

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

Commission file number 1-9553

VIACOM INC.

(Exact name of registrant as specified in its charter)

Delaware

04-2949533

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
identification No.)

1515 Broadway, New York, New York
(Address of principal executive offices)

10036
(Zip code)

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

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

Number of shares of Common Stock Outstanding at July 31, 1996:

Class A Common Stock, par value \$.01 per share - 69,903,737

Class B Common Stock, par value \$.01 per share - 286,735,223

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

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

	THREE MONTHS ENDED JUNE 30,	
	1996	1995

Revenues	\$ 2,846.8	\$ 2,760.5
Expenses:		
Operating	1,782.7	1,693.9
Selling, general and administrative	595.9	516.5
Depreciation and amortization	203.5	186.5
	-----	-----
Total expenses	2,582.1	2,396.9
	-----	-----
Operating income	264.7	363.6
Other income (expense):		
Interest expense, net	(209.3)	(206.3)
Other items, net	1.5	(1.2)
	-----	-----
Earnings from continuing operations before income taxes	56.9	156.1
Provision for income taxes	(33.4)	(102.3)
Equity in loss of affiliated companies, net of tax	(4.9)	(15.3)
Minority interest	4.7	0.7
	-----	-----
Net earnings from continuing operations	23.3	39.2
Earnings from discontinued operations, net of tax of \$8.6 (1996) and \$10.1 (1995) (Note 2)	17.8	13.8
	-----	-----

Net earnings.....	41.1	53.0
Cumulative convertible preferred stock dividend requirement.....	(15.0)	(15.0)
	-----	-----
Net earnings attributable to common stock.....	\$ 26.1	\$ 38.0
	=====	=====
Weighted average number of common shares and common share equivalents:		
Primary.....	376.0	386.1
Fully diluted.....	376.0	386.8
Primary and fully diluted net earnings per common share:		
Net earnings from continuing operations.....	\$.02	\$.06
Net earnings.....	\$.07	\$.10

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

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

	SIX MONTHS ENDED JUNE 30,	
	1996	1995
Revenues.....	\$ 5,533.3	\$ 5,354.8
Expenses:		
Operating.....	3,469.2	3,358.5
Selling, general and administrative.....	1,148.0	972.7
Depreciation and amortization.....	401.7	347.2
Total expenses.....	5,018.9	4,678.4
Operating income.....	514.4	676.4
Other income (expense):		
Interest expense, net.....	(414.3)	(403.2)
Other items, net.....	1.0	(0.6)
Earnings from continuing operations before income taxes.....	101.1	272.6
Provision for income taxes.....	(62.7)	(181.0)
Equity in loss of affiliated companies, net of tax.....	(3.6)	(14.4)
Minority interest.....	5.8	(3.4)
Net earnings from continuing operations.....	40.6	73.8
Earnings from discontinued operations, net of tax of \$21.5 (1996) and \$35.5 (1995) (Note 2).....	28.3	50.4
Net earnings.....	68.9	124.2
Cumulative convertible preferred stock dividend requirement.....	(30.0)	(30.0)
Net earnings attributable to common stock.....	\$ 38.9	\$ 94.2
Weighted average number of common shares and common share equivalents:		
Primary.....	375.4	385.6
Fully diluted.....	375.5	386.2
Primary and fully diluted net earnings per common share:		
Net earnings from continuing operations.....	\$.03	\$.11
Net earnings.....	\$.10	\$.24

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

	JUNE 30, 1996	DECEMBER 31, 1995
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 274.7	\$ 464.1
Receivables, less allowances of \$134.5 (1996) and \$126.0 (1995)...	1,966.2	1,872.4
Inventory (Note 3).....	2,172.9	2,178.1
Other current assets.....	810.6	684.4
Net assets of discontinued operations (Note 2).....	986.5	--
	-----	-----
Total current assets.....	6,210.9	5,199.0
	-----	-----
Property and equipment, at cost.....	3,523.3	3,974.7
Less accumulated depreciation.....	605.7	756.8
	-----	-----
Net property and equipment.....	2,917.6	3,217.9
	-----	-----
Inventory (Note 3).....	2,464.4	2,271.5
Intangibles, at amortized cost.....	15,468.6	16,153.2
Other assets.....	2,254.6	2,184.4
	-----	-----
	\$ 29,316.1	\$ 29,026.0
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable.....	\$ 486.5	\$ 788.8
Accrued compensation.....	322.8	449.4
Participants' share, residuals and royalties payable.....	761.3	798.2
Current portion of long-term debt (Note 4).....	1,554.2	45.1
Other current liabilities.....	1,891.7	2,017.1
	-----	-----
Total current liabilities.....	5,016.5	4,098.6
	-----	-----
Long-term debt.....	10,079.4	10,712.1
Other liabilities.....	2,030.6	2,121.5
Commitments and contingencies (Note 5)		
Shareholders' Equity:		
Preferred Stock, par value \$.01 per share; 200.0 shares authorized; 24.0 shares issued and outstanding.....	1,200.0	1,200.0
Class A Common Stock, par value \$.01 per share; 200.0 shares authorized; 75.3 (1996) and 75.1 (1995) shares issued and outstanding.....	0.8	0.8
Class B Common Stock, par value \$.01 per share; 1,000.0 shares authorized; 296.6 (1996) and 294.6 (1995) shares issued and outstanding.....	3.0	2.9
Additional paid-in capital.....	10,803.7	10,726.9
Retained earnings.....	212.0	173.1
Cumulative translation adjustment.....	(29.9)	(9.9)
	-----	-----
Total shareholders' equity.....	12,189.6	12,093.8
	-----	-----
	\$ 29,316.1	\$ 29,026.0
	=====	=====

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; all amounts are in millions)

	SIX MONTHS ENDED JUNE 30,	
	1996	1995
	-----	-----
OPERATING ACTIVITIES:		
Net earnings	\$ 68.9	\$ 124.2
Adjustments to reconcile net earnings to net cash flow from operating activities:		
Depreciation and amortization	401.7	387.6
Distribution from affiliated companies	34.5	42.4
Gain on the sale of marketable securities	--	(26.9)
Change in operating assets and liabilities:		
Increase in receivables	(99.7)	(298.3)
Increase in inventory and related programming liabilities, net ..	(265.3)	(98.3)
Increase in pre-publication costs, net	(35.5)	(46.1)
Increase in prepaid expenses and other current assets	(122.8)	(124.5)
Increase in unbilled receivables	(56.8)	(61.0)
Decrease in accounts payable and accrued expenses	(483.3)	(444.4)
Decrease in deferred income	(24.3)	(13.3)
Other, net	(8.3)	(80.2)
Change in net assets-discontinued operations	15.6	--
	-----	-----
NET CASH FLOW FROM OPERATING ACTIVITIES	(575.3)	(638.8)
	-----	-----
INVESTING ACTIVITIES:		
Capital expenditures	(253.4)	(368.0)
Capital expenditures - discontinued operations	(52.4)	--
Acquisitions, net of cash acquired	(116.5)	(291.4)
Proceeds from dispositions	3.4	1,127.1
Investments in and advances to affiliated companies	(39.6)	(48.5)
Proceeds from sales of short-term investments	70.3	212.7
Purchases of short-term investments	(76.1)	(227.4)
Other, net	--	(6.1)
	-----	-----
NET CASH FLOW FROM INVESTING ACTIVITIES	(464.3)	398.4
	-----	-----
FINANCING ACTIVITIES:		
Short-term borrowings from (repayments to) banks, net	886.0	(927.4)
Proceeds from issuance of 7.75% Senior Notes	--	990.4
Proceeds from exercise of stock options and warrants	68.8	65.2
Repayments of other notes	(50.9)	--
Deferred financing fees	--	(10.8)
Payments of Preferred Stock dividends	(30.0)	(30.0)
Other, net	(23.7)	(9.7)
	-----	-----
NET CASH FLOW FROM FINANCING ACTIVITIES	850.2	77.7
	-----	-----
Net decrease in cash and cash equivalents	(189.4)	(162.7)
Cash and cash equivalents at beginning of the period	464.1	597.7
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 274.7	\$ 435.0
	-----	-----
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash payments for interest, net of amounts capitalized	\$ 397.3	\$ 528.5
Cash payments for income taxes	65.8	170.9
	-----	-----
NON CASH INVESTING AND FINANCING:		
Property and equipment acquired under capitalized leases	55.7	222.3

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES

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

1) BASIS OF PRESENTATION

Viacom Inc. (the "Company") is a diversified entertainment and publishing company with operations in four segments: (i) Networks and Broadcasting, (ii) Entertainment, (iii) Video and Music/Theme Parks, and (iv) Publishing. The former Cable segment has been accounted for as a discontinued operation, and accordingly, its operating results and net assets have been separately disclosed in the consolidated financial statements.

The accompanying unaudited consolidated financial statements of the Company have been prepared pursuant to the rules of the Securities and Exchange Commission. These financial statements should be read in conjunction with the more detailed financial statements and notes thereto included in the Company's most recent annual report on Form 10-K. Prior year Statements of Operations have been restated to conform with the current discontinued operations presentation.

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

During the second quarter of 1996, the Company announced its decision not to continue to pursue the sale of its interest in Spelling Entertainment Group Inc. ("Spelling"). The Company currently owns approximately 75% of Spelling's common stock.

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

2) DISCONTINUED OPERATIONS

On July 31, 1996, the Company completed the split-off of its wholly owned subsidiary, Viacom International Inc. ("VII"), which subsequently changed its name to TCI Pacific Communications, Inc. ("TCI Pacific"), pursuant to an exchange offer to the shareholders of the Company. VII was the beneficial owner of the Company's Cable systems. Prior to the split-off, VII entered into a \$1.7 billion credit agreement, the proceeds of which were transferred to a wholly owned subsidiary of VII along with all of VII's non-cable assets and liabilities (other than its liability

VIACOM INC. AND SUBSIDIARIES

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

with respect to the \$1.7 billion credit agreement). After these transfers, VII distributed the stock of its subsidiary to the Company. Upon the consummation of the exchange offer, the Company's shareholders exchanged 15,356,960 shares (including 5,417,211 shares of Class A Common Stock and 9,939,749 shares of Class B Common Stock) for 6,257,961 Class A Common shares of TCI Pacific.

