):		
Depreciation/amortization of fixed assets and intangibles	(72.9)	45.0
Reserves including restructuring and relocation charges	301.3	260.3
Acquired net operating loss and tax credit carryforwards	83.4	60.9
Amortization of discount on 8% Merger Debentures	--	60.4
Other differences between tax and financial statement values	6.0	26.9
Gross non-current deferred net tax assets	317.8	453.5
Valuation allowance	(96.0)	(88.3)
Total net deferred tax assets (liabilities)	$409.8	$544.1

As of December 31, 1999 and December 31, 1998, the Company had total deferred tax assets of $578.7 and $632.4 million, respectively, and total deferred tax liabilities of $72.9 million as of December 31, 1999. There were no deferred tax liabilities as of December 31, 1998.

As of December 31, 1999, the Company had net operating loss carryforwards of approximately $136.8 million which expire in various years from 2002 through 2008.

The 1999 and 1998 deferred tax assets are reduced by a valuation allowance of $96.0 and $88.3 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be recognized as a result of certain limitations applied where there is a change of ownership.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted, was approximately $1.4 billion and $1.5 billion at December 31, 1999 and December 31, 1998, respectively. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to reinvest these earnings outside the United States indefinitely and it is not practicable to estimate the amount of such taxes.

14) PENSION PLANS, OTHER POSTRETIREMENT BENEFITS AND POSTEMPLOYMENT BENEFITS

The Company and certain of its subsidiaries have non-contributory pension plans covering specific groups of employees. The benefits for these plans are based primarily on an employee's years of service and pay near retirement. Participant employees are vested in the plans after five years of service. The Company's policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974. Plan assets consist principally of common stocks, marketable bonds and U.S. government securities. The Company's Class B Common Stock represents approximately 20.8% and 15.8% of the plan assets' fair value at December 31, 1999 and 1998, respectively.

(Tabular dollars in millions, except per share amounts)

The Company adopted SFAS 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits--an amendment of FASB Statements No. 87, 88 and 106" in 1998.

The following table sets forth the change in benefit obligation for the Company's benefit plans:

	Pension Benefits December 31,		Postretirement Benefits December 31,	
	1999	1998	1999	1998
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 844.2	$785.3	$ 53.6	$ 103.6
Service cost	33.7	36.8	.7	1.0
Interest cost	61.5	57.8	3.7	6.5
Benefits paid	(45.2)	(39.3)	(5.7)	(8.8)
Actuarial (gain) loss	(147.9)	66.8	(1.6)	(2.9)
Curtailments, divestitures, combinations	47.6	(61.4)	--	(46.9)
Participant contributions	--	--	.4	1.1
Amendments	.2	--	--	--
Cumulative translation adjustments	1.1	(1.8)	--	--
Benefit obligation, end of year	$ 795.2	$844.2	$ 51.1	$ 53.6

The following table sets forth the change in plan assets for the Company's benefit plans:

	Pension Benefits December 31,		Postretirement Benefits December 31,	
	1999	1998	1999	1998
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 786.6	$ 697.3	$ --	$ --
Actual return on plan assets	167.2	146.4	--	--
Employer contributions	6.0	7.3	5.3	7.7
Benefits paid	(45.2)	(39.3)	(5.7)	(8.8)
Divestitures, combinations	56.5	(21.7)	--	--
Participant contributions	--	--	.4	1.1
Cumulative translation adjustments	2.7	(3.4)	--	--
Fair value of plan assets, end of year	$ 973.8	$ 786.6	$ --	$ --

The projected benefit obligations, accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $103.4 million, $92.6 million and $0 for 1999 and $99.9 million, $88.4 million and $.3 million for 1998, respectively.

(Tabular dollars in millions, except per share amounts)

The accrued pension and postretirement costs recognized in the Company's consolidated balance sheet are computed as follows:

	Pension Benefits December 31,		Postretirement Benefits December 31,	
	1999	1998	1999	1998
Funded status	$ 178.6	$ (57.6)	$(51.1)	$ (53.6)
Unrecognized actuarial gain	(336.8)	(97.5)	(17.1)	(16.2)
Unrecognized prior service cost (benefit)	10.9	12.5	(4.8)	(5.4)
Unrecognized asset at transition	(2.3)	(2.1)	--	--
Accrued pension liability, net	$ (149.6)	$ (144.7)	$(73.0)	$ (75.2)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability, net	$ (172.0)	$ (161.1)	$(73.0)	$ (75.2)
Prepaid benefits cost	8.4	2.3	--	--
Intangibles	.5	3.9	--	--
Accumulated other comprehensive loss	13.5	10.2	--	--
Net liability recognized	$ (149.6)	$ (144.7)	$(73.0)	$ (75.2)

Net periodic cost for the Company's pension and postretirement benefit plans consists of the following:

	Pension Benefits December 31,			Postretirement Benefits December 31,		
	1999	1998	1997	1999	1998	1997
Components of net periodic cost:						
Service cost	$ 33.7	$ 36.8	$ 32.1	$ .7	$ 1.0	$ 1.0
Interest cost	61.5	57.8	54.1	3.7	6.5	7.4
Expected return on plan assets	(79.4)	(64.4)	(56.0)	--	--	--
Amortization of prior service cost	1.6	2.6	1.6	(.7)	(3.0)	(3.2)
Amortization of transition obligation	(.2)	(2.2)	(.7)	--	--	--
Recognized actuarial (gain) loss	1.1	3.7	3.3	(.7)	(2.9)	(3.1)
Curtailment (gain)	(3.5)	(31.4)	--	--	(77.5)	--
Net periodic cost	$ 14.8	$ 2.9	$ 34.4	$3.0	$(75.9)	$ 2.1

The following assumptions were used in accounting for the pension plans:

	1999	1998	1997
Discount rate	8.0%	6.75%	7.25%
Expected return on plan assets	9.5%	9.5%	9.5%
Rate of increase in future compensation	5.0%	5.0%	5.0%

The following assumptions were used in accounting for postretirement benefits:

	1999	1998	1997

Projected health care cost trend rate.................	5.5%	6.0%	7.0%
Ultimate trend rate....................................	5.5%	5.5%	5.5%
Year ultimate trend rate is achieved..................	1999	1999	1999
Discount rate..	8.0%	6.75%	7.25%

(Tabular dollars in millions, except per share amounts)

Assumed health care cost trend rates could have a significant effect on the amounts reported for the postretirement health care plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components........................	$ .3	$ (.2)
Effect on the postretirement benefit obligation.............................	$3.6	$(3.2)

In 1998, as a result of the sale of Non-Consumer Publishing, the Company realized curtailment gains of $31.4 million related to pension benefits and $77.5 million related to postretirement benefits, which have been included in the net gain on disposition for that year.

The Company contributes to multi-employer plans that provide pension and health and welfare benefits to certain employees under collective bargaining agreements. The contributions to these plans were $26.1 million (1999) and $35.4 million (1998).

In addition, the Company sponsors a health and welfare plan that provides certain postretirement health care and life insurance benefits to retired employees and their covered dependents who are eligible for these benefits if they meet certain age and service requirements. The plan is contributory and contains cost-sharing features such as deductibles and coinsurance which are adjusted annually. The plan is not funded and the Company funds these benefits as claims are paid.

SFAS 112, "Employers' Accounting For Postemployment Benefits" does not have a significant effect on the Company's consolidated financial position or results of operations.

In addition, the Company has defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were $16.5 million, $21.1 million and $19.2 million for the years ended December 31, 1999, 1998 and 1997.

(Tabular dollars in millions, except per share amounts)

15) COMMITMENTS AND CONTINGENCIES

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company has also entered into capital leases for satellite transponders and buildings.

At December 31, 1999, minimum rental payments under noncancelable leases are as follows:

	Leases	
	Operating	Capital
2000	$ 578.4	$151.7
2001	512.0	145.2
2002	421.9	133.2
2003	388.6	102.1
2004	310.9	62.9
2005 and thereafter	1,865.3	170.4
Total minimum lease payments	$4,077.1	765.5
Less amounts representing interest		173.9
Present value of net minimum payments		$591.6

Future minimum capital lease payments have not been reduced by future minimum sublease rentals of $22.4 million. Rent expense amounted to $601.7 million (1999), $533.8 million (1998) and $523.1 million (1997).

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of December 31, 1999 and are estimated to aggregate approximately $1.0 billion, excluding intersegment commitments of approximately $865.9 million, principally reflect Showtime Networks Inc.'s ("SNI's") commitments of approximately $726.7 million for the acquisition of programming rights and the production of original programming. This estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

There are various lawsuits and claims pending against the Company. Management believes that any ultimate liability resulting from those actions or claims will not have a material adverse effect on the Company's results of operations, financial position or liquidity.

Certain subsidiaries and affiliates of the Company from time to time receive claims from federal and state environmental regulatory agencies and other entities asserting that they are or may be liable for environmental cleanup costs and related damages, principally relating to discontinued operations. The Company has recorded a liability reflecting its best estimate of environmental exposure. Such liability was not discounted or reduced by potential insurance recoveries and reflects management's estimate of cost sharing at multiparty sites. The estimated liability was calculated based upon currently available facts, existing technology and presently enacted laws and regulations. On the basis of its experience and the information currently available to it, the Company believes that the claims it has received will not have a material adverse effect on its results of operations, financial position or cash flows.

(Tabular dollars in millions, except per share amounts)

16) OPERATING SEGMENTS

The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based on products and services. See Note 1 for descriptive information about the Company's business segments and the summary of significant accounting policies. The Company evaluates performance based on many factors; one of the primary measures is earnings before interest, taxes, depreciation and amortization ("EBITDA").

The following tables set forth the Company's financial results by operating segments. Intersegment revenues, recorded at fair market value, of the Entertainment segment for 1999, 1998 and 1997 were $250.8 million, $156.7 million and $114.0 million, respectively. Intersegment revenues of the Networks segment for 1999 were $46.8 million and were not material for prior periods presented. All other intersegment revenues were not material for all of the periods presented.

