

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): July 25, 1995

VIACOM INC.

(Exact name of registrant as specified in its charter)

Delaware 1-9553 04-2949533

(State or other (Commission (IRS Employer
jurisdiction of File Number) Identification No.)
incorporation)

1515 Broadway, New York, New York 10036

(Address of principal executive offices) (Zip Code)

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

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Item 5. Other Events.

On July 25, 1995, Viacom Inc., a Delaware corporation ("Viacom"), announced an agreement to spin off its cable systems serving close to 1.2 million customers to Viacom's shareholders in an exchange offer (the "Exchange Offer") that will reduce Viacom's debt obligations by \$1.7 billion. Under the transaction, such cable systems are valued at more than \$2.25 billion, which amount will vary due to closing adjustments for capital expenditures, working capital and other items.

The Exchange Offer will permit shareholders of Viacom Inc. Class A and Class B Common Stock ("Viacom Stock") to exchange such shares for shares of cumulative, redeemable, exchangeable preferred stock of a subsidiary (the "Subsidiary") of Viacom through which Viacom owns and conducts its cable systems business. Consummation of the Exchange Offer is expected to result in the redemption of approximately 3% of Viacom Stock. The ratio at which Viacom Stock will be exchanged for cumulative, redeemable, exchangeable preferred shares of the Subsidiary ("Preferred Stock") will be determined by dutch auction among holders of Viacom Stock who choose to tender their shares in the Exchange Offer. The range within which bids to exchange will be made will be determined by Viacom. The exchange ratio of Preferred Stock to Viacom Stock in the Exchange Offer will permit holders of Viacom Stock to receive a premium (capped at 12 1/2%) to the market price of Class B shares of Viacom common stock at the time of such exchange. Upon completion of the Exchange Offer, the Preferred Stock will be issued at an aggregate par value equal to the value of the cable systems (after closing adjustments and debt), estimated to be in excess of \$550 million at the time of the Exchange Offer.

Also on July 25, 1995, Viacom, the Subsidiary company and Tele-Communications, Inc. ("TCI") entered into a definitive agreement providing for the sale of the Subsidiary to TCI, pursuant to which TCI will make a capital

contribution of \$350 million to the Subsidiary in exchange for all of the common stock of the Subsidiary. The sale will take place immediately after the completion of the Exchange Offer. Five years after such sale and Exchange Offer, the Preferred Stock will become exchangeable for TCI Class A Common Stock ("TCI Stock"), at the option of the holders of the Preferred Stock.

National Amusements, Inc., the parent company of Viacom, will not participate in the Exchange Offer.

Consummation of the Exchange Offer and the related transactions is subject to certain regulatory approvals and other conditions, including among other things, (i) approvals of local franchise authorities, (ii) expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and (iii) the satisfaction of Viacom with the federal income tax treatment of the Exchange Offer and the transactions related thereto.

A copy of the press release issued by Viacom, dated July 25, 1995, relating to the above-described transaction is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Viacom and TCI have agreed to settle the antitrust action commenced by the Company on September 23, 1993 against TCI and certain of TCI's affiliates in the District Court for the Southern District of New York (Viacom International Inc. v. Tele-Communications, Inc., et. al., Case No 93 Civ. 6658 (LAP)), subject to certain conditions, including, among other things, the effectiveness of a new affiliation agreement covering TCI's long-term carriage of Showtime and The Movie Channel and the consummation of the cable transaction described above.

Item 7. Financial Statements and Exhibits.