Immediately following the consummation of the exchange offer, a subsidiary of Tele-Communications, Inc. ("TCI") made a capital contribution of \$350 million in cash to TCI Pacific in exchange for all of the Class B Common shares of TCI Pacific. As a result of TCI's capital contribution, the Class A Common shares of TCI Pacific were converted into shares of cumulative redeemable exchangeable preferred stock (the "Preferred Stock") having an annual dividend of 5% of its \$100 par value. The Preferred Stock will be exchangeable after the fifth anniversary of issuance at the holder's option for TCI Class A Common Stock. As a result of these transactions the subsidiary of VII that was distributed to the Company changed its name to Viacom International Inc.

The split-off and related transactions enabled the Company to reduce its debt by \$1.7 billion. In addition, the total number of outstanding Common shares of the Company was reduced by approximately 4.1%. The effects of the split-off and related transactions on the Company's results of operations, which will be recognized beginning in the third quarter, include a gain on the transaction and reductions in both interest expense and common shares outstanding.

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

VIACOM INC. AND SUBSIDIARIES

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

Summarized results of operations and financial position data of discontinued operations are as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1996	1995	1996	1995*
RESULTS OF OPERATIONS:				
Revenues.....	\$ 120.1	\$ 110.0	\$ 236.9	\$ 307.5
Earnings from operations before income taxes....	26.4	24.5	49.8	86.6
Provision for income taxes...	8.6	10.1	21.5	35.5
Net earnings.....	17.8	13.8	28.3	50.4
Net earnings per common share.....	.05	.04	.07	.13
				JUNE 30, 1996
FINANCIAL POSITION:				
Current assets.....			\$	17.5
Net property and equipment.....				436.6
Other assets.....				617.7
Total liabilities.....				(85.3)

Net assets of former Cable segment.....			\$	986.5
				=====

*Results of operations include MSG for the period January 1 through March 9, 1995.

VIACOM INC. AND SUBSIDIARIES

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

3) INVENTORIES

	JUNE 30, 1996	DECEMBER 31, 1995
	-----	-----
Prerecorded music and videocassettes	\$ 462.6	\$ 474.8
Videocassette rental inventory.....	560.0	520.3
Publishing:		
Finished goods.....	339.2	303.6
Work in process.....	32.8	44.9
Material and supplies.....	19.0	30.2
Other.....	113.6	87.9
	-----	-----
	1,527.2	1,461.7
Less current portion.....	910.6	903.1
	-----	-----
	\$ 616.6	\$ 558.6
	=====	=====
Theatrical and television inventory:		
Theatrical and television productions:		
Released.....	\$ 1,622.4	\$ 1,612.1
Completed, not released.....	14.2	52.5
In process and other.....	414.9	357.0
Program rights.....	1,058.6	966.3
	-----	-----
	3,110.1	2,987.9
Less current portion.....	1,262.3	1,275.0
	-----	-----
	\$ 1,847.8	\$ 1,712.9
	-----	-----
Total non-current inventory.....	\$ 2,464.4	\$ 2,271.5
	=====	=====

4) LONG-TERM DEBT

As of June 30, 1996, the Company's scheduled maturities of notes payable to banks and debentures through December 31, 2000, assuming full utilization of the credit agreements were \$1.5 billion (1996, repaid July 31, 1996), \$749 million (1997), \$1.0 billion (1998), \$1.5 billion (1999) and \$1.3 billion (2000). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

As a result of the July 31, 1996 Cable split-off, the Company reduced its notes payables to banks by \$1.7 billion, of which \$1.5 billion represents a permanent reduction of its credit facility, maturing in 1996.

On May 10, 1996, a subsidiary of the Company entered into a \$500 million 364-day film financing credit agreement, guaranteed by Viacom International Inc. and the Company.

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

5) COMMITMENTS AND CONTINGENCIES

The commitments of the Company for program license fees which are not reflected in the balance sheet as of June 30, 1996 estimated to aggregate approximately \$2.2 billion, principally reflect commitments under Showtime Networks Inc.'s ("SNI's") exclusive arrangements with several motion picture companies. This estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments are contingent upon delivery of motion pictures, which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

6) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated annual effective tax rate of 62.0% for 1996 and the annual effective tax rate of 66.4%, restated to reflect the current discontinued operations presentation for 1995, were both adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes.

7) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

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

VIACOM INC. AND SUBSIDIARIES

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

THREE MONTHS ENDED JUNE 30, 1996

	VIACOM INC.	VIACOM INTERNATIONAL	NON- GUARANTOR AFFILIATES	ELIMINATIONS	THE COMPANY CONSOLIDATED
Revenues.....	\$ 956.8	\$ 276.2	\$ 1,621.5	\$ (7.7)	\$ 2,846.8
Expenses:					
Operating.....	724.2	90.0	976.2	(7.7)	1,782.7
Selling, general and administrative..	96.0	117.4	382.5	--	595.9
Depreciation and amortization.....	91.2	15.6	96.7	--	203.5
Total expenses.....	911.4	223.0	1,455.4	(7.7)	2,582.1
Operating income.....	45.4	53.2	166.1	--	264.7
Other income (expense):					
Interest expense, net.....	(167.3)	(32.7)	(9.3)	--	(209.3)
Other items, net.....	0.2	(3.0)	4.3	--	1.5
Earnings (loss) from continuing operations before income taxes.....	(121.7)	17.5	161.1	--	56.9
Benefit (provision) for income taxes..	90.4	(2.7)	(121.1)	--	(33.4)
Equity in earnings (loss) of affiliated companies, net of tax.....	68.0	54.6	17.5	(145.0)	(4.9)
Minority interest.....	4.4	(0.4)	0.7	--	4.7
Net earnings from continuing operations..	41.1	69.0	58.2	(145.0)	23.3
Earnings from discontinued operations, net of tax.....	--	--	17.8	--	17.8
Net earnings.....	41.1	69.0	76.0	(145.0)	41.1
Cumulative convertible preferred stock dividend requirement.....	(15.0)	--	--	--	(15.0)
Net earnings attributable to common stock.....	\$ 26.1	\$ 69.0	\$ 76.0	\$ (145.0)	\$ 26.1

VIACOM INC. AND SUBSIDIARIES

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

SIX MONTHS ENDED JUNE 30, 1996

	VIACOM INC.	VIACOM INTERNATIONAL	NON- GUARANTOR AFFILIATES	ELIMINATIONS	THE COMPANY CONSOLIDATED
Revenues.....	\$ 1,964.1	\$ 531.0	\$ 3,048.9	\$ (10.7)	\$ 5,533.3
Expenses:					
Operating.....	1,452.9	179.0	1,848.0	(10.7)	3,469.2
Selling, general and administrative	184.2	236.6	727.2	--	1,148.0
Depreciation and amortization.....	179.4	29.7	192.6	--	401.7
Total expenses.....	1,816.5	445.3	2,767.8	(10.7)	5,018.9
Operating income.....	147.6	85.7	281.1	--	514.4
Other income (expense):					
Interest expense, net.....	(334.7)	(63.2)	(16.4)	--	(414.3)
Other items, net.....	0.2	(3.1)	3.9	--	1.0
Earnings (loss) from continuing operations before income taxes.....	(186.9)	19.4	268.6	--	101.1
Benefit (provision) for income taxes..	132.7	(4.1)	(191.3)	--	(62.7)
Equity in earnings (loss) of affiliated companies, net of tax.....	117.7	104.8	23.7	(249.8)	(3.6)
Minority interest.....	5.4	(0.7)	1.1	--	5.8
Net earnings from continuing operations..	68.9	119.4	102.1	(249.8)	40.6
Earnings from discontinued operations, net of tax.....	--	--	28.3	--	28.3
Net earnings.....	68.9	119.4	130.4	(249.8)	68.9
Cumulative convertible preferred stock dividend requirement.....	(30.0)	--	--	--	(30.0)
Net earnings attributable to common stock.....	\$ 38.9	\$ 119.4	\$ 130.4	\$ (249.8)	\$ 38.9

VIACOM INC. AND SUBSIDIARIES

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

	THREE MONTHS ENDED JUNE 30, 1995				
	VIACOM INC.	VIACOM INTERNATIONAL	NON- GUARANTOR AFFILIATES	ELIMINATIONS	THE COMPANY CONSOLIDATED
Revenues.....	\$ 817.4	\$ 221.8	\$ 1,725.1	\$ (3.8)	\$ 2,760.5
Expenses:					
Operating.....	532.6	70.6	1,094.5	(3.8)	1,693.9
Selling, general and administrative..	86.9	99.7	329.9	--	516.5
Depreciation and amortization.....	77.9	10.0	98.6	--	186.5
Total expenses.....	697.4	180.3	1,523.0	(3.8)	2,396.9
Operating income.....	120.0	41.5	202.1	--	363.6
Other income (expense):					
Interest expense, net.....	(176.9)	(23.6)	(5.8)	--	(206.3)
Other items, net.....	(0.3)	(0.2)	(0.7)	--	(1.2)
Earnings (loss) from continuing operations before income taxes.....	(57.2)	17.7	195.6	--	156.1
Benefit (provision) for income taxes.	7.4	(5.8)	(103.9)	--	(102.3)
Equity in earnings (loss) of affiliated companies, net of tax.....	102.1	110.4	22.3	(250.1)	(15.3)
Minority interest.....	0.7	--	--	--	0.7
Net earnings from continuing operations.	53.0	122.3	114.0	(250.1)	39.2
Earnings from discontinued operations, net of tax	--	--	13.8	--	13.8
Net earnings.....	53.0	122.3	127.8	(250.1)	53.0
Cumulative convertible preferred stock dividend requirement.....	(15.0)	--	--	--	(15.0)
Net earnings attributable to common stock	\$ 38.0	\$ 122.3	\$ 127.8	\$ (250.1)	\$ 38.0