	Year Ended or At December 31,		
	1999	1998	1997
Revenues:			
Networks	$ 3,045.5	$ 2,607.9	$ 2,262.8
Entertainment	4,618.1	4,757.8	4,305.9
Video	4,463.5	3,893.4	3,313.6
Parks	390.8	421.2	367.3
Publishing	610.7	564.6	556.6
Online	29.8	13.7	10.4
Intercompany	(299.6)	(162.5)	(131.7)
Total revenues	$12,858.8	$12,096.1	$10,684.9
EBITDA:			
Networks	$ 1,053.1	$ 851.3	$ 729.4
Entertainment	554.3	640.5	514.5
Video	520.3	39.9	221.6
Parks	95.5	101.1	88.9
Publishing	74.0	71.2	77.9
Online	(48.4)	(3.5)	2.3
Segment total	2,248.8	1,700.5	1,634.6
Reconciliation to operating income:			
Corporate/Eliminations	(156.8)	(171.6)	(176.6)
Depreciation and amortization	(844.7)	(777.3)	(772.6)
Total operating income	$ 1,247.3	$ 751.6	$ 685.4
Depreciation and amortization:			
Networks	$ 120.7	$ 107.0	$ 93.8
Entertainment	222.3	192.5	171.5
Video	392.4	382.1	418.4
Parks	53.0	51.2	46.5
Publishing	19.7	18.0	17.5
Online	16.1	4.0	--
Segment total	824.2	754.8	747.7
Corporate	20.5	22.5	24.9
Total depreciation and amortization	$ 844.7	$ 777.3	$ 772.6

(Tabular dollars in millions, except per share amounts)

	Year Ended or At December 31,		
	1999	1998	1997
Total assets:			
Networks	$ 3,138.1	$ 2,770.2	$ 2,692.8
Entertainment	9,704.3	9,361.6	9,342.9
Video	8,475.6	8,142.6	8,965.4
Parks	939.4	914.8	897.2
Publishing	948.1	962.4	5,439.4
Online	162.1	5.8	1.4
Segment total	23,367.6	22,157.4	27,339.1
Corporate/Eliminations	1,118.8	1,455.7	949.6
Total assets	$24,486.4	$23,613.1	$28,288.7
Capital expenditures:			
Networks	$ 83.4	$ 89.8	$ 67.9
Entertainment	127.1	174.3	66.7
Video	384.9	196.0	294.2
Parks	58.5	61.0	35.0
Publishing	8.7	37.5	36.1
Online	22.8	--	--
Segment total	685.4	558.6	499.9
Corporate	20.8	44.9	30.4
Total capital expenditures	$ 706.2	$ 603.5	$ 530.3

Information regarding the Company's operations by geographic area is as follows:

	Year Ended or At December 31,		
	1999	1998	1997
Revenues(a):			
United States	$10,207.0	$ 9,268.3	$ 8,227.9
International	2,651.8	2,827.8	2,457.0
Total revenues	$12,858.8	$12,096.1	$10,684.9
Long-lived assets:			
United States	$17,675.6	$16,857.0	$20,914.3
International	1,401.3	1,326.9	1,421.6
Total long-lived assets	$19,076.9	$18,183.9	$22,335.9

Intercompany transfers between geographic areas are not significant.

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(a) Revenue classifications are based on customers' locations.

(Tabular dollars in millions, except per share amounts)

17) QUARTERLY FINANCIAL DATA (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1999					
Revenues	$2,951.1	$3,003.3	$3,332.0	$3,572.4	$12,858.8
Operating income (1)	$ 277.5	$ 282.3	$ 321.2	$ 366.3	$ 1,247.3
Earnings from continuing operations	$ 68.4	$ 59.3	$ 110.9	$ 133.1	$ 371.7
Net earnings (2)	$ 44.9	$ 59.3	$ 96.7	$ 133.1	$ 334.0
Net earnings attributable to common stock	$ 32.5	$ 59.3	$ 96.7	$ 133.1	$ 321.6
Basic earnings per common share:					
Earnings from continuing operations	$ .08	$ .09	$ .16	$ 0.19	$ .52
Net earnings	$ .05	$ .09	$ .14	$ 0.19	$ .46
Diluted earnings per common share:					
Earnings from continuing operations	$ .08	$ .08	$ .16	$ 0.19	$ .51
Net earnings	$ .05	$ .08	$ .14	$ 0.19	$ .45
Weighted average number of common shares:					
Basic	696.1	690.6	696.7	697.4	695.2
Diluted	711.1	705.0	709.5	712.1	709.5
1998(3)					
Revenues	$2,685.6	$2,779.3	$3,288.8	$3,342.4	$12,096.1
Operating income (loss)(4)	$ 273.4	$ (225.4)	$ 407.3	$ 296.3	$ 751.6
Earnings (loss) from continuing operations	$ 47.6	$ (267.3)	$ 86.4	$ 89.8	$ (43.5)
Net earnings (loss)(5)(6)(7)	$ 1.4	$ (280.7)	$ 138.4	$ 18.5	$ (122.4)
Net earnings (loss) attributable to common stock	$ (13.6)	$ (295.7)	$ 123.4	$ 36.3	$ (149.6)
Basic earnings per common share:					
Earnings (loss) from continuing operations	$ .05	$ (.40)	$ .10	$ .15	$ (.10)
Net earnings (loss)	$ (.02)	$ (.41)	$ .17	$ .05	$ (.21)
Diluted earnings per common share:					
Earnings (loss) from continuing operations	$ .05	$ (.40)	$ .10	$ .15	$ (.10)
Net earnings (loss)	$ (.02)	$ (.41)	$ .17	$ .05	$ (.21)
Weighted average number of common shares:					
Basic	710.5	713.2	714.7	696.7	708.7
Diluted	718.0	713.2	725.5	706.4	708.7

The timing of the Company's results of operations is affected by the typical timing of major motion picture releases, the summer operation of the theme parks, the positive effect of the holiday season on advertising and video store revenues, and the impact of the broadcasting television season on television production.

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(1) The third quarter of 1999 included a $81.1 million charge for Spelling Entertainment related to integrating the operations of Spelling into Paramount Television.

(2) The first and third quarter of 1999 included an extraordinary loss of $23.5 and $14.2 million, net of tax, respectively, on the early extinguishment of debt (See Note 19).

(3) The first three quarters of 1998 results have been restated for the effect of discontinued operations (See Note 5).

(4) The second quarter of 1998 included a $424.3 million charge for Blockbuster representing the adjustment to the carrying value of the library tapes due to a change in Blockbuster's business model (See Note 6).

(5) The third quarter of 1998 included a loss of $138.5 million, net of tax, resulting from the sale of the Company's music retail stores, partially offset by a tax benefit of $134.0 million related to the sale of Virgin.
(6) The fourth quarter of 1998 included a gain of $65.5 million, net of tax, resulting from the sale of Non-Consumer Publishing.
(7) The fourth quarter of 1998 included an extraordinary loss of $74.7 million, net of tax, on the early extinguishment of debt (See Note 19).

18) OTHER ITEMS, NET

"Other items, net" reflects $17.8 million of income for 1999 which is principally comprised of foreign exchange gains of $25.2 million and net gains of $17.1 million from the sale of land, fixed assets and a Company plane, partially offset by losses associated with securitizing trade receivables.

The Company continued the strategy of focusing on its core businesses and, in December 1998, announced plans to close the Viacom Entertainment Store in Chicago in January 1999 and to phase out its Nickelodeon stores in the first half of 1999. As a result, the Company recorded a loss of approximately $91 million, which is reflected in "Other items, net" for the year ended December 31, 1998. The loss principally reflects $8.5 million for estimated severance benefits payable to approximately 530 employees and $32.7 million for lease exit obligations. Through December 31, 1999, the Company paid and charged approximately $8.5 million against the severance benefits payable and $6.8 million against lease exit obligations. The loss also reflects the write-off of property and equipment, inventory and prepaid assets of $21.1 million, $10.3 million and $3.1 million, respectively, as well as future vendor commitments of $3.3 million. Additionally, "Other items, net" for 1998 principally reflects foreign exchange losses, losses associated with securitizing trade receivables and the write-off of certain investments, partially offset by a gain of approximately $118.9 million from the sale of a cost investment.

On October 21, 1997, the Company completed the sale of its half-interest in USA Networks, includingSci-Fi Channel, to Universal Studios, Inc. for a total of $1.7 billion in cash. The Company realized a pre-tax gain of approximately $1.1 billion in the fourth quarter of 1997. The net proceeds from this transaction were used to repay debt.

In addition, during 1997, the Company recorded pre-tax gains on the swap of certain television stations of approximately $190.9 million partially offset by write-offs of certain cost investments.

19) EXTRAORDINARY LOSS

For the year ended December 31, 1999, the Company recognized an extraordinary loss of $37.7 million, net of tax of $26.2 million, or a loss of $.06 per basic and diluted common share, on the early extinguishment of the 8.0% Merger Debentures and the 10.25% Senior Subordinated Notes (See Note 10).

For the year ended December 31, 1998, the Company recognized an extraordinary loss of $74.7 million, net of tax of $51.9 million, or a loss of $.10 per basic and diluted common share, on the early extinguishment of the 10.25% Senior Subordinated Notes for $163.7 million, 7.0% Senior Subordinated Debentures for $231.5 million and the 8.0% Merger Debentures for $555.6 million (See Note 10).

(Tabular dollars in millions, except per share amounts)

20) SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,		
	1999	1998	1997
Cash payments for interest net of amounts capitalized	$445.6	$668.2	$792.1
Cash payments for income taxes	615.8	656.6	110.9
Supplemental schedule of noncash financing and investing activities:			
Equipment acquired under capitalized leases	$223.4	$116.8	$ 54.0
Noncash acquisitions	150.0	--	--

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

21) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities (See Note 10). The Company has determined that separate financial statements and other disclosures concerning Viacom International are not material to investors. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of the Company, Viacom International (in each case carrying investments in Non-Guarantor Affiliates under the equity method), the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

	1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 35.4	$2,164.6	$10,709.5	$ (50.7)	$12,858.8
Expenses:					
Operating	30.5	706.3	7,680.8	(79.7)	8,337.9
Selling, general and administrative	3.0	783.2	1,572.4	--	2,358.6
Restructuring charge	--	--	70.3	--	70.3
Depreciation and amortization	4.6	105.4	734.7	--	844.7
Total expenses	38.1	1,594.9	10,058.2	(79.7)	11,611.5
Operating income (loss)	(2.7)	569.7	651.3	29.0	1,247.3
Interest expense	(263.6)	(89.3)	(96.0)	--	(448.9)
Interest income	1.4	17.1	9.2	--	27.7
Intercompany interest	(99.1)	149.6	(50.5)	--	--
Other items, net	(24.8)	28.0	14.6	--	17.8
Earnings (loss) from continuing operations before income taxes	(388.8)	675.1	528.6	29.0	843.9
Benefit (provision) for income taxes	159.5	(276.8)	(294.1)	--	(411.4)
Equity in earnings (loss) of affiliated companies, net of tax	600.7	199.9	(82.1)	(779.2)	(60.7)
Minority interest	--	2.8	(2.9)	--	(.1)
Earnings from continuing operations	371.4	601.0	149.5	(750.2)	371.7
Extraordinary loss, net of tax	(37.4)	(.3)	--	--	(37.7)
Net earnings	334.0	600.7	149.5	(750.2)	334.0
Cumulative convertible preferred stock dividend requirement	(.4)	--	--	--	(.4)
Premium on repurchase of preferred stock	(12.0)	--	--	--	(12.0)
Net earnings attributable to common stock	$321.6	$ 600.7	$ 149.5	$(750.2)	$ 321.6

(Tabular dollars in millions, except per share amounts)