(c) The following exhibit is filed as part of this report on Form 8-K:

99.1 Press Release issued by Viacom Inc. dated July 25, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VIACOM INC.

Date: July 25, 1995

By: /s/ Michael D. Fricklas

Name: Michael D. Fricklas
Title: Senior Vice President,
Deputy General Counsel

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press Release issued by Viacom Inc. dated July 25, 1995

VIACOM TO SPIN OFF CABLE SYSTEMS TO SHAREHOLDERS

Tele-Communications, Inc. Agrees To Acquire All Common
Shares of New Cable Company

Viacom To Reduce Debt by \$1.7 billion and Redeem
Approximately 3% of Common Stock

New York, NY, July 25, 1995 -- Viacom Inc. (AMEX: VIA and VIAB) today announced an agreement to spin off its cable systems to shareholders in an exchange offer that enables the company to unlock the value of non-core assets and reduce its debt by \$1.7 billion. The transaction values the cable systems -- which serve close to 1.2 million subscribers in the San Francisco Bay area; the Puget Sound region; Salem, Oregon; Nashville, Tennessee and Dayton, Ohio -- at more than \$2.25 billion.

The spin-off will be accomplished by a dutch-auction exchange offer to Viacom shareholders. The exchange offer will give shareholders the opportunity to continue to hold a stake in the cable business by exchanging shares of Viacom Inc. Class A and Class B Common Stock for shares of cumulative, redeemable exchangeable preferred stock of the new cable company. The spin-off will result in the redemption of approximately 3% of Viacom's Common Stock.

Viacom also announced that it has signed a definitive agreement with Tele-Communications, Inc. (TCI) under which TCI, through a capital contribution of \$350 million in cash, will purchase all of the common shares of the new cable company immediately following the spinoff.

Sumner M. Redstone, Chairman of the Board of Viacom Inc., said, "This transaction reduces our debt significantly and allows us to realize the value of our cable operations -- putting us well on our way to delivering on the financial goals we set for ourselves. Equally important, the transaction furthers our primary strategic focus -- enhancing our position as the world's premier content-driven media company while continuing to deliver outstanding operating performance."

Frank J. Biondi, Jr., President and Chief Executive Officer of Viacom Inc., said, "This is a dramatic step forward in reducing our debt and insuring that Viacom and its shareholders receive the maximum value for assets which no longer

fit our long-term growth plans. It is also gratifying to know that our cable operations, a major contributor to Viacom's success over the years, will now be optimally positioned for the increasingly competitive cable environment with a management committed to realizing their full potential."

The \$2.25 billion of value will vary due to certain closing adjustments for capital expenditures, working capital and other items. The preferred stock, which will be exchangeable at the holders' option for TCI Class A Common Stock after five years, will be issued at aggregate par value equal to the value of the cable systems (after closing adjustments and debt), estimated to be in excess of \$550 million at the time of the spin-off. The exchange ratio for the dutch auction will be determined by shareholders within the range offered by Viacom and will permit Viacom shareholders to receive a premium (capped at 12 1/2%) to the market price of Viacom Class B shares at the time.

The exchange offer and related transactions are subject to customary conditions, including regulatory approvals and consummation of the exchange offer. The transactions are expected to close in the first quarter of 1996. National Amusements, Inc., the parent company of Viacom, will not participate in the exchange offer.

Viacom Inc. is one of the world's largest entertainment and publishing companies and a leading force in nearly every segment of the international media marketplace. The operations of Viacom include Blockbuster Video, Blockbuster Music, MTV Networks, Paramount Parks, Paramount Pictures, Paramount Television, Showtime Networks, Simon & Schuster and Viacom Interactive Media, as well as radio and television stations, and movie screens in 11 countries. Viacom also has a substantial interest in Discovery Zone and a majority interest in Spelling

Entertainment Group. National Amusements, Inc., a closely held corporation which owns and operates more than 900 movie screens in the U.S. and the U.K., is the parent company of Viacom.

NOTE: A registration statement relating to the stock of the new cable company to be exchanged will be filed with the Securities and Exchange Commission (SEC). Stock of the new cable company may not be exchanged, nor may offers to exchange be accepted, prior to the time the registration statement becomes effective. This announcement does not constitute an offer to exchange or the solicitation of an offer to exchange nor shall there be any exchange of stock of the new cable company in any state in which such offer, solicitation, or exchange would be unlawful prior to registration or qualification under the securities laws of any such state. Stock of the new cable company will be offered only by means of a prospectus filed with the SEC.

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