VIACOM INC. AND SUBSIDIARIES

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

	Six Months Ended June 30, 1995				
	Viacom Inc.	Viacom International	Non- Guarantor Affiliates	Eliminations	The Company Consolidated
Revenues.....	\$ 1,705.9	\$ 418.1	\$ 3,236.1	\$ (5.3)	\$ 5,354.8
Expenses:					
Operating.....	1,116.0	134.5	2,113.3	(5.3)	3,358.5
Selling, general and administrative..	147.8	195.0	629.9	--	972.7
Depreciation and amortization.....	144.2	19.8	183.2	--	347.2
Total expenses.....	1,408.0	349.3	2,926.4	(5.3)	4,678.4
Operating income.....	297.9	68.8	309.7	--	676.4
Other income (expense):					
Interest expense, net.....	(344.8)	(46.4)	(12.0)	--	(403.2)
Other items, net.....	--	27.3	(27.9)	--	(0.6)
Earnings (loss) from continuing operations before income taxes.....	(46.9)	49.7	269.8	--	272.6
Benefit (provision) for income taxes..	6.1	(16.4)	(170.7)	--	(181.0)
Equity in earnings (loss) of affiliated companies, net of tax.....	168.4	155.3	24.4	(362.5)	(14.4)
Minority interest.....	(3.4)	--	--	--	(3.4)
Net earnings from continuing operations.	124.2	188.6	123.5	(362.5)	73.8
Earnings from discontinued operations, net of tax	--	--	50.4	--	50.4
Net earnings.....	124.2	188.6	173.9	(362.5)	124.2
Cumulative convertible preferred stock dividend requirement.....	(30.0)	--	--	--	(30.0)
Net earnings attributable to common stock	\$ 94.2	\$ 188.6	\$ 173.9	\$ (362.5)	\$ 94.2

VIACOM INC. AND SUBSIDIARIES

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

	June 30, 1996				
	Viacom Inc.	Viacom International	Non- Guarantor Affiliates	Eliminations	The Company Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	\$ 84.4	\$ 126.9	\$ 63.4	\$ --	\$ 274.7
Receivables, net	246.2	246.1	1,499.5	(25.6)	1,966.2
Inventory	663.8	117.3	1,391.8	--	2,172.9
Other current assets	63.3	124.0	623.3	--	810.6
Net assets of discontinued operations	--	--	986.5	--	986.5
Total current assets	1,057.7	614.3	4,564.5	(25.6)	6,210.9
Property and equipment	1,271.0	342.4	1,909.9	--	3,523.3
Less accumulated depreciation ..	222.4	80.9	302.4	--	605.7
Net property and equipment ..	1,048.6	261.5	1,607.5	--	2,917.6
Inventory	812.7	212.1	1,439.6	--	2,464.4
Intangibles, at amortized cost	7,059.2	547.9	7,861.5	--	15,468.6
Investments in consolidated subsidiaries	2,561.5	11,474.0	--	(14,035.5)	--
Other assets	236.1	363.0	1,996.0	(340.5)	2,254.6
	\$ 12,775.8	\$ 13,472.8	\$ 17,469.1	\$ (14,401.6)	29,316.1
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	\$ 149.2	\$ 29.7	\$ 311.2	\$ (3.6)	\$ 486.5
Accrued compensation	41.4	80.7	200.0	.7	322.8
Participants' share, residuals and royalties payable	108.1	--	653.2	--	761.3
Current portion of long-term debt	1,528.9	4.5	20.8	--	1,554.2
Other current liabilities	68.6	1,344.8	1,035.7	(557.4)	1,891.7
Total current liabilities	1,896.2	1,459.7	2,220.9	(560.3)	5,016.5
Long-term debt	7,573.4	2,101.2	571.2	(166.4)	10,079.4
Other liabilities	(11,417.1)	(661.8)	12,263.9	1,845.6	2,030.6
Shareholders' equity:					
Preferred Stock	1,200.0	--	--	--	1,200.0
Common Stock	3.8	128.5	701.0	(829.5)	3.8
Additional paid-in capital	10,803.7	8,585.0	1,102.7	(9,687.7)	10,803.7
Retained earnings	2,752.1	1,825.8	637.4	(5,003.3)	212.0
Cumulative translation adjustment	(36.3)	34.4	(28.0)	--	(29.9)
Total shareholders' equity	14,723.3	10,573.7	2,413.1	(15,520.5)	12,189.6
	\$ 12,775.8	\$ 13,472.8	\$ 17,469.1	\$ (14,401.6)	29,316.1

VIACOM INC. AND SUBSIDIARIES

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

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

VIACOM INC. AND SUBSIDIARIES

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

Six Months Ended June 30, 1996

	Viacom Inc.	Viacom International	Non- Guarantor Affiliates	Eliminations	The Company Consolidated
Net cash flow from operating activities	\$ (122.6)	\$ (54.6)	\$ (398.1)	\$ --	\$ (575.3)
Investing Activities:					
Capital expenditures	(126.5)	(49.8)	(77.1)	--	(253.4)
Capital expenditures-discontinued operations	--	--	(52.4)	--	(52.4)
Acquisitions, net of cash acquired	(50.2)	--	(66.3)	--	(116.5)
Proceeds from dispositions	--	--	3.4	--	3.4
Investments in and advances to affiliated companies	(7.6)	(13.9)	(18.1)	--	(39.6)
Proceeds from sale of short-term investments	--	70.3	--	--	70.3
Purchases of short-term investments	--	(76.1)	--	--	(76.1)
Net cash flow from investing activities	(184.3)	(69.5)	(210.5)	--	(464.3)
Financing Activities:					
Short-term borrowings from banks, net	360.4	500.0	25.6	--	886.0
Proceeds from exercise of stock options and warrants	68.8	--	--	--	68.8
Repayment of other notes	--	(12.0)	(38.9)	--	(50.9)
Increase (decrease) in intercompany payables	(170.6)	(459.6)	630.2	--	--
Payment of Preferred Stock dividends	(30.0)	--	--	--	(30.0)
Other, net	(13.5)	(.7)	(9.5)	--	(23.7)
Net cash flow from financing activities	215.1	27.7	607.4	--	850.2
Net decrease in cash and cash equivalents	(91.8)	(96.4)	(1.2)	--	(189.4)
Cash and cash equivalents at beginning of period	176.2	223.3	64.6	--	464.1
Cash and cash equivalents at end of period	\$ 84.4	\$ 126.9	\$ 63.4	\$ --	\$ 274.7
	=====	=====	=====	=====	=====

VIACOM INC. AND SUBSIDIARIES

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

	Six Months Ended June 30, 1995				
	Viacom Inc.	Viacom International	Non- Guarantor Affiliates	Eliminations	The Company Consolidated
Net cash flow from operating activities ..	\$ (633.5)	83.4	\$ (127.3)	38.6	\$ (638.8)
Investing Activities:					
Capital expenditures	(178.8)	(49.3)	(139.9)	--	(368.0)
Acquisitions, net of cash acquired	(123.7)	--	(167.7)	--	(291.4)
Proceeds from dispositions	--	1,036.1	91.0	--	1,127.1
Investments in and advances to affiliated companies	--	(33.4)	(15.1)	--	(48.5)
Proceeds from sale of short-term investments	--	212.7	--	--	212.7
Purchases of short-term investments ...	--	(227.4)	--	--	(227.4)
Other, net	9.5	--	(15.6)	--	(6.1)
Net cash flow from investing activities ..	(293.0)	938.7	(247.3)	--	398.4
Financing Activities:					
Short-term borrowings from (repayments) to banks, net	(931.4)	--	4.0	--	(927.4)
Proceeds from issuance of 7.75% senior notes	990.4	--	--	--	990.4
Proceeds from exercise of stock options and warrants	65.2	--	--	--	65.2
Deferred financing fees	(10.8)	--	--	--	(10.8)
Payment of Preferred Stock dividends ..	(30.0)	--	--	--	(30.0)
Increase (decrease) in intercompany payables	840.0	(849.2)	47.8	(38.6)	--
Other, net	--	(4.9)	(4.8)	--	(9.7)
Net cash flow from financing activities ..	923.4	(854.1)	47.0	(38.6)	77.7
Net increase (decrease) in cash and cash equivalents	(3.1)	168.0	(327.6)	--	(162.7)
Cash and cash equivalents at beginning of period	135.6	63.4	398.7	--	597.7
Cash and cash equivalents at end of period	\$ 132.5	\$ 231.4	\$ 71.1	\$ --	\$ 435.0

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Management's discussion and analysis of the combined results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes.

The following tables set forth revenues and operating income by business segment, for the three months and the six months ended June 30, 1996 and 1995. Results for each period presented exclude contributions from the former Cable segment, which are reported separately as discontinued operations.

	Three months ended June 30,		Percent Change	Six months ended June 30,		Percent Change
	1996	1995		1996	1995	
	(In millions)			(In millions)		
Revenues:						
Networks and Broadcasting	\$ 592.6	\$ 528.0	12%	\$ 1,134.8	\$ 985.2	15%
Entertainment	784.5	935.3	(16)	1,704.5	2,006.9	(15)
Video and Music/ Theme Parks	960.9	813.9	18	1,807.7	1,508.8	20
Publishing	516.5	490.5	5	905.5	865.5	5
Intercompany	(7.7)	(7.2)	(7)	(19.2)	(11.6)	(66)
Total	\$ 2,846.8	\$ 2,760.5	3	\$ 5,533.3	\$ 5,354.8	3
Operating income (loss): (a)						
Networks and Broadcasting	\$ 152.2	\$ 146.2	4%	\$ 269.8	\$ 246.7	9%
Entertainment	58.4	115.1	(49)	186.8	270.2	(31)
Video and Music/ Theme Parks	72.7	117.0	(38)	169.5	258.8	(35)
Publishing	14.7	20.7	(29)	(31.9)	(25.7)	(24)
Corporate	(33.3)	(35.4)	6	(79.8)	(73.6)	(8)
Total	\$ 264.7	\$ 363.6	(27)	\$ 514.4	\$ 676.4	(24)

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

Management's Discussion and Analysis of
Results of Operations and Financial Condition

EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization) for the three months and six months ended June 30, 1996 and 1995. EBITDA does not reflect the effect of significant amounts of amortization of goodwill related to business combinations accounted for under the purchase method. While many in the financial community consider EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, but not as a substitute for or superior to operating income, net earnings, cash flow and other measures of financial performance prepared in accordance with generally accepted accounting principles.