	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 39.4	$1,775.3	$10,301.9	$(20.5)	$12,096.1
Expenses:					
Operating	33.3	563.7	7,929.8	(20.5)	8,506.3
Selling, general and administrative	2.6	650.6	1,407.7	--	2,060.9
Depreciation and amortization	2.1	87.0	688.2	--	777.3
Total expenses	38.0	1,301.3	10,025.7	(20.5)	11,344.5
Operating income	1.4	474.0	276.2	--	751.6
Interest expense	(429.8)	(146.9)	(45.7)	--	(622.4)
Interest income	5.3	6.8	11.3	--	23.4
Intercompany interest	(91.5)	106.1	(14.6)	--	--
Other items, net	(21.2)	89.0	(83.1)	--	(15.3)
Earnings (loss) from continuing operations before income taxes	(535.8)	529.0	144.1	--	137.3
Benefit (provision) for income taxes	219.7	(216.9)	(141.5)	--	(138.7)
Equity in earnings (loss) of affiliated companies, net of tax	236.9	(236.3)	(54.0)	12.0	(41.4)
Minority interest	--	1.3	(2.0)	--	(.7)
Earnings (loss) from continuing operations	(79.2)	77.1	(53.4)	12.0	(43.5)
Discontinued operations:					
Loss, net of tax	--	--	(54.1)	--	(54.1)
Net gain (loss) on dispositions, net of tax	--	191.2	(141.3)	--	49.9
Net earnings (loss) before extraordinary loss	(79.2)	268.3	(248.8)	12.0	(47.7)
Extraordinary loss, net of tax	(43.2)	(31.5)	--	--	(74.7)
Net earnings (loss)	(122.4)	236.8	(248.8)	12.0	(122.4)
Cumulative convertible preferred stock dividend requirement	(57.2)	--	--	--	(57.2)
Discount on repurchase of preferred stock	30.0	--	--	--	30.0
Net earnings (loss) attributable to common stock	$(149.6)	$ 236.8	$ (248.8)	$ 12.0	$ (149.6)

(Tabular dollars in millions, except per share amounts)

	1997				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues................	$ 26.7	$1,458.3	$9,225.8	$ (25.9)	$10,684.9
Expenses:					
Operating.............	25.6	471.3	7,005.3	(25.9)	7,476.3
Selling, general and administrative.......	1.8	520.3	1,228.5	--	1,750.6
Depreciation and amortization.........	1.9	67.4	703.3	--	772.6
Total expenses......	29.3	1,059.0	8,937.1	(25.9)	9,999.5
Operating income (loss).................	(2.6)	399.3	288.7	--	685.4
Interest expense........	(543.4)	(180.0)	(49.5)	--	(772.9)
Interest income.........	.9	9.4	11.7	--	22.0
Intercompany interest...	(88.6)	114.4	(25.8)	--	--
Other items, net........	--	(38.7)	1,282.7	--	1,244.0
Earnings (loss) from continuing operations before income taxes....	(633.7)	304.4	1,507.8	--	1,178.5
Benefit (provision) for income taxes...........	266.1	(127.8)	(784.7)	--	(646.4)
Equity in earnings (loss) of affiliated companies, net of tax..	1,160.9	545.3	(53.8)	(1,815.7)	(163.3)
Minority interest.......	--	(.9)	5.6	--	4.7
Earnings from continuing operations............	793.3	721.0	674.9	(1,815.7)	373.5
Discontinued operations:					
Earnings, net of tax..	.3	2.7	11.9	--	14.9
Net gain (loss) on dispositions, net of tax..................	--	437.2	(32.0)	--	405.2
Net earnings............	793.6	1,160.9	654.8	(1,815.7)	793.6
Cumulative convertible preferred stock dividend requirement ..	(60.0)	--	--	--	(60.0)
Net earnings attributable to common stock..................	$ 733.6	$1,160.9	$ 654.8	$(1,815.7)	$ 733.6

(Tabular dollars in millions, except per share amounts)

	1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 81.6	$ 486.0	$ 113.2	$ --	$ 680.8
Receivables, net	10.9	340.4	1,441.7	(95.6)	1,697.4
Inventory	10.9	250.4	1,698.2	--	1,959.5
Other current assets	2.8	172.6	685.3	--	860.7
Total current assets	106.2	1,249.4	3,938.4	(95.6)	5,198.4
Property and equipment	13.4	684.5	4,558.0	--	5,255.9
Less accumulated depreciation and amortization	3.8	242.6	1,584.2	--	1,830.6
Net property and equipment	9.6	441.9	2,973.8	--	3,425.3
Inventory	--	365.2	2,464.3	--	2,829.5
Intangibles, at amortized cost	106.4	647.1	10,725.4	--	11,478.9
Investments in consolidated subsidiaries	6,829.2	14,891.0	--	(21,720.2)	--
Other assets	58.0	204.7	1,411.0	(119.4)	1,554.3
	$ 7,109.4	$17,799.3	$21,512.9	$(21,935.2)	$24,486.4
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ .1	$ 9.0	$ 578.6	$ (43.3)	$ 544.4
Accrued expenses	100.1	448.1	911.8	(28.8)	1,431.2
Deferred income	--	17.3	354.1	--	371.4
Accrued compensation	--	170.6	302.7	--	473.3
Participants' share, residuals and royalties payable	--	--	1,109.1	(21.9)	1,087.2
Program rights	--	52.1	200.3	(55.5)	196.9
Income tax payable	(84.8)	949.2	(327.3)	(536.1)	1.0
Current portion of long-term debt	--	17.7	276.6	--	294.3
Total current liabilities	15.4	1,664.0	3,405.9	(685.6)	4,399.7
Long-term debt	3,262.1	1,013.4	1,422.2	--	5,697.7
Other liabilities	(11,421.6)	1,889.6	7,339.9	4,202.6	2,010.5
Minority interest	--	144.4	1,102.1	--	1,246.5
Shareholders' Equity:					
Preferred Stock	--	104.1	20.4	(124.5)	--
Common Stock	7.5	185.7	495.4	(681.1)	7.5
Additional paid-in capital	10,338.5	7,342.3	7,739.4	(15,081.7)	10,338.5
Retained earnings	6,339.2	5,422.7	50.9	(9,564.9)	2,247.9
Accumulated other comprehensive income (loss)	--	33.1	(63.3)	--	(30.2)
	16,685.2	13,087.9	8,242.8	(25,452.2)	12,563.7
Less treasury stock, at cost	1,431.7	--	--	--	1,431.7
Total shareholders' equity	15,253.5	13,087.9	8,242.8	(25,452.2)	11,132.0
	$7,109.4	$17,799.3	$21,512.9	$(21,935.2)	$24,486.4

(Tabular dollars in millions, except per share amounts)

	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents...........	$ 406.4	$ 189.5	$ 171.4	$ --	$ 767.3
Receivables, net.......	9.5	319.5	1,458.0	(27.9)	1,759.1
Inventory.............	11.5	131.9	1,662.1	--	1,805.5
Other current assets...	.9	160.9	570.8	--	732.6
Total current assets..	428.3	801.8	3,862.3	(27.9)	5,064.5
Property and equipment..	13.6	602.3	3,921.1	--	4,537.0
Less accumulated depreciation and amortization..........	3.0	188.6	1,265.9	--	1,457.5
Net property and equipment............	10.6	413.7	2,655.2	--	3,079.5
Inventory...............	--	400.1	2,070.7	--	2,470.8
Intangibles, at amortized cost.........	109.4	530.9	10,917.0	--	11,557.3
Investments in consolidated subsidiaries...........	5,796.0	15,701.9	--	(21,497.9)	--
Other assets............	83.4	1,541.4	1,795.3	(1,979.1)	1,441.0
	$ 6,427.7	$19,389.8	$21,300.5	$(23,504.9)	$23,613.1
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable.......	$ --	$ 68.0	$ 474.4	$ (43.2)	$ 499.2
Accrued expenses.......	612.7	590.0	923.4	(.3)	2,125.8
Deferred income........	--	16.5	270.0	--	286.5
Accrued compensation...	--	144.4	265.9	--	410.3
Participants' share, residuals and royalties payable.....	--	--	1,227.5	--	1,227.5
Program rights.........	--	57.1	158.1	(35.6)	179.6
Income tax payable.....	--	1,257.5	(139.7)	(591.3)	526.5
Current portion of long-term debt........	282.4	13.5	81.3	--	377.2
Total current liabilities..........	895.1	2,147.0	3,260.9	(670.4)	5,632.6
Long-term debt..........	2,214.6	1,050.4	548.4	--	3,813.4
Other liabilities.......	(12,834.8)	3,457.3	8,938.3	2,485.5	2,046.3
Minority interest.......	--	.9	70.3	--	71.2
Shareholders' Equity:					
Preferred Stock........	600.0	104.1	20.4	(124.5)	600.0
Common Stock...........	7.3	228.7	1,985.3	(2,214.0)	7.3
Additional paid-in capital..............	10,519.6	7,545.4	6,676.9	(14,167.2)	10,574.7
Retained earnings......	6,024.1	4,821.9	(98.8)	(8,814.3)	1,932.9
Accumulated other comprehensive income (loss)...............	--	34.1	(101.2)	--	(67.1)
	17,151.0	12,734.2	8,482.6	(25,320.0)	13,047.8
Less treasury stock, at cost..................	998.2	--	--	--	998.2
Total shareholders' equity..............	16,152.8	12,734.2	8,482.6	(25,320.0)	12,049.6
	$ 6,427.7	$19,389.8	$21,300.5	$(23,504.9)	$23,613.1

(Tabular dollars in millions, except per share amounts)

	1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities............	$ 423.0	$(221.5)	$ 92.6	$ --	$ 294.1
Investing Activities:					
Capital expenditures....	--	(113.9)	(592.3)	--	(706.2)
Acquisitions, net of cash acquired..........	(180.6)	--	(131.8)	--	(312.4)
Investments in and advances to affiliated companies..............	--	(40.3)	(121.3)	--	(161.6)
Proceeds from sale of short-term investments............	--	406.3	--	--	406.3
Purchases of short-term investments............	--	(416.2)	--	--	(416.2)
Proceeds from dispositions...........	--	--	114.3	--	114.3
Proceeds from sale of cost investments.......	--	4.0	--	--	4.0
Other, net..............	(18.4)	(6.6)	(10.8)	--	(35.8)
Net cash flow provided by (used for) investing activities............	(199.0)	(166.7)	(741.9)	--	(1,107.6)
Financing Activities:					
Borrowings (repayments) of credit agreements, net....................	999.3	--	1,185.5	--	2,184.8
Increase (decrease) in intercompany payables..	232.4	722.1	(954.5)	--	--
Repayment of notes and debentures............	(1,073.8)	(1.5)	--	--	(1,075.3)
Purchase of treasury stock and warrants.....	(478.8)	--	--	--	(478.8)
Repurchase of Preferred Stock..................	(611.9)	--	--	--	(611.9)
Payment on capital lease obligations............	--	(35.9)	(70.6)	--	(106.5)
Net proceeds from issuance of subsidiary stock..................	--	--	430.7	--	430.7
Payment of Preferred Stock dividends........	(7.8)	--	--	--	(7.8)
Proceeds from exercise of stock options and warrants...............	390.8	--	--	--	390.8
Other, net..............	1.0	--	--	--	1.0
Net cash flow provided by (used for) financing activities............	(548.8)	684.7	591.1	--	727.0
Net increase (decrease) in cash and cash equivalents............	(324.8)	296.5	(58.2)	--	(86.5)
Cash and cash equivalents at beginning of year......	406.4	189.5	171.4	--	767.3
Cash and cash equivalents at end of year...................	$ 81.6	$ 486.0	$ 113.2	$ --	$ 680.8

(Tabular dollars in millions, except per share amounts)

	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities............	$ 527.3	$ (303.7)	$ 640.5	$ --	$ 864.1
Investing Activities:					
Capital expenditures....	--	(88.6)	(514.9)	--	(603.5)
Acquisitions, net of cash acquired..........	(14.9)	--	(111.5)	--	(126.4)
Investments in and advances to affiliated companies..............	--	(3.6)	(96.7)	--	(100.3)
Proceeds from sale of short-term investments............	--	101.4	--	--	101.4
Purchases of short-term investments............	--	(151.6)	--	--	(151.6)
Proceeds from dispositions...........	--	4,677.3	272.8	--	4,950.1
Proceeds from sale of cost investments.......	--	131.7	35.6	--	167.3
Other, net.............	--	(6.9)	(11.7)	--	(18.6)
Net cash flow provided by (used for) investing activities............	(14.9)	4,659.7	(426.4)	--	4,218.4
Financing Activities:					
Borrowings (repayments) of credit agreements, net....................	(1,788.6)	(470.0)	(124.4)	--	(2,383.0)
Increase (decrease) in intercompany payables..	3,140.7	(3,100.7)	(40.0)	--	--
Repayment of notes and debentures............	(202.6)	(666.7)	--	--	(869.3)
Purchase of treasury stock and warrants.....	(809.6)	--	--	--	(809.6)
Repurchase of Preferred Stock..................	(564.0)	--	--	--	(564.0)
Payment on capital lease obligations...........	--	(20.6)	(90.1)	--	(110.7)
Payment of Preferred Stock dividends........	(64.8)	--	--	--	(64.8)
Proceeds from exercise of stock options and warrants..............	182.8	--	--	--	182.8
Other, net.............	--	--	11.1	--	11.1
Net cash flow provided by (used for) financing activities............	(106.1)	(4,258.0)	(243.4)	--	(4,607.5)
Net increase (decrease) in cash and cash equivalents...........	406.3	98.0	(29.3)	--	475.0
Cash and cash equivalents at beginning of year......	.1	91.5	200.7	--	292.3
Cash and cash equivalents at end of year...................	$ 406.4	$ 189.5	$ 171.4	$ --	$ 767.3

(Tabular dollars in millions, except per share amounts)

	1997				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	$ 1,275.7	$ 109.6	$(1,045.3)	$ --	$ 340.0
Investing Activities:					
Capital expenditures	--	(77.9)	(452.4)	--	(530.3)
Acquisitions, net of cash acquired	(46.9)	--	(308.2)	--	(355.1)
Investments in and advances to affiliated companies	--	(47.5)	(252.9)	--	(300.4)
Proceeds from sale of short-term investments	--	139.8	--	--	139.8
Purchases of short-term investments	--	(81.3)	--	--	(81.3)
Proceeds from dispositions	--	1,096.5	1,918.4	--	3,014.9
Other, net	--	.1	18.1	--	18.2
Net cash flow provided by (used for) investing activities	(46.9)	1,029.7	923.0	--	1,905.8
Financing Activities:					
Borrowings (repayments) of credit agreements, net	(1,972.0)	(148.0)	27.7	--	(2,092.3)
Increase (decrease) in intercompany payables	734.3	(939.2)	204.9	--	--
Purchase of treasury stock and warrants	(9.8)	--	--	--	(9.8)
Payment on capital lease obligations	--	(21.8)	(44.4)	--	(66.2)
Payment of Preferred Stock dividends	(60.0)	--	--	--	(60.0)
Proceeds from exercise of stock options and warrants	69.6	--	--	--	69.6
Other, net	(9.8)	--	6.0	--	(3.8)
Net cash flow provided by (used for) financing activities	(1,247.7)	(1,109.0)	194.2	--	(2,162.5)
Net increase (decrease) in cash and cash equivalents	(18.9)	30.3	71.9	--	83.3
Cash and cash equivalents at beginning of year	19.0	61.2	128.8	--	209.0
Cash and cash equivalents at end of year	$ .1	$ 91.5	$ 200.7	$ --	$ 292.3

PART III

Item 10. Directors and Executive Officers.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Information Concerning Directors and Nominees" and "Compliance with Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference. Information with respect to the Executive Officers of the Company is included in Part I hereof.

Item 11. Executive Compensation.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Directors' Compensation" and "Executive Compensation" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information contained in the Viacom Inc. Definitive Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Compensation Committee Interlocks and Insider Participation" and "Related Transaction" is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) and (d) Financial Statements and Schedules (see Index on Page F-1)

(b) Reports on Form 8-K

Current Report on Form 8-K of Viacom Inc. with a Report Date of October 8, 1999, relating to an Amended and Restated Agreement and Plan of Merger providing for the merger of CBS Corporation with the Company or, under specified circumstances, Viacom/CBS LLC, a wholly owned subsidiary of the Company.

(c) Exhibits (see index on Page E-1)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Viacom Inc. has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Viacom Inc.

By: /s/ Sumner M. Redstone

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

By: /s/ George S. Smith, Jr.

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

By: /s/ Susan C. Gordon

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

Date: March 24, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of Viacom Inc. and in the capacities and on the dates indicated:

Signature	Title	Date
* George S. Abrams	Director	March 24, 2000
/s/ Philippe P. Dauman Philippe P. Dauman	Director	March 24, 2000
/s/ Thomas E. Dooley Thomas E. Dooley	Director	March 24, 2000
* Ken Miller	Director	March 24, 2000
* Brent D. Redstone	Director	March 24, 2000
* Shari Redstone	Director	March 24, 2000

Signature	Title	Date
/s/ Sumner M. Redstone Sumner M. Redstone	Director	March 24, 2000
* Frederic V. Salerno	Director	March 24, 2000
* William Schwartz	Director	March 24, 2000
* Ivan Seidenberg	Director	March 24, 2000

*By: /s/ Michael D. Fricklas
Michael D. Fricklas
Attorney-in-Fact
for the Directors

March 24, 2000

VIACOM INC. AND SUBSIDIARIES

INDEX TO EXHIBITS
ITEM 14(c)

Exhibit No.	Description of Document	Page No.
(2)	Plan of Acquisition	
(a)	Agreement and Plan of Merger dated as of January 7, 1994, as amended as of June 15, 1994, between Viacom Inc. and Blockbuster Entertainment Corporation (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-55271).	
(b)	Amended and Restated Agreement and Plan of Merger dated as of February 4, 1994 between Viacom Inc. and Paramount Communications Inc., as further amended as of May 26, 1994, among Viacom, Viacom Sub Inc. and Paramount Communications Inc. (incorporated by reference to Exhibit 2.1, included as Annex I, to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-53977).	
(c)	Agreement and Plan of Merger, dated as of May 17, 1999, among Viacom International Inc., VSEG Acquisition Inc. and Spelling Entertainment Group Inc. (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Viacom Inc. with a Report Date of May 17, 1999) (File No. 1-9553).	
(d)	Amended and Restated Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom Inc., CBS Corporation and Viacom/CBS LLC (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 333-88613).	
(3)	Articles of Incorporation and By-laws	
(a)	Restated Certificate of Incorporation of Viacom Inc. (filed herewith).	
(b)	By-laws of Viacom Inc. (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-13812).	
(4)	Instruments defining the rights of security holders, including indentures	
(a)	Specimen certificate representing the Viacom Inc. Voting Common Stock (currently Class A Common Stock) (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-13812).	
(b)	Specimen certificate representing Viacom Inc. Class B Non-Voting Common Stock (incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1990) (File No. 1-9553).	
(c)	Amended and Restated Credit Agreement dated as of March 26, 1997 among Viacom Inc.; the Bank parties thereto; The Bank of New York ("BNY"), Citibank N.A. ("Citibank"), Morgan Guaranty Trust Company of New York ("Morgan Guaranty"), Bank of America NT&SA ("BofA") and The Chase Manhattan Bank ("Chase"), as Managing Agents; BNY, as Documentation Agent; Citibank, as Administrative Agent; JP Morgan Securities Inc. ("JP Morgan") and BofA, as Syndication Agents; and the Agents and Co-Agents named therein (incorporated by reference to Exhibit 4(f) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553) as amended by Amendment No. 1, dated as of June 30, 1997 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1997) (File No. 1-9553), as further amended by Amendment No. 2, dated as of December 19, 1997	

Exhibit No.	Description of Document	Page No.
	(incorporated by reference to Exhibit 4(e) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1997) (File No. 1-9553), as further amended by Amendment No. 3, dated as of May 21, 1999 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1999) (File No. 1-9553), and as further amended by Amendment No. 4, dated as of September 27, 1999 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1999) (File No. 1-9553), and Amended and Restated Credit Agreement dated as of March 26, 1997 among Viacom International Inc.; the Bank parties thereto; BNY, Citibank, Morgan Guaranty, BofA and Chase, as Managing Agents; BNY, as Documentation Agent; Citibank, as Administrative Agent; JP Morgan and BofA, as Syndication Agents; and the Agents and Co-Agents named therein (incorporated by reference to Exhibit 4(f) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553), as amended by Amendment No. 1, dated as of May 21, 1999 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1999) (File No. 1-9553).	
(d)	Credit Agreement, dated as of June 21, 1999, between Blockbuster Inc. and the banks named therein (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form S-1 filed by Blockbuster Inc.) (File No. 333-77899).	
(e)	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)	Viacom Inc. 1989 Long-Term Management Incentive Plan (as amended and restated through April 23, 1990 as further amended and restated through April 27, 1995 and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553).*	
(b)	Viacom Inc. 1994 Long-Term Management Incentive Plan (as amended and restated through April 27, 1995 and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553).*	
(c)	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended and restated through July 29, 1999 and as further amended and restated through September 6, 1999) (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 333-88613).*	
(d)	Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through March 27, 1996 and as further amended and restated through March 18, 1999) (incorporated by reference to Exhibit B to Viacom Inc.'s Definitive Proxy Statement dated April 16, 1999).*	
(e)	Viacom International Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated through December 17, 1992) (incorporated by reference to Exhibit 10(e) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1992, as amended by Form 10-K/A Amendment No. 1 dated November 29, 1993 and as further amended by Form 10-K/A Amendment No. 2 dated December 9, 1993) (File No. 1-9553).*	

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* Management contract or compensatory plan required to be filed as an exhibit

to this form pursuant to Item 14(c).

Exhibit No.	Description of Document	Page No.