	Three months ended June 30,		Percent Change	Six months ended June 30,		Percent Change
	1996	1995		1996	1995	
	-----		-----	-----		-----
	1996	1995		1996	1995	
	-----			-----		
	(In millions)			(In millions)		
EBITDA:						
Networks and Broadcasting.....	\$ 184.0	\$ 173.9	6%	\$ 332.3	\$ 299.5	11%
Entertainment.....	94.0	148.1	(37)	257.4	337.9	(24)
Video and Music/ Theme Parks.....	167.7	204.7	(18)	357.0	409.9	(13)
Publishing.....	52.7	57.1	(8)	43.6	46.8	(7)
Corporate.....	(30.2)	(33.7)	10	(74.2)	(70.5)	(5)
	-----			-----		
Total.....	\$ 468.2	\$ 550.1	(15)	\$ 916.1	\$ 1,023.6	(11)
	=====	=====		=====	=====	

RESULTS OF OPERATIONS

Revenues increased 3% to \$2.85 billion for the second quarter of 1996 from \$2.76 billion for the second quarter of 1995. EBITDA decreased 15% to \$468.2 million for the second quarter of 1996 from \$550.1 million for the second quarter of 1995. Operating income decreased 27% to \$264.7 million for the second quarter of 1996 from \$363.6 million for the second quarter of 1995.

Revenues increased 3% to \$5.53 billion for the six months ended June 30, 1996 from \$5.35 billion for the six months ended June 30, 1995. EBITDA decreased 11% to \$916.1 million for the six months ended June 30, 1996 from \$1.02 billion for the six months ended June 30, 1995. Operating income decreased 24% to \$514.4 million for the six months ended June 30, 1996 from \$676.4 million for the six months ended June 30, 1995.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Segment Results of Operations

Networks and Broadcasting (Basic Cable and Premium Subscription Television
Program Services, Television and Radio Stations)

	Three months ended June 30,		Percent Change	Six months ended June 30,		Percent Change
	----- 1996	1995 -----		----- 1996	1995 -----	
	(In millions)			(In millions)		
Revenues	\$ 592.6	\$ 528.0	12%	\$ 1,134.8	\$ 985.2	15%
Operating Income	\$ 152.2	\$ 146.2	4	\$ 269.8	\$ 246.7	9
EBITDA	\$ 184.0	\$ 173.9	6	\$ 332.3	\$ 299.5	11

The Networks and Broadcasting segment is comprised of MTV Networks ("MTVN"), basic cable television program services; Showtime Networks Inc. ("SNI"), premium subscription television program services; television stations and radio stations. For the second quarter of 1996, MTVN revenues of \$288.5 million, EBITDA of \$110.8 million and operating income of \$95.5 million increased 22%, 18% and 17%, respectively, over the same three month period last year. For the six months ended June 30, 1996, MTVN revenues of \$552.5 million, EBITDA of \$204.3 million and operating income of \$174.9 million increased 25%, 19% and 18%, respectively, over the same six month period last year. The increase in MTVN revenues principally reflects higher advertising and affiliate revenues due principally to rate increases. MTVN EBITDA and operating income gains were driven by the increased advertising and affiliate revenues partially offset by start-up costs of Nick at Nite's TV Land, increased expenses associated with international expansion and higher production expenses. SNI revenues, EBITDA, and operating income increased 8%, 33% and 42% for the second quarter, respectively, and 9%, 37% and 43% for the six months ended June 30, 1996, respectively, over the same prior year periods. Such increases are principally due to an increase of approximately 1.0 million subscribers, reflecting the continued growth of direct broadcasting satellite subscribers, partially offset by higher programming expenses. SNI served a total of 15.2 million subscribers at June 30, 1996. For the second quarter of 1996, Television and Radio revenues, EBITDA and operating income decreased 2%, 11% and 14%, respectively, while for the six months then ended revenues increased 3% and EBITDA and operating income decreased 3% and 6%, versus the prior year, respectively, reflecting the impact of acquisitions and dispositions. On a same station basis, Television and Radio revenues, EBITDA, and operating income increased 7%, 11% and 13%, respectively, for the second quarter, and 7%, 8% and 10%, for the six months ended June 30, 1996, respectively, over the same prior year periods.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

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

	Three months ended June 30		Percent Change	Six months ended June 30,		Percent Change
	1996	1995		1996	1995	
	----- ----- (In millions)		----- -----	----- ----- (In millions)		----- -----
Revenues	\$ 784.5	\$ 935.3	(16)%	\$1,704.5	\$2,006.9	(15)%
Operating Income	\$ 58.4	\$ 115.1	(49)	\$ 186.8	\$ 270.2	(31)
EBITDA	\$ 94.0	\$ 148.1	(37)	\$ 257.4	\$ 337.9	(24)

The Entertainment segment is principally comprised of Paramount Pictures, Paramount Television, Spelling Entertainment Group Inc. ("Spelling") and the former Viacom Entertainment. The 1996 revenue contributions from Paramount Pictures' Mission Impossible and Primal Fear did not match the stronger foreign theatrical and home video performance of Paramount Pictures' Forrest Gump for the three and six month period ended June 30, 1995 and the sale of certain television series syndication rights in 1995. The results of operations for the six months ended June 30, 1996 include \$100 million of EBITDA and operating income attributable to Viacom's strategic alliance with Kirch Group, the German media group. The six month comparisons also reflect, in 1995, \$250 million of revenues and \$68.0 million of EBITDA and operating income resulting from the conforming of accounting policies pertaining to the television programming libraries of Viacom Entertainment, Spelling and Paramount. Entertainment operating results for the second quarter of 1996 were affected adversely by the disappointing box office of Paramount Pictures' The Phantom; as well as softness in the direct-to-video and interactive game markets; and a significant amount of production funding which resulted in Spelling incurring a loss and lower revenues for the second quarter of 1996 as compared to a positive EBITDA contribution in 1995.

During the second quarter of 1996, the Company announced its decision not to continue to pursue the sale of its interest in Spelling Entertainment Group Inc. ("Spelling"). The Company currently owns approximately 75% of Spelling's common stock.

Video and Music/Theme Parks (Home Video and Music Retailing/Theme Parks)

	Three months ended June 30		Percent Change	Six months ended June 30,		Percent Change
	1996	1995		1996	1995	
	----- ----- (In millions)		----- -----	----- ----- (In millions)		----- -----
Revenues	\$ 960.9	\$ 813.9	18%	\$1,807.7	\$1,508.8	20%
Operating Income	\$ 72.7	\$ 117.0	(38)	\$ 169.5	\$ 258.8	(35)
EBITDA	\$ 167.7	\$ 204.7	(18)	\$ 357.0	\$ 409.9	(13)

Management's Discussion and Analysis of
Results of Operations and Financial Condition

The Video and Music/Theme Parks segment is comprised principally of Blockbuster Video and Music, and Paramount Parks. The revenue increases for the quarter and six months ended June 30, 1996 reflect the increased number of Company-owned video stores in operation in 1996 as compared to 1995 and a 7% increase in worldwide same-store sales. Blockbuster Video ended the quarter with 4,795 stores, a net increase of 632 stores from June 30, 1995. The decreases in EBITDA and operating income reflect difficult conditions in the music retailing industry and increased rental tape amortization cost compared with lower than normal amortization in 1995, partially offset by the revenue increase. Music stores revenues of \$139.7 million and \$272.6 million for the second quarter and six months ended June 30, 1996 increased 10% and 6%, respectively, over the comparable prior year periods. Music stores posted a small EBITDA loss in the second quarter and for the six months ended June 30, 1996 as compared to contributing positive EBITDA in the respective periods last year. Music stores recorded operating losses of \$11.4 million and \$19.2 million for the three and six month periods as compared to operating income of \$.7 million and \$4.0 million for the prior periods in 1995. For the second quarter of 1996, Theme Parks revenues and operating income increased \$2.1 million and \$4.5 million, respectively, while EBITDA decreased \$.3 million. For the six months ended June 30, 1996, Theme Parks revenues increased \$3.3 million, EBITDA increased \$1.0 million and operating income decreased \$2.0 million, reflecting increased attendance partially offset by increased operating expenses.

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

	Three months ended June 30		Percent Change	Six months ended June 30,		Percent Change
	----- 1996	1995 -----		----- 1996	1995 -----	
	(In millions)			(In millions)		
Revenues	\$ 516.5	\$ 490.5	5%	\$ 905.5	\$ 865.5	5%
Operating Income	\$ 14.7	\$ 20.7	(29)	\$ (31.9)	\$ (25.7)	(24)
EBITDA	\$ 52.7	\$ 57.1	(8)	\$ 43.6	\$ 46.8	(7)

Publishing is comprised of Simon & Schuster which includes imprints such as Simon & Schuster, Pocket Books, Prentice Hall and Macmillan Computer Publishing. The revenue increases for the quarter and six months ended June 30, 1996 primarily reflect strong sales from the Macmillan Computer Publishing Group and the Consumer Group, partially offset by lower revenues for the Education Group. Macmillan Computer Publishing USA revenues were fueled by interest in Java and Windows 95 as well as strong sales for Internet, Web programming and design titles. Consumer Group revenue increases were driven by strong performance of the Simon & Schuster Trade division led by MOONLIGHT BECOMES YOU (Mary Higgins Clark), THE CHOICE (Bob Woodward), and BLOOD SPORT (James Stewart). The decrease in operating income and EBITDA for the comparable periods is primarily due to lower sales in the Elementary Education Group and to increased operating and development costs.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Other Income and Expense Information

Discontinued operations

Discontinued operations reflect the results of operations net of tax of the former Cable segment which was split-off from the Company and MSG, which was sold on March 10, 1995 (see Note 2 of Notes to Consolidated Financial Statements). The effects on results of operations of the Cable split-off and related transactions, which will be recognized beginning in the third quarter, include a gain on the transactions and reductions in interest expense and common shares outstanding. On July 31, 1996, Viacom reduced its debt by \$1.7 billion and reduced its total number of outstanding Common shares by approximately 4.1%.