(f) Viacom Inc. and Viacom International Inc. Retirement Income Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(f) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1989) (File No. 1-9553).*

(g) Viacom Inc. Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 1-9553).*

(h) Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Definitive Proxy Statement dated April 28, 1995).*

(i) Viacom Inc. Excess Investment Plan (incorporated by reference to Exhibit 4.1 to the Viacom Inc. Registration Statement on Form S-8) (File No. 1-9553).*

(j) Excess Pension Plan for Certain Employees of Viacom International Inc. restated as of January 1, 1996 (filed herewith).*

(k) Viacom Inc. Executive Severance Plan for Senior Vice Presidents (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1999) (File No. 1-9553).*

(l) Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Sumner M. Redstone (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 333-88613).*

(m) Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Mel Karmazin (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 333-88613).*

(n) Agreement, dated as of January 1, 1996, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10(l) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1995) (File No. 1-9553), as amended by an Agreement dated August 20, 1998 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1998) (File No. 1-9553).*

(o) Agreement, dated September 6, 1999, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Viacom Inc. with a Report Date of September 6, 1999) (File No. 1-9553).*

(p) Agreement, dated as of January 1, 1996, between Viacom Inc. and Thomas E. Dooley (incorporated by reference to Exhibit 10(m) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1995) (File No. 1-9553), as amended by an Agreement dated August 20, 1998 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1998) (File No. 1-9553).*

(q) Agreement, dated September 6, 1999, between Viacom Inc. and Thomas E. Dooley (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of Viacom Inc. with a Report Date of September 6, 1999) (File No. 1-9553).*

(r) Agreement, dated as of January 1, 1996, between Viacom Inc. and Michael D. Fricklas, as amended by an Agreement dated March 31, 1998, and as further amended by an Agreement dated October 12, 1998 (incorporated by reference to Exhibit 10(n) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998) (File No. 1-9553).*

(s) Agreement, dated as of April 1, 1995, between Viacom Inc. and George S. Smith, Jr., as amended by an Agreement dated as of March 30, 1998 (incorporated by reference to Exhibit 10(o) to the Annual Report on Form 10-K of Viacom

Inc. for the fiscal year ended December 31, 1997) (File No. 1-9553).*

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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 14(c).

Exhibit No.	Description of Document	Page No.

(t) Service Agreement, dated as of March 1, 1994, between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1994) (File No. 1-9553).*

(u) Blockbuster Entertainment Corporation ("BEC") stock option plans* assumed by Viacom Inc. after the Blockbuster Merger consisting of the following:

(i) BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 31, 1989).

(ii) Amendments to BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 3, 1991).

(iii) BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 29, 1990).

(iv) Amendments to BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991).

(v) BEC's 1991 Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991).

(vi) BEC's 1991 Non-Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991).

(vii) BEC's 1994 Stock Option Plan (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K of BEC for the fiscal year ended December 31, 1993) (File No. 0-12700).

(v) Stock Purchase Agreement, dated as of May 17, 1998, among Viacom International Inc., Pearson Inc., and Pearson plc (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1998) (File No. 1-9553), as amended by Amendment No. 1 dated as of November 25, 1998 (incorporated by reference to Exhibit 10(v) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998) (File No. 1-9553).

(11) Statements re Computation of Net Earnings Per Share

(21) Subsidiaries of Viacom Inc.

(23) Consents of Experts and Counsel

(a) Consent of PricewaterhouseCoopers LLP

(24) Powers of Attorney

(27) Financial Data Schedule

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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 14(c).

VIACOM INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Item 14a

The following consolidated financial statements and schedule of the registrant and its subsidiaries are submitted herewith as part of this report:

	Reference (Page/s)
1. Report of Independent Accountants	II-23
2. Management's Statement of Responsibility for Financial Reporting	II-24
3. Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997	II-25
4. Consolidated Balance Sheets as of December 31, 1999 and 1998	II-26
5. Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997	II-27
6. Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended December 31, 1999, 1998 and 1997	II-28
7. Notes to Consolidated Financial Statements	II-29-II-66
Financial Statement Schedule:	
II. Valuation and qualifying accounts	F-2

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

VIACOM INC. AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

Col. A	Col. B	Col. C		Col. D	Col. E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:					
Year ended December 31, 1999.............	$ 98.7	$33.5	$ 8.1	$ 30.8	$109.5
Year ended December 31, 1998.............	$ 99.8	$29.5	$18.3	$ 48.9(A)	$ 98.7
Year ended December 31, 1997.............	$101.3	$83.1	$(6.2)	$ 78.4(B)	$ 99.8
Valuation allowance on deferred tax assets:					
Year ended December 31, 1999.............	$ 88.3	$ --	$ 3.8	$ (3.9)	$ 96.0
Year ended December 31, 1998.............	$106.8	$ --	$ --	$ 18.5	$ 88.3
Year ended December 31, 1997.............	$ 81.8	$25.0	$ --	$ --	$106.8
Reserves for inventory obsolescence:					
Year ended December 31, 1999.............	$ 56.7	$18.5	$16.8	$ 58.8(C)	$ 33.2
Year ended December 31, 1998.............	$150.6	$25.7	$(8.1)	$111.5	$ 56.7
Year ended December 31, 1997.............	$105.8	$98.9	$ --	$ 54.1(C)	$150.6

Notes:

(A) Primarily related to the sale of Non-Consumer Publishing and amounts written off, net of recoveries.

(B) Includes amounts written off, net of recoveries and amounts related to discontinued operations.

(C) Primarily related to the second quarter 1997 Blockbuster charge associated with the reduction in the carrying value of excess inventory.

RESTATED CERTIFICATE OF INCORPORATION OF VIACOM INC.

(Originally incorporated on November 10, 1986 under the name Arsenal Holdings, Inc.)

Viacom Inc., a Delaware corporation (the "Corporation"), does hereby certify that this Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Restated Certificate of Incorporation of this Corporation as heretofore amended or supplemented, there being no discrepancies between those provisions and the provisions of this Restated Certificate of Incorporation, and that it has been duly adopted by the Corporation's Board of Directors in accordance with Section 245 of the Delaware General Corporation Law.

ARTICLE I

NAME

The name of this Corporation is Viacom Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT FOR SERVICE

The registered office of the Corporation in the State of Delaware is located 1013 Centre Road, City of Wilmington, County of New Castle. The name and address of the Corporation's registered agent for service of process in Delaware is:

Corporation Service Company
1013 Centre Road
Wilmington, Delaware 19805-1297

ARTICLE III

CORPORATE PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

CAPITAL STOCK

(1) Shares, Classes and Series Authorized.

(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 3,700,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

(i) 500,000,000 shares of Class A Common Stock, $0.01 par value ("Class A Common Stock").

(ii) 3,000,000,000 shares of Class B Common Stock, $0.01 par value ("Class B Common Stock").

(iii) 200,000,000 shares of Preferred Stock, $0.01 par value ("Preferred Stock").

(b) The number of authorized shares of Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote.

(2) Powers and Rights of the Class A Common Stock and the Class B Common Stock. Except as otherwise expressly provided in this Restated Certificate of Incorporation, all issued and outstanding shares of Class A Common Stock and Class B Common Stock shall be identical and shall entitle the holders thereof to the same rights and privileges.

A. Voting Rights and Powers. Except as otherwise provided in this Restated Certificate of Incorporation or required by law, with respect to all matters upon which stockholders are entitled to vote, the holders of the outstanding shares of Class A Common Stock shall vote together with the holders of any other outstanding shares of capital stock of the Corporation entitled to vote, without regard to class, and every holder of outstanding shares of Class A Common Stock shall be entitled to cast thereon one vote in person or by proxy for each share of Class A Common Stock standing in his name. The holders of shares of Class A Common Stock shall have the relevant class voting rights set forth in Article IX. Except as otherwise required by law, the holders of outstanding shares of Class B Common Stock shall not be entitled to any votes upon any questions presented to stockholders of the Corporation, including but not limited to, whether to increase or decrease (but not below the number of shares then outstanding) the number of authorized shares of Class B Common Stock.

B. Dividends. Subject to the rights and preferences of the Preferred Stock set forth in this Article IV and in any resolution or resolutions providing for the issuance of such stock as set forth in Section (3) of this Article IV, the holders of Class A Common Stock and Class B Common Stock shall be entitled to receive ratably such dividends as may from time to time be declared by the Board of Directors out of funds legally available therefor.

C. Distribution of Assets Upon Liquidation. In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled under the resolutions authorizing the issuance of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided ratably among the holders of Class A Common Stock and Class B Common Stock.

D. Split, Subdivision or Combination. If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined.

E. Conversion. So long as there are 10,000 shares of Class A Common Stock outstanding, each record holder of shares of Class A Common Stock or Class B Common Stock may convert any or all of such shares into an equal number of shares of Class B Common Stock by surrendering the certificates for such shares, accompanied by payment of documentary, stamp or similar issue or transfer taxes, if any, along with a written notice by such record holder to the Corporation stating that such record holder desires to convert such shares into the same number of shares of Class B Common Stock and requesting that the Corporation issue all of such Class B Common Stock to the persons named therein, setting forth the number of shares of Class B Common Stock to be issued to each such person and the denominations in which the certificates therefor are to be issued.

(3) Powers and Rights of the Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any; the consideration for which the shares of such series are to be issued; the number of shares constituting such series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon which and the times at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or noncumulative, and, if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other

series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Class A Common Stock or Class B Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof pertaining to shares of such series permitted by law.

(4) Issuance of Class A Common Stock, Class B Common Stock and Preferred Stock. The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of Class A Common Stock, Class B Common Stock and Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by any of the stockholders of the Corporation, except as otherwise required by law.

ARTICLE V

DIRECTORS

(1) Power of the Board of Directors. The property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

(a) To make, alter, amend or repeal the By-Laws of the Corporation; provided that no By-Laws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such By-Laws had not been adopted;

(b) To determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the property, business and affairs of the Corporation, including the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for Board meetings, as well as the manner of taking Board action; and

(c) To exercise all such powers and do all such acts as may be exercised by the Corporation, subject to the provisions of the laws of the State of Delaware, this Restated Certificate of Incorporation, and the By-Laws of the Corporation.

(2) Number and Qualifications of Directors. The number of directors constituting the entire Board of Directors shall be fixed from time to time by resolution of the Board of Directors

but shall not be less than three nor more than twenty. Directors shall be elected to hold office for a term of one year. As used in this Restated Certificate of Incorporation, the term "entire Board of Directors" means the total number of Directors fixed in the manner provided in this Article V Section (2) and in the By-Laws.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

(1) Action Not By or on Behalf of Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including trustee) of another corporation, partnership, joint venture, trust or other enterprise, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) Action By or on Behalf of Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(3) Successful Defense. To the extent that a present or former Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense

of any action, suit or proceeding referred to in Section 1 or 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(4) Determination of Right to Indemnification in Certain Circumstances. Any indemnification under Section 1 or 2 of this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2 of this Article IV. Such determination shall be made, with respect to a person who is a Director or officer at the time of such determination, (1) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such Directors designated by a majority vote of such Directors, even though less than a quorum, or (3) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders of the Corporation entitled to vote thereon.

(5) Advance Payment of Expenses.

(a) Expenses (including attorneys' fees) incurred by a Director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Director or officer, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article.