Corporate expenses

Corporate expenses, including depreciation expense, decreased 6% to \$33.3 million for the second quarter of 1996 from the same prior year period and increased 8% to \$79.8 million for the six months ended June 30, 1996 over the comparable six month period principally reflecting the impact of executive severance expense in 1996.

Interest expense, net

For the three and six month period ended June 30, 1996, net interest expense increased 1% to \$209.3 million and 3% to \$414.3 million, respectively. The Company had approximately \$11.6 billion and \$10.7 billion principal amount of debt outstanding (including current maturities) as of June 30, 1996, and June 30, 1995, respectively, at weighted average interest rates of 7.2% and 7.7%, respectively.

Provision for income taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated annual effective tax rate of 62.0% for 1996 and the annual effective tax rate of 66.4%, restated to reflect the current discontinued operations presentation for 1995, were both adversely affected by amortization of intangibles in excess of amounts which are deductible for tax purposes.

Equity in loss of affiliates

"Equity in loss of affiliated companies, net of tax" of \$4.9 million and \$3.6 million for the second quarter of 1996 and the six months then ended improved from a loss of \$15.3 million and \$14.4 million, respectively, primarily reflecting improved operating results for the first six months of 1996 of USA Networks and United Cinemas International Multiplex B.V., partially offset by net losses from international start-up equity ventures. The equity loss for the six months ended June 30, 1995 primarily reflects the loss of \$20.7 million related to the Company's 49.9% interest in Discovery Zone.

Minority interest

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

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Liquidity and Capital Resources
- - - - -

The Company expects to fund its anticipated cash requirements (including the anticipated cash requirements of its capital expenditures, joint ventures, commitments and payments of principal, interest and dividends on its outstanding indebtedness and preferred stock) with internally generated funds and from various external sources, which may include the Company's existing credit agreements and amendments thereto, co-financing arrangements by the Company's various divisions, additional financings and the sale of non-strategic assets as opportunities may arise.

The Company was in compliance with all debt covenants and had satisfied all financial ratios and tests under the agreements as of June 30, 1996 and the Company expects to be in compliance and satisfy all such covenant ratios as may be applicable from time to time during 1996.

The Company's scheduled maturities of notes payable to banks and debentures through December 31, 2000, assuming full utilization of the credit agreements are \$1.5 billion (1996, repaid July 31, 1996), \$749 million (1997), \$1.0 billion (1998), \$1.5 billion (1999) and \$1.3 billion (2000). As of June 30, 1996, 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.

As a result of the July 31, 1996 Cable split-off, the Company reduced its notes payable to banks by \$1.7 billion, of which \$1.5 billion represents a permanent reduction in its credit facility, maturing in 1996.

The Company has provided a (i) term loan of \$100 million and (ii) a revolving credit facility of \$140 million to fund Spelling's working capital and other requirements, collectively the "Spelling Facility". The Company has agreed to provide a further increase of up to \$95 million in the amount available under the Spelling Facility and to extend the maturity date of the Spelling Facility from March 31, 1997 to December 31, 1998, and it is anticipated that an amendment reflecting such changes will be executed. Pursuant to this agreement, Spelling executed a \$25 million promissory note and a \$40 million promissory note to the Company in April 1996 and August 1996, respectively. The Spelling Facility borrowings and related receivables have been eliminated in consolidation.

The commitments of the Company for program license fees which are not reflected in the balance sheet as of June 30, 1996, estimated to aggregate approximately \$2.2 billion, principally reflect commitments under SNI's exclusive arrangements with several motion picture companies. This estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments are contingent upon delivery of motion pictures, which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Current assets increased to \$6.2 billion as of June 30, 1996 from \$5.2 billion as of December 31, 1995, primarily reflecting the classification of Cable's net assets within net assets of discontinued operations. The allowance for doubtful accounts as a percentage of receivables was 6% as of June 30, 1996

and December 31, 1995. Property and equipment decreased \$300.3 million primarily reflecting the classification of Cable's property and equipment within net assets of discontinued operations. This decrease was partially offset by capital expenditures of \$253.4 million and capitalized leases of \$55.7 million primarily related to capital additions for new and existing video stores and additional construction and equipment upgrades for theme parks. Current liabilities increased to \$5.0 billion as of June 30, 1996 from \$4.1 billion as of December 31, 1995, reflecting the classification of notes payable to banks of \$1.5 billion as current liabilities at June 30, 1996, partially offset by payments for a seasonally high level of Blockbuster videocassette purchases made in the fourth quarter of 1995 and payment of accrued compensation and other normal operating activity. Long-term debt, including current maturities, increased to \$11.6 billion as of June 30, 1996 from \$10.8 billion as of December 31, 1995, reflecting the continued investment in and seasonality of the Company's businesses.

The Company expects to record the majority of its operating cash flows during the second half of the year due to the seasonality of the educational publishing business, the typical timing of major motion picture releases, the summer operation of its theme parks, the positive effect of the holiday season on advertising revenues and video store revenues, and the impact of the beginning of the broadcast television season on television production. Net cash flow from operating activities was negative \$575.3 million for the six months ended June 30, 1996 versus negative \$638.8 million for the six months ended June 30, 1995. Net cash expenditures for investing activities of \$464.3 million for the six months ended June 30, 1996, principally reflect capital expenditures, investments in international equity ventures and other acquisitions. Net cash flows from investing activities of \$398.4 million for the six months ended June 30, 1995, principally reflect proceeds from the sale of MSG, partially offset by capital expenditures and other acquisitions. Financing activities principally reflect borrowings and repayments of debt under the credit agreements during each period presented and in 1995, the issuance of the 7.75% Senior Notes.

Management's Discussion and Analysis of
Results of Operations and Financial Condition

Capital Structure

The following table sets forth the Company's long-term debt, net of current portion as of June 30, 1996 and December 31, 1995:

	June 30, 1996	December 31, 1995
	-----	-----
	(In millions)	
Notes payable to banks.....	\$ 7,090.9	\$ 6,206.9
Senior debt.....	2,483.6	2,482.8
Senior subordinated debt.....	638.8	636.8
Subordinated debt.....	953.0	946.7
Obligations under capital leases.....	454.0	421.9
Other notes.....	13.3	62.1
	-----	-----
	11,633.6	10,757.2
Less current portion.....	1,554.2	45.1
	-----	-----
	\$ 10,079.4	\$ 10,712.1
	=====	=====

The notes and debentures are presented net of an aggregate unamortized discount of \$174.0 million as of June 30, 1996 and \$181.9 million as of December 31, 1995.

On May 10, 1996, a subsidiary of the Company entered into a \$500 million 364-day film financing credit agreement, guaranteed by Viacom International Inc. and the Company.

Debt, including the current portion, as a percentage of total capitalization of the Company was 49% at June 30, 1996 and 47% at December 31, 1995.

The Company enters into interest rate exchange agreements with off-balance sheet risk in order to reduce its exposure to changes in interest rates on its variable rate long-term debt. As of June 30, 1996, the Company and its subsidiaries had obtained interest rate protection agreements with respect to approximately \$600 million of indebtedness, which effectively change the Company's interest rate on variable rate borrowings to fixed interest rates. The interest rate protection agreements mature during March 1997.

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 and options, and interest rate swap agreements. The foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the French Franc, the Singapore Dollar, the German Deutschemark and the European Currency Unit/British Pound relationship. These derivatives, which are over-the-counter instruments, are non-leveraged.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and contingent value rights of Viacom and guarantees of such debt securities by Viacom International which may be issued for aggregate gross proceeds of \$3.0 billion. The registration statement was declared effective on May 10, 1995. The net proceeds from the sale of the offered securities may be used by Viacom to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement. To date, the Company issued \$1.6 billion of notes and debentures and has \$1.4 billion remaining availability under the shelf registration statement.

PART II -- OTHER INFORMATION

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

The Annual Meeting of Stockholders of Viacom Inc. (the "Company") was held on Thursday, May 23, 1996. The following matters were voted upon at the meeting: (i) the election of 11 directors; (ii) the approval of an amendment to the Viacom Inc. Senior Executive Short-Term Incentive Plan; (iii) the appointment of Price Waterhouse LLP to serve as independent accountants until the 1997 Annual Meeting of Stockholders; and (iv) a stockholder proposal regarding publication of political contributions by the Company.

The entire board of directors was reelected and the number of shares cast for or to withhold authority for the election of each director were as follows:

Name	No. of Shares Voted For	No. of Shares Voted to Withhold Authority
George S. Abrams	71,826,679	325,511
Philippe P. Dauman	72,006,790	145,400
Thomas E. Doolley	72,008,130	144,060
George D. Johnson, Jr.	72,007,685	144,505
Ken Miller	71,824,673	327,517
Brent D. Redstone	71,986,131	166,059
Shari Redstone	72,026,061	126,129
Sumner M. Redstone	71,990,654	161,536
Frederic V. Salerno	72,003,705	148,485
William Schwartz	72,004,142	148,048
Ivan Seidenberg	72,002,611	149,579

The votes cast for, against or abstaining from the approval of the amendment to the Viacom Inc. Senior Executive Short-Term Incentive Plan were as follows:

Votes For:	Votes Against:	Abstentions:
68,961,369	1,777,533	277,261

The votes cast for, against or abstaining from the approval of the appointment of Price Waterhouse LLP to serve as independent accountants for the Company until the 1997 Annual Meeting of Stockholders were as follows:

Votes For:	Votes Against:	Abstentions:
71,966,155	128,079	57,956

The votes cast for, against or abstaining from approval of the stockholder proposal were as follows:

Votes For:	Votes Against:	Abstentions:
4,023,314	55,195,272	10,479,591

Item 6. Exhibits and Reports on Form 8-K for Viacom Inc.

(a) Exhibits:

- 10.1 Agreement, dated as of June 1, 1996, amending the Employment Agreement dated as of July 1, 1994, between Viacom Inc. and Edward D. Horowitz.
- 10.2 Film Finance Credit Agreement, dated as of May 10, 1996, among Viacom Film Funding Company Inc. as Borrower; Viacom Inc. and Viacom International Inc. as Guarantors; the Bank parties thereto; The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA, as Managing Agent; The Bank of New York, as the Documentation Agent; Citibank, N.A., as the Administrative Agent; JP Morgan Securities Inc., as the Syndication Agent; and the Agents and Co-Agents named therein.
- 11. Statement re Computation of Net Earnings Per Share.
- 27. Financial Data Schedule.

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

None

SIGNATURES

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

VIACOM INC.

(Registrant)

Date August 14, 1996

/s/ Sumner M. Redstone

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

Date August 14, 1996

/s/ George S. Smith, Jr.

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

Exhibit Index

- 10.1 Agreement, dated as of June 1, 1996, amending the Employment Agreement dated as of July 1, 1994, between Viacom Inc. and Edward D. Horowitz.
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11. Statement re Computation of Net Earnings Per Share.
27. Financial Data Schedule.

As of June 1, 1996

Edward D. Horowitz
 105 Lawrence Drive
 Short Hills, New Jersey 07078

Dear Mr. Horowitz:

Reference is made to that certain employment agreement between you and Viacom Inc. ("Viacom"), dated as of July 1, 1994 (the "Employment Agreement"). All defined terms used without definitions shall have the meanings provided in the Employment Agreement.

This letter, when fully executed below, shall amend your Employment Agreement as follows:

1. Term. Paragraph 1 shall be amended to change the date

 representing the end of the Employment Term in the first and second sentences from "June 30, 1997" to "December 31, 2000".
2. Duties. Paragraph 2 shall be amended to change the second

 sentence to read as follows:

 "You will be Senior Vice President, Technology of Viacom and Chairman, Chief Executive Officer, Viacom Interactive Media and you agree to perform such duties, and such other duties reasonable and consistent with such office as may be assigned to you from time to time by the Chief Executive Officer of Viacom (the "CEO") or such other individual as may be designated by the CEO provided that such individual reports directly to the CEO."
3. Compensation / Salary. Paragraph 3(a) shall be amended to add the

 following sentence at the end thereof:

 "Your Salary will thereafter be increased by Fifty Thousand Dollars (\$50,000) on each July 1 during the Employment Term, commencing July 1, 1997."

Edward D. Horowitz
 As of June 1, 1996
 Page 2

4. Compensation / Bonus Compensation. Paragraph 3(b)(ii) shall be

 amended to delete the words "which may be prorated for any partial calendar year during the Employment Term".
5. Exclusive Employment, Confidential Information, Etc. /

 Non-Competition. Paragraph 6(a) shall be amended to read in its

 entirety as follows:

 "You agree that your employment hereunder is on an exclusive basis, and that during the shorter of (x) the Employment Term and (y) one (1) year after the termination of your employment pursuant to paragraph 8(b) or 8(c) hereof or eighteen (18) months after the termination of your employment pursuant to paragraph 8(a) hereof (the "Non-Compete Period"), you will not engage in any other business activity which is in conflict with your duties and obligations hereunder. You agree that during the Non-Compete Period you shall not directly or indirectly engage in or participate as an officer, employee, director, agent of or consultant for any business directly competitive with that of Viacom, nor shall you make any investments in any company or business competing with Viacom; provided, however, that nothing herein shall prevent you from investing as less than a one (1%) percent shareholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system."
6. Incapacity. Paragraph 7 shall be amended to read in its entirety

 as follows:

 "In the event you become totally medically disabled and cannot substantially perform your duties at any time during the Employment Term, the CEO, at any time after such disability has continued for 30 consecutive days, may determine that Viacom requires such duties and responsibilities be performed by another executive. In the event you become disabled, you will first

receive benefits under Viacom's short-term disability program for the first 26 weeks of consecutive absence. Thereafter, you will be eligible to receive benefits under Viacom's Long-Term Disability ("LTD") program in accordance with its terms. Upon receipt of benefits under the LTD program, you will also be entitled to receive a pro-rated Target Bonus for the calendar year in which such benefits commence."

7. Termination / Termination for Cause. Paragraph 8(a) shall be

amended to replace the word "dishonesty" in the second sentence
with the following:

"embezzlement, fraud or other conduct which would constitute a
felony".

8. Termination / Good Reason Termination. Paragraph 8(b) shall be

amended to replace the phrase "the breach by Viacom of any of its
material obligations hereunder" in the third sentence with the
following:

"the material breach by Viacom of its material obligations
hereunder".

9. New York Law, Etc. Paragraph 14 shall be amended to add the

following sentence at the end thereof:

"Any action to enforce this Agreement shall be brought in the
state or federal courts located in the City of New York".

Except as herein amended, all other terms and conditions of the Employment
Agreement shall remain the same and the Employment Agreement as herein amended,
shall remain in full force and effect.

If the foregoing correctly sets forth our understanding, please sign one copy of this letter and return it to the undersigned, whereupon this letter shall constitute a binding amendment to your Employment Agreement.

Very truly yours,

VIACOM INC.

By: /s/ William A. Roskin

Name: William A. Roskin
Title: Senior Vice President,
Human Resources and
Administration

ACCEPTED AND AGREED:

/s/ Edward D. Horowitz

Edward D. Horowitz

=====

\$500,000,000

FILM FINANCE CREDIT AGREEMENT,

dated as of

May 10, 1996,

among

VIACOM FILM FUNDING COMPANY INC.

as Borrower,

VIACOM INC.

and

VIACOM INTERNATIONAL INC.

as Guarantors,

THE BANKS NAMED HEREIN,

as Banks,

THE BANK OF NEW YORK,

CITIBANK, N.A.,

MORGAN GUARANTY TRUST COMPANY

OF NEW YORK,

and

BANK OF AMERICA NT&SA,

as Managing Agents,

THE BANK OF NEW YORK,

as the Documentation Agent,

CITIBANK, N.A.,

as the Administrative Agent,

JP MORGAN SECURITIES INC.,

as the Syndication Agent,

and

THE BANKS IDENTIFIED AS AGENTS

ON THE SIGNATURE PAGES HEREOF,

as Agents

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EXHIBITS

Exhibit A	- Notice of Borrowing
Exhibit B	- Notice of Conversion or Continuation
Exhibit C	- Form of Opinion of Michael D. Fricklas
Exhibit D	- Form of Assignment and Acceptance

FILM FINANCE CREDIT AGREEMENT, dated as of May 10, 1996, among VIACOM FILM FUNDING COMPANY INC., a [Delaware corporation] (the "Borrower"), VIACOM INC., a Delaware corporation, and VIACOM INTERNATIONAL INC., a Delaware corporation, as Guarantors (each a "Guarantor") the Banks parties hereto from time to time, THE BANK OF NEW YORK, as a Managing Agent and as the Documentation Agent, CITIBANK, N.A., as a Managing Agent and as the Administrative Agent, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as a Managing Agent, JP MORGAN SECURITIES INC., as the Syndication Agent, THE BANK OF AMERICA NT&SA, as a Managing Agent, and the Banks identified as Agents on the signature pages hereof, as Agents.

W I T N E S S E T H :
- - - - -

WHEREAS, the Borrower has requested that the Banks provide senior debt financing for the funding of the production, distribution and acquisition of motion pictures or other programming rights and the Banks are willing to make funds available for such purposes, but only upon the terms and subject to the conditions contained herein;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.1. Defined Terms. As used in this Agreement, the following

terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Agent" means Citibank, N.A., in its capacity as the

Administrative Agent, or any successor in such capacity.

"Affiliate" means, as to any Person, any Subsidiary of such Person

and any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. For the purposes of this definition, "control" means the possession of the power to direct or cause the direction of management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise.

"Agents" means each of the Banks identified as Agents on the signature pages hereof.

"Agreement" means this Credit Agreement, as modified, amended or supplemented from time to time.

"Amendment" means Amendment No. 2 to the September Agreement, dated as of November 17, 1995.

"APB 16 and 17" means Accounting Principles Board Opinions Nos. 16 and 17 as in effect at the time that any addition or adjustment required thereunder is to be made to the financial statements of a Person.

"Applicable Eurodollar Rate Margin" shall mean on any date the percentage set forth below opposite the Credit Rating applicable on such date:

CREDIT RATING	MARGIN
BBB-/Baa3 or better	.375%
BB+/Ba1 or lower	.625%

; provided, however, that if the ratings assigned by S&P and Moody's shall differ, the Credit Rating shall be the rating which is the higher rating.

"Applicable Lending Office" means, with respect to each Bank, its Domestic Lending Office in the case of a Base Rate Loan, and its Eurodollar Lending Office in the case of a Eurodollar Rate Loan.

"Arranger" means each of The Bank of New York, Citicorp Securities, Inc., JP Morgan Securities Inc. and BA Securities Inc.

"Banks" means the lenders listed on the signature pages hereof, and such other lenders as may become parties hereto from time to time pursuant to Section 12.7.

"Base Rate" means, for any day, a fluctuating interest rate per annum as shall be in effect for such day, which rate per annum shall be equal at all times to the higher of

(a) the rate of interest announced publicly by the Administrative Agent in New York, New York as the Administrative Agent's base rate in effect for such day; or

(b) the Federal Funds Rate for such day plus 1/2 of one percent per annum.

"Base Rate Loan" means any Loan or portion thereof that bears

interest with reference to the Base Rate.