(b) Expenses (including attorneys' fees) incurred by any other employee or agent in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as the Corporation deems appropriate.

(6) Not Exclusive. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VI shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, by-law, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any Director, officer, employee or agent of the Corporation providing indemnification for such person against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the Corporation, that arises by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent allowed by law, except that no such agreement

shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

(7) Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

(8) Certain Definitions. For the purposes of this Article VI, (A) any Director, officer, employee or agent of the Corporation who shall serve as a director, officer, employee or agent of any other corporation, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (B) any director, officer, employee or agent of any subsidiary corporation, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director, officer, employee or agent at the request of the Corporation, unless the Board of Directors of the Corporation shall determine otherwise. In all other instances where any person shall serve as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such director, officer, employee or agent at the request of the Corporation, the Board of Directors of the Corporation may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VI, references to a corporation include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article VI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VI.

(9) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VII

DIRECTOR LIABILITY TO THE CORPORATION

(a) A Director's liability to the Corporation for breach of duty to the Corporation or its stockholders shall be limited to the fullest extent permitted by Delaware law as now in effect or hereafter amended. In particular, no Director of the Corporation shall be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the Director derived an improper personal benefit.

(b) Any repeal or modification of the foregoing paragraph (a) by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

(c) If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the liability of directors, then a director of the Corporation, in addition to the circumstances in which he is not now liable, shall be free of liability to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

ARTICLE VIII

RESERVATION OF RIGHT TO AMEND CERTIFICATE OF INCORPORTION

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Restated Certificate of Incorporation and all rights and powers conferred in this Restated Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

Each reference in the Restated Certificate of Incorporation to "the Restated Certificate of Incorporation", "hereunder", "hereof", or words of like import and each reference to the Restated Certificate of Incorporation set forth in any amendment to the Restated Certificate of Incorporation shall mean and be a reference to the Restated Certificate of Incorporation as supplemented and amended through such amendment to the Restated Certificate of Incorporation.

ARTICLE IX

VOTING RIGHTS

(1) Class A Common Stock. In addition to any other approval required by law or by this Restated Certificate of Incorporation, the affirmative vote of a majority of the then outstanding shares of Class A Common Stock, voted separately as a class, shall be necessary to approve any consolidation of the Corporation with another corporation, any merger of the Corporation into another corporation or any merger of any other corporation into the Corporation pursuant to which shares of Common Stock are converted into or exchanged for any securities or any other consideration.

(2) Preferred Stock. In addition to any other approval required by law or by this Restated Certificate of Incorporation, each particular series of any class of Preferred Stock shall have such right to vote, if any, as shall be fixed in the resolution or resolutions, adopted by the Board of Directors, providing for the issuance of shares of such particular series.

ARTICLE X

STOCK OWNERSHIP AND THE FEDERAL COMMUNICATIONS LAWS

(1) Results for Information. So long as the Corporation or any of its subsidiaries holds any authorization from the Federal Communications Commission (or any successor thereto), if the Corporation has reason to believe that the ownership, or proposed ownership, of shares of capital stock of the Corporation by any stockholder or any person presenting any shares of capital stock of the Corporation for transfer into his name (a "Proposed Transferee") may be inconsistent with, or in violation of, any provision of the Federal Communications Laws (as hereinafter defined), such stockholder or Proposed Transferee, upon request of the Corporation, shall furnish promptly to the Corporation such information (including without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall reasonably request to determine whether the ownership of, or the exercise of any rights with respect to, shares of capital stock of the Corporation by such stockholder or Proposed Transferee is inconsistent with, or in violation of, the Federal Communications Laws. For purposes of this Article X, the term "Federal Communications Laws" shall mean any law of the United States now or hereafter in effect (and any regulation thereunder) pertaining to the ownership of, or the exercise of the rights of ownership with respect to, capital stock of corporations holding, directly or indirectly, Federal Communications Commissions authorizations, including, without limitation, the Communications Act of 1934, as amended (the "Communications Act"), and regulations thereunder pertaining to the ownership, or the exercise of the rights of ownership, of capital stock of corporations holding, directly or indirectly, Federal Communications Commission authorizations, by (i) aliens, as defined in or under the Communications Act, as it may be amended from time to time, (ii) persons and entities having interests in television or radio stations, daily newspapers and cable television systems or (iii)

persons or entities, unilaterally or otherwise, seeking direct or indirect control of the Corporation, as construed under the Communications Act, without having obtained any requisite prior Federal regulatory approval to such control.

(2) Denial of Rights, Refusal to Transfer. If any stockholder or Proposed Transferee from whom information is requested should fail to respond to such request pursuant to Section (1) of this Article or the Corporation shall conclude that the ownership of, or the exercise of any rights of ownership with respect to, shares of capital stock of the Corporation, by such stockholder or Proposed Transferee, could result in any inconsistency with, or violation of, the Federal Communications Laws, the Corporation may refuse to permit the transfer of shares of capital stock of the Corporation to such Proposed Transferee, or may suspend those rights of stock ownership the exercise of which would result in any inconsistency with, or violation of, the Federal Communications Laws, such refusal of transfer or suspension to remain in effect until the requested information has been received and the Corporation has determined that such transfer, or the exercise of such suspended rights, as the case may be, is permissible under the Federal Communications Laws, and the Corporation may exercise any and all appropriate remedies, at law or in equity, in any court of competent jurisdiction, against any such stockholder or Proposed Transferee, with a view towards obtaining such information or preventing or curing any situation which would cause any inconsistency with, or violation of, any provision of the Federal Communications Laws.

(3) Legends. The Corporation may note on the certificates of its capital stock that the shares represented by such certificates are subject to the restrictions set forth in this Article.

(4) Certain Definitions. For purposes of this Article, the word "person" shall include not only natural persons but partnerships, associations, corporations, joint ventures and other entities, and the word "regulation" shall include not only regulations but rules, published policies and published controlling interpretations by an administrative agency or body empowered to administer a statutory provision of the Federal Communications Laws.

ARTICLE XI

TRANSACTIONS WITH DIRECTORS AND OFFICERS

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of such stockholders, or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders entitled to vote thereon. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE XII

COMPROMISE AND REORGANIZATION

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agrees to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

IN WITNESS WHEREOF, Viacom Inc. has caused its corporate seal to be hereunto affixed and this certificate to be signed by Michael D. Fricklas, Senior Vice President, General Counsel, and Ilene Stack, Assistant Secretary, this 19th day of May, 1999.

VIACOM INC.

By: /s/ Michael D. Fricklas

Michael D. Fricklas
Senior Vice President
and General Counsel

ATTEST:

/s/ Ilene Stack
- ------------------------------------
ILENE STACK
Assistant Secretary

Exhibit 10(j)

EXCESS PENSION PLAN FOR CERTAIN EMPLOYEES OF VIACOM INTERNATIONAL INC. RESTATED AS OF JANUARY 1, 1996

1. Effective Date

The Plan was adopted effective as of January 1, 1989. It is hereby restated effective January 1, 1996.

2. Purpose

The purpose of this Plan is to provide for the payment of certain pension and pension-related benefits to certain employees so that the total pension and pension-related benefits of such employees can be determined on the same basis as is applicable to all other employees of VIACOM INC. (hereinafter called "the Company"). The creation of this Plan was made necessary by certain benefit limitations imposed on the Viacom Pension Plan (hereinafter called the "Basic Plan") by Section 401(a)(17) and Section 415 of the Internal Revenue Code (the "Code") of 1986, as amended; the Employee Retirement Income Security Act of 1974, and related legislation.

3. Administration

This Plan shall be administered by the Retirement Committee appointed by the Board of Directors (hereinafter called "the Committee") which shall administer it in a manner consistent with the administration of the Basic Plan, except that this Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of Section 401(a) of the Code. The Committee's decisions in all matters involving the interpretation and application of this Plan shall be final. The Committee may act on its own behalf or through the actions of its duly authorized representative.

The Committee shall be the final review committee under the Plan, with the authority to determine conclusively for all parties any and all questions arising from the administration of the Plan, and shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decisions shall be conclusive and binding on all parties and not subject to further review.

4. Eligibility

Employees who are eligible for benefits under the Plan are those Employees who are Participants in the Basic Plan and whose annual base salary is payable at a rate equal to or in excess of $150,000, as adjusted from time to time by the Committee. If an Employee becomes eligible for benefits under the Plan in any Plan year, such Employee shall remain a participant of the Plan for all further Plan years.

For purposes of this Plan, "Compensation" means the total compensation taken into account under the Basic Plan (without regard to the limitations of Section 401(a)(17) of the Code and the regulations thereunder) plus any of deferrals under any non-qualified deferred compensation plan maintained by the Company, including bonus deferrals under any such plan. Notwithstanding the foregoing, effective for the year ending December 31, 1988, Compensation paid to Frederick Schneier shall include amounts deemed received by him as a result of the transfer to him of a portion of the Company's equity interest in certain real property located at 1277 So. Beverly Glen Blvd., Unit 402, Los Angeles, CA 90224.

An eligible Employee's Compensation under this Plan shall be subject to a maximum annual Compensation of $750,000. For Employees eligible as of December 31, 1995, the maximum annual Compensation for the 1996 Plan Year and each subsequent Plan Year shall be the greater of (i) $750,000 or

(ii) the Employee's Compensation under the Plan as it existed with respect to the 1995 Plan Year.

In no event shall an Employee who is not entitled to benefits under the Basic Plan be eligible for a benefit under this Plan.

5. Amount of Benefit

The benefits payable to an eligible Employee or his beneficiary(ies) under this Plan shall equal the excess, if any, of:

(a) the benefits which would have been paid to such Employee, or on his behalf to his beneficiary(ies), under the Basic Plan, if the provisions of such Plan were administered without regard to the limitations required by Code Sections 401(a)(17) and 415 and by including all Compensation (as defined in Section 4. above) earned by such Employee, over

(b) the benefits which are payable to such Employee or on his behalf to his beneficiary(ies) under the Basic Plan.

Notwithstanding any other provision of this Plan to the contrary, in no event shall the years of Benefit Service used to calculate an Employee's Plan benefit exceed 30 years.

6. Payment of Benefits

Payment of benefits under this Plan shall be coincident with and in the same form and manner as the payment of the limited benefit payments made to the Employee or on his behalf to his beneficiaries under the Basic Plan.

7. Employees' Rights

An Employee's rights under this Plan, including his rights to vested benefits, shall be the same as his rights under the Basic Plan, except that he shall not be entitled to any payments from the Pension Trust maintained under the Basic Plan on the basis of any benefits to which he may be entitled under this Plan. Benefits under this Plan shall be payable from the general assets of the Company.

8. Amendment and Discontinuance

The Company expects to continue this Plan indefinitely, but reserves the right to amend or discontinue it if, in its sole judgment, such a change is deemed necessary or desirable.