"Blockbuster" means Blockbuster Entertainment Corporation, a

Delaware Corporation that merged into Viacom Inc.

"Borrower" has the meaning specified in the recitals hereof.

"Borrowing" means a borrowing by the Borrower consisting of Loans

made on the same day by the Banks ratably according to their respective Commitments.

"Business Day" means a day of the year on which banks are not

required or authorized to close in New York City and, if the applicable Business Day relates to a Eurodollar Rate Loan, a day on which dealings are also carried on in Dollars in the London interbank market.

"Cable Transaction" has the meaning specified in the Amendment.

"Cable Transaction Effective Date" has the meaning specified in the

Amendment.

"Capitalized Lease" means, as applied to any Person, any lease of

property by such Person as lessee which should be capitalized on a balance sheet of such Person prepared in accordance with GAAP, other than leases of satellite transponders.

"Cash Equivalents" means (i) securities with maturities of one year

or less from the date of acquisition issued or fully guaranteed or insured by the United States government or any agency thereof, (ii) certificates of deposit, time deposits, bankers' acceptances and repurchase agreements of any commercial bank rated at least A-3 by Moody's, (iii) negotiable Eurodollar certificates of deposit and time deposits issued by a London affiliate of a U.S. commercial bank or Canadian bank qualified under the preceding clause (ii) if such affiliate's long-term debt is rated A-3 or better by Moody's and (iv) commercial paper of an issuer rated at least A-1+ by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments.

"Code" means the Internal Revenue Code of 1986 (or any successor

legislation thereto), as amended from time to time.

"Commercial Paper" of any Person means any unsecured promissory

note of such Person with a maturity at the time of issuance not exceeding
nine months, exclusive of days of grace, issued by such Person pursuant to a
commercial paper program.

"Commitment" has the meaning specified in Section 2.1(a).

"Commitment Fee" has the meaning specified in Section 3.4(a).

"Commitment Termination Date" means the earlier of (i) May 9, 1997

and (ii) the date of the earlier termination in whole of all of the
Commitments pursuant to the terms hereof, including pursuant to Section 10.1.

"Contaminant" means any waste, pollutant, hazardous substance,

toxic substance, hazardous waste, special waste, petroleum or petroleum
derived substance or waste, or any constituent of such substance or waste,
including any substance regulated under any Environmental Law.

"Credit Rating" means the most recent rating of the long-term

senior unsecured debt of Viacom Inc. announced by Moody's or S&P or, in the
event that either or both cease the issuance of debt ratings generally, such
other rating agency or rating agencies agreed to by the Majority Banks.

"Default" means any event which with the passing of time or the

giving of notice or both would become an Event of Default.

"Documentation Agent" means The Bank of New York, in its capacity

as the Documentation Agent, or any successor in such capacity.

"Dollars" and the sign "\$" each mean the lawful money of the United

States of America.

"Domestic Lending Office" means, with respect to any Bank, the

office of such Bank specified as its "Domestic Lending Office" opposite its
name on Schedule I or such other office of such Bank as such Bank may from
time to time specify to the Borrower and the Administrative Agent.

"Earnings from Operations" means, at any time, for Viacom Inc. and

its Subsidiaries, revenues plus equity in earnings of affiliated companies,

less (i) operating expenses, (ii) selling expenses, (iii) general and

administrative expenses and (iv) depreciation and amortization expenses.

"EBIDT" means, at any time, the Earnings from Operations of Viacom

Inc. and its Subsidiaries on a consolidated basis as set forth in the
statement of operations of Viacom Inc. and its Subsidiaries for the
immediately preceding four Fiscal Quarters for which financial statements
have been delivered to the Banks pursuant to Section 8.8 of this Agreement
(adjusted to account for material dispositions during such four Fiscal
Quarters), plus (to the extent previously deducted) (a) the sum of the

following expenses of Viacom Inc. and its Subsidiaries for such period:
(i) depreciation expense; (ii) amortization expense (including all
amortization expenses recognized in accordance with APB 16 and 17 but
excluding (A) all other amortization of programming, production and pre-
publication costs and (B) amortization of videocassettes); (iii) expenses
accrued under the Incentive Plans for such period; (iv) non-recurring
expenses and non-cash charges incurred in connection with the "Tender Offer"
or the "Merger" (each as defined in the July Agreements) or the Merger, (v)
in the event that, during such period, Viacom Inc. or any of its Subsidiaries
acquires all or substantially all of the assets or Equity of any other Person
or any Equity in any other Person that is reported on an equity basis, the
EBIDT of such Person, as determined in accordance with the terms of this
definition, shall be included in the EBIDT of Viacom Inc. for all Fiscal
Quarters during such period; (vi) all other non-cash charges; and (vii) with
respect to the calculation of EBIDT through September 30, 1994, \$48.35
million of expenses associated with programming write-offs at USA Networks
less (b) the proportional EBIDT of the interests held by any other Person in
entities fully consolidated with Viacom Inc. and its Subsidiaries, as
determined in accordance with the terms of this definition. For the purposes
of Section 7.2 only, EBIDT shall be calculated on an actual historical basis
without taking into account acquisitions or dispositions during any relevant
calculation period.

"Effective Date" means the earliest date on which all of the

conditions precedent specified in Section 4.1 shall have been satisfied or
waived.

"Environmental Law" means the Comprehensive Environmental Response,

Compensation, and Liability Act (42

U.S.C. Sec. 9601 et seq.), the Hazardous Material Transportation Act (49
U.S.C. Sec. 1801 et seq.), the Resource Conservation and Recovery Act (42
U.S.C. Sec. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C.
Sec. 1251 et seq.), the Clean Air Act (42 U.S.C. Sec. 7401 et seq.), the Toxic
Substances Control Act (15 U.S.C. Sec. 2601 et seq.), and the Occupational
Safety and Health Act (29 U.S.C. Sec. 651 et seq.), in each case as amended or
supplemented from time to time, and any analogous future federal or present or
future state or local statutes, including, without limitation, transfer of
ownership notification statutes such as the New Jersey Environmental Cleanup
Responsibility Act (N.J. Stat. Ann. Sec. 13:1K-6 et seq.) and the Connecticut
Industrial Transfer Law of 1985 (Conn. Gen. Stat. Sec. 22a-134 et seq.) and
the regulations promulgated pursuant thereto.

"Environmental Liabilities and Costs" means, as to any Person, all
liabilities, obligations, responsibilities, Remedial Actions, losses,
damages, punitive damages, consequential damages, treble damages, costs and
expenses (including, without limitation, all reasonable fees, disbursements
and expenses of counsel, expert and consulting fees, and costs of
investigation and feasibility studies), fines, penalties, sanctions and
interest incurred as a result of any claim or demand, by any Person, whether
based in contract, tort, implied or express warranty, strict liability, any
criminal or civil statute, including any Environmental Law, Permit, order or
agreement with any Governmental Authority or other Person, arising from
environmental, health or safety conditions, or the Release or threatened
Release of a Contaminant into the environment, resulting from the past,
present or future operations of such Person or its Subsidiaries.

"Environmental Lien" means any Lien in favor of any Governmental
Authority for Environmental Liabilities and Costs.

"Equity" means all shares, options, equity interests, general or
limited partnership interests, joint venture interests or participations or
other equivalents (regardless of how designated) of or in a corporation,
partnership or other entity, whether voting or non-voting, and including,
without limitation, common stock, preferred stock, purchase rights, warrants
or options for any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974
(or any successor legislation thereto) and the rules and regulations
promulgated thereunder, as amended from time to time.

"ERISA Affiliate" shall mean a corporation, partnership or other

entity which is considered one employer with Viacom Inc. under Section 4001
of ERISA or Section 414 of the Code.

"ERISA Event" means (i) a Reportable Event with respect to a Title

IV Plan; (ii) the withdrawal of Viacom Inc., any of its Subsidiaries or any
ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during
a plan year in which it was a substantial employer, as defined in Section
4001(a)(2) of ERISA; (iii) the filing of a notice of intent to terminate a
Title IV Plan or the treatment of a plan amendment as a termination under
Section 4041 of ERISA; or (iv) the institution of proceedings to terminate a
Title IV Plan or Multiemployer Plan by the PBGC.

"Eurocurrency Liabilities" has the meaning specified in Regulation D.

"Eurodollar Lending Office" means, with respect to any Bank, the

office of such Bank specified as its "Eurodollar Lending Office" opposite its
name on Schedule I (or, if no such office is specified, its Domestic Lending
Office) or such other office of such Bank as such Bank may from time to time
specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period, the rate of

interest per annum determined by the Administrative Agent to be the offered
rate per annum at which deposits in Dollars appears on the Telerate Page 3750
(or any successor page) as of 11:00 A.M. (London time), or in the event such
offered rate is not available from the Telerate Page, the average (rounded
upward to the nearest whole multiple of 1/16 of 1% per annum, if such average
is not such a multiple) of the rates offered by the principal office of each
of the Reference Banks in London, England to prime banks in the London
interbank market at 11:00 A.M. (London time), two Business Days before the
first day of such Interest Period for deposit in dollars in an amount
substantially equal to the aggregate Eurodollar Rate Loans to which such
Interest Period relates and for a period equal to such Interest Period.

"Eurodollar Rate Loan" means any Loan or portion thereof that bears

interest at a rate determined with reference to the Eurodollar Rate.

"Eurodollar Rate Reserve Percentage" means, for any Bank for any

Interest Period, the reserve percentage applicable during such Interest
Period (or if more than one

such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under Regulation D for determining the actual reserve requirement incurred by such Bank (including, without limitation, any emergency, supplemental or other marginal reserve requirement) with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Event of Default" has the meaning specified in Section 10.1.

"Exchange Offer" has the meaning specified in the Amendment.

"Facility Agents" means each of the Administrative Agent, the Documentation Agent and the Syndication Agent.

"FCC" means the Federal Communications Commission, or any successor thereto.

"FCC License" means, with respect to Viacom Inc. or any of its Subsidiaries, any radio, television or other license, Permit, certificate of compliance or authorization issued by the FCC and required for the operation of its respective radio and television broadcast stations and cable television systems.