However, if the Company should amend or discontinue this Plan, the Company shall be liable for the lesser of:

(a) any benefits accrued under this Plan (determined on the basis of each Employee's presumed termination of employment as of the date of such amendment or discontinuance) as of the date of such action; or

(b) any benefits which would have been accrued under this Plan up to the date of the actual termination of employment, if this Plan had remained in existence until such time.

Exhibit 11

Viacom Inc. and Subsidiaries
Computation of Net Earnings Per Share

	Year ended December 31,		
	1999	1998	1997
	(In millions, except per share amounts)		
Earnings:			
Earnings (loss) from continuing operations...........	$371.7	$ (43.5)	$373.5
Cumulative convertible preferred stock dividend requirement..	(0.4)	(57.2)	(60.0)
Discount (premium) on redemption of preferred stock..	(12.0)	30.0	--
Earnings (loss) from continuing operations attributable to common stock........................	359.3	(70.7)	313.5
Earnings (loss) from discontinued operations, net of tax..	--	(54.1)	14.9
Net gain on dispositions, net of tax.................	--	49.9	405.2
Extraordinary loss, net of tax.......................	(37.7)	(74.7)	--
Net earnings (loss).................................	$321.6	$(149.6)	$733.6
Basic computation:			
Shares:			
Weighted average number of common shares.............	695.2	708.7	705.8
Net earnings per common share:			
Earnings (loss) from continuing operations...........	$ 0.52	$ (0.10)	$ 0.44
Earnings (loss) from discontinued operations, net of tax..	--	(0.08)	0.02
Net gain on dispositions, net of tax.................	--	0.07	0.58
Extraordinary loss, net of tax.......................	(0.06)	(0.10)	--
Net earnings (loss).................................	$ 0.46	$ (0.21)	$ 1.04
Diluted computation:			
Shares:			
Weighted average number of common shares (basic).....	695.2	708.7	705.8
Common shares potentially issuable in connection with stock options and warrants/(1):/.............	14.3	--	2.7
Weighted average number of common shares (diluted)...	709.5	708.7	708.5
Net earnings per common share:			
Earnings (loss) from continuing operations...........	$ 0.51	$ (0.10)	$ 0.44
Earnings (loss) from discontinued operations, net of tax..	--	(0.08)	0.02
Net gain on dispositions, net of tax.................	--	0.07	0.58
Extraordinary loss, net of tax.......................	(0.06)	(0.10)	--
Net earnings (loss).................................	$ 0.45	$ (0.21)	$ 1.04

(1) For the year ended December 31, 1998, the assumed exercise of stock options and warrants had an antidilutive effect on earnings per share, and therefore was excluded from the diluted earnings per share calculation.

EXHIBIT 21

The following table sets forth substantially all of the direct and indirect, fifty percent or greater owned subsidiaries of Viacom Inc.:

SUBSIDIARY NAME	STATE OF INCORPORATION
2 Day Video, Inc.	Texas
2 Day Video, Inc. of Georgia	Georgia
37th Floor Productions Inc.	Delaware
5555 Communications Inc.	Delaware
90210 Productions, Inc.	California
A.S. Payroll Company	California
Aaron Spelling Productions, Inc.	California
Acorn Pipe Line Company	Texas
Acorn Properties, Inc.	Texas
Acorn Trading Company	Texas
Addax Music Co., Inc.	Delaware
Aetrax International Corporation	Delaware
After School Productions Inc.	Delaware
Ages Electronics, Inc.	Delaware
Ages Entertainment Software, Inc.	Delaware
Alaska Oil Company, Inc.	Florida
All Media Inc.	Delaware
Antics G.P. Inc.	Delaware
Antics Inc.	Delaware
A-R Acquisition Corp.	Delaware
Around the Block Productions, Inc.	Delaware
Artcraft Productions Inc.	Delaware
Atlantic Associates, Inc.	Delaware
Atlantic Home Video	Delaware
Bardwire Inc.	Delaware
Beta Theatres Inc.	Delaware
Big Planet Video, Inc.	New Hampshire
Big Shows Inc.	Delaware
Big Ticket Music Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Big Ticket Pictures Inc.	Delaware
Big Ticket Productions Inc.	Delaware
Big Ticket Television Inc.	Delaware
Blockbuster Airships, Inc.	Delaware
Blockbuster Amphitheater Corporation	Delaware
Blockbuster Canada Inc.	Delaware
Blockbuster Computer Systems Corporation	Florida
Blockbuster Distribution, Inc.	Delaware
Blockbuster Entertainment Corporation	Delaware
Blockbuster Global Services Inc.	Delaware
Blockbuster Inc.	Delaware
Blockbuster International Spain Inc.	Delaware
Blockbuster Investments LLC	Delaware
Blockbuster Mid-America, Inc.	Delaware
Blockbuster On-Line Services, Inc.	Delaware
Blockbuster Park Lands, Inc.	Florida
Blockbuster Park, Inc.	Delaware
Blockbuster SC Video Operating Corporation	Delaware
Blockbuster Services Inc.	Delaware
Blockbuster Technology Holding Corporation	Delaware
Blockbuster Video Acquisition Corp.	Delaware
Blockbuster Video Italy, Inc.	Delaware
Blue Cow Inc.	Delaware
BN Productions Inc.	Delaware
Bombay Hook Limited	Delaware
Box Italy LLC, The	Delaware
Box Worldwide LLC, The	Delaware
Branded Productions Inc.	California
Broadcast Leasing Inc.	Delaware
Brown Pelican Productions Inc.	Delaware
Bruin Music Company	Delaware
BS Hotel, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Bulletin Company	Delaware
California Holdings LLC	Delaware
Centurion Satellite Broadcast Inc.	Delaware
Charlotte Amphitheater Corporation	Delaware
Charmac, Inc.	Florida
Chartcom, Inc.	Delaware
Charter Barge Company	New York
Charter Caribbean Company	Florida
Charter Crude Oil Company	Texas
Charter Crude Oil Trading Company	Texas
Charter Futures Trading Company	Texas
Charter International Development Co.	Florida
Charter International Oil Company	Texas
Charter Marine Transportation Inc.	Delaware
Charter Media Company	Delaware
Charter Oil (Alaska), Inc.	Florida
Charter Oil (Bahamas), Inc.	Florida
Charter Oil (International), Inc.	Florida
Charter Oil Company	Florida
Charter Oil Services, Inc.	Texas
Charter Publishing Company	Delaware
Cinamerica Service Corporation	Delaware
Classless Inc.	Delaware
Cloverleaf Productions Inc.	Delaware
COFI Credit Corporation	Delaware
Columbus Circle Films Inc.	Delaware
Compelling Music Corporation	California
D.E.J. Productions Inc.	Delaware
Dayton Press, Inc.	Florida
Desilu Music Corp.	New York
Desilu Productions, Inc.	Delaware
Direct Court Productions, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Dynamic Soap, Inc.	California
Eagle Direct Inc.	Delaware
Eighth Century Corporation	Delaware
Elite Productions Inc.	Delaware
Energy Development Associates, Inc.	Delaware
Ensign Music Corporation	Delaware
EPI Music Company	California
Evergreen Programs, Inc.	New York
EWB Corporation	Delaware
Family Entertainment Centers, Inc.	Florida
Famous Music Corporation	Delaware
Famous Orange Productions Inc.	Delaware
Festival Inc.	Delaware
Fifty-Sixth Century Antrim Iron Company, Inc.	Delaware
Film Intex Corporation	Delaware
Filmcraft Productions Inc.	Delaware
FLC Holding Corp.	Florida
Forty-Fourth Century Corporation	Delaware
French Street Management Inc.	Delaware
Fried Worms Productions Inc.	Delaware
Front Street Management Inc.	Delaware
FT Productions Inc.	Delaware
Future General Corporation	Delaware
G & W Leasing Company	Delaware
G & W Natural Resources Company, Inc.	Delaware
Games Animation Inc.	Delaware
Games Exchange Inc.	Delaware
Games Productions Inc.	Delaware
GC Productions Inc.	Delaware
Glendale Property Corp.	Delaware
Glory Productions Inc.	Delaware
Gloucester Titanium Company, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
GNS Productions Inc.	Delaware
Grammar Productions Inc.	Delaware
Gramps Company, Inc., The	Delaware
Great American Entertainment Motion Pictures, Inc.	California
Great American Entertainment Television, Inc.	California
Green Tiger Press, Inc.	California
Gulf & Western Indonesia, Inc.	Delaware
Hamilton Projects, Inc.	New York
House of Yes Productions Inc.	Delaware
HZH Company	Delaware
Image Edit, Inc.	Delaware
Imagine Radio, Inc.	California
IMR Acquisition Corp.	Delaware
Independent Petrochemical Corporation	Ohio
International Overseas Film Services, Inc.	Delaware
International Overseas Productions, Inc.	California
Interstitial Programs Inc.	Delaware
Irvine Games Inc.	Delaware
Irvine Games USA Inc.	Delaware
Joseph Productions Inc.	Delaware
Katled Systems Inc.	Delaware
Kilo Mining Corporation	Pennsylvania
Kings Island Company	Delaware
KSLQ, Inc.	Missouri
Ladies Man Productions USA Inc.	Delaware
Large Ticket Songs Inc.	Delaware
Laurel Entertainment, Inc.	Delaware
Low Key Productions Inc.	Delaware
LT Holdings Inc.	Delaware
Magicam, Inc.	Delaware
Major Video Super Stores, Inc.	Nevada
Marathon Holdings Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Matlock Company, The	Delaware
Mattalex Corporation	Delaware
Melrose Productions Inc.	California
Merritt Inc.	Delaware
Michaela Productions Inc.	Delaware
Montgomery Acquisition, Inc.	Delaware
MTV Animation Inc.	Delaware
MTV Asia Development Company Inc.	Delaware
MTV Australia Inc.	Delaware
MTV India Development Company Inc.	Delaware
MTV Networks Company	Delaware
MTV Networks Enterprises Inc.	Delaware
MTV Networks Europe Inc.	Delaware
MTV Networks Global Services Inc.	Delaware
MTV Networks Latin America Inc.	Delaware
MTV Networks Shopping Inc.	Delaware
MTV Networks South Africa Inc.	Delaware
MTV Russia Holdings Inc.	Delaware
MTV Songs Inc.	Delaware
MTVBVI Inc.	Delaware
MTVN Online Inc.	Delaware
MTVN Online L.P.	Delaware
MTVN Online Partner I Inc.	Delaware
MTVN Online Partner I LLC	Delaware
MTVN Shopping Inc.	Delaware
Multi Mineral Corporation	Texas
Music By Nickelodeon Inc.	Delaware
Music By Video Inc.	Delaware
Nepco (Florida), Inc.	Florida
Nepco Energy Corporation	New York
Neutronium Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
New England Petroleum Corporation	New York
New Jersey Zinc Exploration Company, The	Delaware
New Leaf Entertainment Corporation	Delaware
Nick At Nite's TV Land Retromercials Inc.	Delaware
Nickelodeon Animation Studios Inc.	Delaware
Nickelodeon Australia Inc.	Delaware
Nickelodeon Brasil Inc.	Delaware
Nickelodeon Direct Inc.	Delaware
Nickelodeon Global Network Ventures Inc.	Delaware
Nickelodeon India Corporation	Delaware
Nickelodeon Magazines Inc.	Delaware
Nickelodeon Movies Inc.	Delaware
Nickelodeon Online Inc.	Delaware
Night Falls Productions Inc.	Delaware
Noggin LLC	Delaware
North Shore Productions Inc.	California
NTA Films, Inc.	New York
NTA, Inc.	New York
O Good Songs Company	California
Oil Company, The	Delaware
OM/TV Productions Inc.	Delaware
Oswego Barge Corporation	Delaware
Our Home Productions Inc.	Delaware
Outatown Productions Inc.	Delaware
Paramount (PDI) Distribution Inc.	Delaware
Paramount Advertiser Services Inc.	Delaware
Paramount Asia Inc.	Delaware
Paramount Canadian Productions, Inc.	Delaware
Paramount Communications Technology Group Inc.	Delaware
Paramount Digital Entertainment Inc.	Delaware
Paramount Films of Australia Inc.	Delaware
Paramount Films of China, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Paramount Films of Egypt, Inc.	Delaware
Paramount Films of India, Ltd.	Delaware
Paramount Films of Italy, Inc.	New York
Paramount Films of Lebanon, Inc.	New York
Paramount Films of Pakistan Ltd.	New York
Paramount Films of Southeast Asia Inc.	Delaware
Paramount General Entertainment Australia Inc.	Delaware
Paramount Home Entertainment Inc.	Delaware
Paramount Images Inc.	Delaware
Paramount LAPTV Inc.	Delaware
Paramount Music Corporation	Delaware
Paramount Overseas Productions, Inc.	Delaware
Paramount Parks Experience Inc.	Nevada
Paramount Parks Inc.	Delaware
Paramount Pictures Corporation	Delaware
Paramount Production Support Inc.	Delaware
Paramount Productions Service Corporation	Delaware
Paramount Stations Group Inc.	Virginia
Paramount Stations Group of Fort Worth/Dallas Inc.	Virginia
Paramount Stations Group of Houston Inc.	Virginia
Paramount Stations Group of Miami Inc.	Delaware
Paramount Stations Group of Oklahoma City LLC	Delaware
Paramount Stations Group of Philadelphia Inc.	Delaware
Paramount Stations Group of Pittsburgh Inc.	Delaware
Paramount Stations Group of Washington Inc.	Virginia
Paramount Stations Group of Wichita Inc.	Delaware
Paramount Television Service, Inc.	Delaware
Paramount-Roy Rogers Music Co., Inc.	New York
Para-Sac Music Corporation	Delaware
Park Court Productions, Inc.	Delaware
Part-Time Productions Inc.	Delaware
PCCGW Company, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
PCI Canada Inc.	Delaware
PCI Network Partner II Inc.	Delaware
PCI Network Partner Inc.	Delaware
Pet II Productions Inc.	Delaware
PMV Productions Inc.	Delaware
Possum Point Incorporated	Delaware
Premiere House, Inc.	Delaware
Preye, Inc.	California
Proxy Music Corporation	California
PSG of PHA Inc.	Virginia
Quemahoning Coal Processing Company	Pennsylvania
Real TV Music Inc.	Delaware
Reality Check Productions Inc.	Delaware
Remote Productions Inc.	Delaware
Republic Distribution Corporation	Delaware
Republic Entertainment Inc.	Delaware
Republic Pictures Enterprises, Inc.	Delaware
Republic Pictures Productions, Inc.	California
RH Productions Inc.	California
RTV News Inc.	Delaware
RTV News Music Inc.	Delaware
San Francisco Broadcasters, Inc.	California
Satellite Holdings Inc.	Delaware
Saucon Valley Iron and Railroad Company, The	Pennsylvania
Scarab Publishing Corporation	Delaware
Scott Mattson Farms, Inc.	Florida
SFI Song Company	Delaware
Show Works Productions Inc.	Delaware
Showtime Networks Inc.	Delaware
Showtime Networks Inc. (U.K.)	Delaware
Showtime Networks Middle East Inc.	Delaware
Showtime Networks Satellite Programming Company	California

SUBSIDIARY NAME	STATE OF INCORPORATION
Showtime Online Inc.	Delaware
Showtime Satellite Networks Inc.	Delaware
Showtime/Sundance Holding Company Inc.	Delaware
SIFO One Inc.	Delaware
SIFO Two Inc.	Delaware
Simon & Schuster Global Services Inc.	Delaware
Simon & Schuster International Inc.	Delaware
Simon & Schuster, Inc.	New York
SNI Development Corp.	Delaware
Soapmusic Company	Delaware
Solar Service Company	Delaware
SonicNet L.L.C.	Delaware
Southeastern Home Video, Inc.	Delaware
Special Effects Merchandise, Inc.	Delaware
Spelling Daytime Songs Inc.	Delaware
Spelling Daytime Television Inc.	Delaware
Spelling Entertainment Group Inc.	Delaware
Spelling Entertainment Inc.	Delaware
Spelling Films Inc.	Delaware
Spelling Films Music Inc.	Delaware
Spelling Pictures Inc.	Delaware
Spelling Satellite Networks, Inc.	California
Spelling Television Inc.	Delaware
St. Johns Realty Investors	Massachusetts
Starfish Productions Inc.	Florida
State of Mind Inc.	Delaware
Sunn Classic Pictures, Inc.	Utah
Sunset Beach Productions, Inc.	Delaware
Superstar Productions USA Inc.	Delaware
T & R Payroll Company	Delaware
T.V. Factory, Inc., The	New York
Talent Court Productions, Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Taylor Forge Memphis, Inc.	Delaware
They Productions Inc.	Delaware
Things of the Wild Songs Inc.	Delaware
Thinner Productions, Inc.	Delaware
Third Century Company	Delaware
Thirteenth Century Corporation	Delaware
Thirtieth Century Corporation	Delaware
Timber Purchase Company	Florida
Titus Productions, Inc.	California
Toe-To-Toe Productions Inc.	Delaware
Torand Payroll Company	Delaware
Torand Productions Inc.	Delaware
Total Warehouse Services Corporation	Delaware
Trans-American Resources, Inc.	Delaware
TRF III Entertainment, Inc.	Delaware
TS Video, Inc.	Louisiana
TSM Services Inc.	Delaware
Tunes By Nickelodeon Inc.	Delaware
TV Scoop Inc.	Delaware
UI Video Stores, Inc.	Colorado
United Paramount Network (UPN)	Delaware
Universal American Corporation	Delaware
Uptown Productions Inc.	Delaware
VE Development Company	Delaware
VE Drive Inc.	Delaware
VE Television Inc.	Delaware
VHONE Inc.	Delaware
VIA Aircraft Management Inc.	Delaware
Viacom Animation of Korea Inc.	Delaware
Viacom Asia Inc.	Delaware
Viacom Broadcasting of Seattle Inc.	Delaware
Viacom Broadcasting West Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Viacom Camden Lock Inc.	Delaware
Viacom Consumer Products Inc.	Delaware
Viacom DBS Inc.	Delaware
Viacom Film Funding Company Inc.	Delaware
Viacom First Run Development Company Inc.	Delaware
Viacom First Run Limited	Delaware
Viacom Global Services Inc.	Delaware
Viacom HA! Holding Company	Delaware
Viacom IDA Inc.	Delaware
Viacom International Inc.	Delaware
Viacom International Inc. Political Action Committee Corporation	New York
Viacom IRB Acquisition Inc.	Delaware
Viacom Japan Inc.	New York
Viacom K-Band Inc.	Delaware
Viacom Networks Europe Inc.	Delaware
Viacom Networks Inc.	New York
Viacom Phoenix Inc.	Delaware
Viacom Pictures Development Company	Delaware
Viacom Pictures Inc.	Delaware
Viacom Pictures Movie Music Inc.	Delaware
Viacom Pictures Overseas Inc.	Delaware
Viacom Pictures Songs Inc.	Delaware
Viacom PNW Sports Inc.	Delaware
Viacom Productions Inc.	Delaware
Viacom Properties Inc.	Delaware
Viacom Realty Corporation	Delaware
Viacom Receivables Funding I Corporation	Delaware
Viacom Receivables Funding II Corporation	Delaware
Viacom Retail Stores, Inc.	Delaware
Viacom Satellite News Inc.	Delaware
Viacom Shopping Inc.	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Viacom Telecommunications (D.C.) Inc.	Delaware
Viacom World Wide Ltd.	New York
Via-Sac Music Inc.	Delaware
VISI Services Inc.	Delaware
Vision Productions, Inc.	New York
VJK Inc.	Delaware
VNM Inc.	Delaware
VP Direct Inc.	Delaware
VP Programs Inc.	California
VSC Communications Inc.	Delaware
VSC Compositions Inc.	New York
VSC Music Inc.	New York
Western Row Properties, Inc.	Ohio
Westside Amphitheater Corporation, The	Arizona
WF Cinema Holdings, L.P.	Delaware
Wilshire Court Productions, Inc.	Delaware
Wilshire Entertainment Inc.	Delaware
Wilshire/Hauser Company	Delaware
WMJX, Inc.	Florida
World Entertainment Corp.	New York
World Volleyball League, Inc.	New York
Worldvision Enterprises (United Kingdom), Ltd.	New York
Worldvision Enterprises of Canada, Limited	New York
Worldvision Enterprises, Inc.	New York
Worldvision Home Video, Inc.	New York
Worldwide Productions, Inc.	Delaware
WT Animal Music Inc.	Delaware
WT Productions Inc.	Delaware
WV Productions, Inc.	Delaware
WVIT Inc.	Delaware
Young Reader's Press, Inc.	Delaware

Exhibit 23 (a)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 33-53485 and No. 33-55785) of Viacom Inc. and Viacom International Inc., respectively, and in the Registration Statements on Form S-8 (No. 333-42987, No. 333-34125, No. 33-41934, No. 33-56088, No. 33-59049, No. 33-59141, No. 33-55173, No. 33-55709, and No. 33-60943) of Viacom Inc. of our report dated February 10, 2000, except for the second and third paragraphs of Note 2, which are as of March 21, 2000, included in Item 8 of this Form 10-K.

PricewaterhouseCoopers LLP
New York, New York
March 24, 2000

EXHIBIT 24

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ George S. Abrams

George S. Abrams

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ Ken Miller

Ken Miller

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ Brent D. Redstone

Brent D. Redstone

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be her true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as she might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ Shari Redstone

Shari Redstone

VIACOM INC.

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ Frederic V. Salerno

Frederic V. Salerno

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ William Schwartz

William Schwartz

VIACOM INC.

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 23rd day of March, 2000.

/s/ Ivan Seidenberg

Ivan Seidenberg

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

1,000,000

12-MOS
DEC-31-1999
DEC-31-1999
681
0
1,807
110
1,960
5,198
5,256
1,831
24,486
4,400
5,698
8
0
0
11,124
24,486
12,859
12,859
8,338
11,612
0
0
449
844
411
372
0
(38)
0
322
.46
.45