"Federal Funds Rate" means, for any day, a fluctuating interest rate per annum equal for such day to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Final Judgment" has the meaning specified in Section 10.1(g).

"Fiscal Quarter" means any three month period ending March 31, June 30, September 30 or December 31 of any Fiscal Year, or such other fiscal quarter end date as may be determined by Viacom Inc.

"Fiscal Year" means each twelve-month period ending December 31, or

such other fiscal year end date as may be determined by Viacom Inc.

"Franchise" means a franchise, authorization or right by contract

to construct, own, operate or otherwise exploit any cable television facility
operated by Viacom Inc. or any of its Subsidiaries, granted by any
Governmental Authority.

"GAAP" means generally accepted accounting principles in the United

States of America as in effect from time to time and set forth in the rules,
regulations, opinions and pronouncements of the Accounting Principles Board
and the American Institute of Certified Public Accountants and the statements
and pronouncements of the Financial Accounting Standards Board, or in such
other statements by such other entity as may be in general use by significant
segments of the accounting profession and which are applicable to the
circumstances as of the date of determination.

"GAAS" means generally accepted auditing standards in the United

States of America as in effect from time to time and set forth in the rules,
regulations, opinions and pronouncements of the Accounting Principles Board
and the American Institute of Certified Public Accountants and the statements
and pronouncements of the Financial Accounting Standards Board, or in such
other statements by such other entity as may be in general use by significant
segments of the accounting profession and which are applicable to the
circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state

or other political subdivision thereof and any entity exercising executive,
legislative, judicial, regulatory or administrative functions of or
pertaining to government.

"Guarantor" means each of Viacom Inc. and Viacom International.

"Incentive Plans" means Viacom Inc.'s Long-Term Incentive Plan and

Long-Term Management Incentive Plan.

"Indebtedness" of any Person means at any date, without

duplication, (i) all obligations of such Person for borrowed money
(including, without limitation, in the case of the Borrower, the obligations
of the Borrower for borrowed money under this Agreement), (ii) all
obligations of such Person evidenced by bonds, debentures, notes or

other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of Property or services, except as provided below, (iv) all obligations of such Person as lessee under Capitalized Leases, (v) all Indebtedness of others secured by a Lien on any Property of such Person, whether or not such Indebtedness is assumed by such Person, (vi) all Indebtedness of others directly or indirectly guaranteed or otherwise assumed by such Person, including any obligations of others endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation any Indebtedness in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation, or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation, provided that Indebtedness of Viacom Inc. and its Subsidiaries shall not

include (a) guarantees in existence on the date hereof of Indebtedness of discontinued operations, and (b) guarantees of Indebtedness that are identified on Schedule 1.1 to this Agreement and that arise from commitments in existence at the date hereof (in each of cases (a) and (b), only if such guarantees are not extended by Viacom Inc. or any of its Subsidiaries after the date hereof or, in the case of any increase in commitments, only the amount of the increase in such existing commitments shall be included in Indebtedness) (vii) all obligations of such Person as issuer, customer or account party under letters of credit or bankers' acceptances that are either drawn or that back financial obligations that would otherwise be Indebtedness; provided, however, that in each of the foregoing clauses

(i) through (vii), Indebtedness shall not include obligations (other than the July Agreements and the September Agreement) specifically with respect to the production, distribution and acquisition of motion pictures or other programming rights, talent or publishing rights.

"Indemnified Liability" has the meaning specified in Section

12.4(b).

"Indemnified Person" has the meaning specified in Section 12.4(b).

"Initial Funding Date" means the date on which the conditions set

forth in Sections 4.1, 4.2 and 4.3 are satisfied or waived and the initial Loans are made hereunder.

"Interest Period" means, (a) in the case of Base Rate Loans, the

period commencing on the date such Loans are made or on the date of conversion of such Loans from Eurodollar Rate Loans and ending on the last day of each Fiscal Quarter, and (b) in the case of Eurodollar Rate Loans, (i) initially, the period commencing on the date such Loans are made or on the date of conversion of such Loans or portions thereof from Base Rate Loans and ending one, two, three or six months thereafter, as selected by the Borrower in its Notice of Borrowing or Notice of Conversion or Continuation given to the Administrative Agent pursuant to Section 2.2 or 3.1, as the case may be, and (ii) thereafter, if such Loans are renewed, in whole or in part, as Eurodollar Rate Loans pursuant to Section 3.1, the period commencing on the last day of the immediately preceding Interest Period therefor and ending one, two, three or six months thereafter, as selected by the Borrower in its Notice of Conversion or Continuation given to the Administrative Agent pursuant to Section 3.1, subject, however, to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension for any Eurodollar Rate Loan would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period in respect of Eurodollar Rate Loans that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iii) no Interest Period may extend beyond the Commitment Termination Date;

(iv) the Borrower may not select any Interest Period in respect of Loans in an aggregate amount less than \$5,000,000; and

(v) there shall be outstanding at any one time no more than 20 Interest Periods in the aggregate.

"IRS" means the Internal Revenue Service, or any successor thereto.

"July Agreements" means (i) the Credit Agreement, dated as of July

1, 1994, as amended from time to time, among Viacom Inc., the banks party
thereto from time to time, The Bank of New York, Citibank N.A., Morgan
Guaranty Trust Company of New York and Bank of America NT&SA as Managing
Agents, The Bank of New York as the Documentation Agent, Citibank N.A. as the
Administration Agent, J.P. Morgan Securities Inc. as the Syndication Agent,
the banks identified as Agents on the signature pages thereof and the banks
identified as Co-Agents on the signature pages thereof, as Co-Agents; and
(ii) the Subsidiary Facility.

"Lien" means any mortgage, deed of trust, pledge, hypothecation,

assignment, deposit arrangement, encumbrance, lien (statutory or other),
security interest or preference, priority or other security agreement or
preferential arrangement of any kind or nature whatsoever, including, without
limitation, any conditional sale or other title retention agreement.

"Loan Parties" means the Borrower and each of the Guarantors.

"Loans" means the loans made to the Borrower pursuant to Section 2.1.

"Majority Banks" means, at any time, Banks and Lenders (as defined

in each of the September Agreement and each of the July Agreements) having at
least 51% of the aggregate Commitments under this Agreement, the September
Agreement and the July Agreements, taken together and voting as a single
group; provided, however, that for purposes of this definition, if the

Commitments under this Agreement, the September Agreement or either of the
July Agreements of any Bank or Lender shall have been terminated, the then
aggregate unpaid principal amount of Loans of such Bank or Lender thereunder
shall be deemed to be such Bank's or such Lender's Commitment under this
Agreement, the September Agreement or the July Agreements, as the case may
be.

"Managing Agents" means each of The Bank of New York, Citibank,

N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA,
acting in such capacity.

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means a change that has resulted or would

result in a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on the

business, financial condition, operations or Properties of Viacom Inc. and
its Subsidiaries taken as a whole.

"Material Credit Agreement Change" means a change that has

materially adversely affected or would materially adversely affect the
legality, validity or enforceability of any payment obligation of the
Borrower, Viacom Inc. or Viacom International under this Agreement.

"Material Subsidiary" of any Person means any "significant

subsidiary" of such Person as defined in Regulation S-X, as amended from time
to time, promulgated under the Securities Act of 1933, as amended.

"Merger" means the merger of Blockbuster with and into Viacom Inc.

with Viacom Inc. as the surviving corporation.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in

Section 4001(a)(3) of ERISA, to which Viacom Inc., any of its Subsidiaries or
any ERISA Affiliate is making, is obligated to make, has made or been
obligated to make, contributions on behalf of participants who are or were
employed by any of them.

"NAI" means National Amusements, Inc., a Maryland corporation.

"Net Worth" means, at any time, as to Viacom Inc. and its

Subsidiaries on a consolidated basis (determined in accordance with GAAP),
the excess of total assets over (i) total liabilities as shown on Viacom
Inc.'s then most recent consolidated balance sheet and (ii) preferred stock
that is either exchangeable into debt or is non-perpetual.

"Non Cable Businesses" has the meaning specified in the Amendment.

"Notice of Assignment and Acceptance" has the meaning specified in

Section 12.7(a).

"Notice of Borrowing" means a notice of the Borrower substantially

in the form of Exhibit A hereto specifying therein (i) the date of the
proposed Borrowing, (ii) the aggregate amount of such proposed Borrowing,
(iii) the amount thereof, if any, requested to be Eurodollar

Rate Loans and (iv) the initial Interest Period or Interest Periods for any such Eurodollar Rate Loans.

"Notice of Conversion or Continuation" has the meaning specified in

Section 3.1.

"Obligations" has the meaning specified in Section 5.1.

"PBGCC" means the Pension Benefit Guaranty Corporation, or any

successor thereto.

"Pension Plan" means an employee pension benefit plan, as defined

in Section 3(2) of ERISA (other than a Multiemployer Plan), which is not an individual account plan, as defined in Section 3(34) of ERISA, and which Viacom Inc., any of its Subsidiaries or any ERISA Affiliate now or in the future maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"Permit" means any permit, approval, authorization, license,

variance or permission required from a Governmental Authority under an applicable Requirement of Law.

"Person" means an individual, partnership, corporation (including a

business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or Governmental Authority.

"Plan" shall mean an employee benefit plan as defined in Section

3(3) of ERISA which is maintained or contributed to by Viacom Inc. or an ERISA Affiliate.

"Property" means any interest in any kind of property or asset,

whether real, personal or mixed, and whether tangible or intangible, including, without limitation, the right to use, transmit, display, license or otherwise temporarily or permanently benefit from the possession of, control of or access to any film, television program, trademark, trade name, copyright, service mark or any other type of intellectual or intangible property.

"Qualified Plan" means an employee pension benefit plan, as defined

in Section 3(2) of ERISA, which is intended to be tax-qualified under Section 401(a) of the Code, and which Viacom Inc., any of its Subsidiaries or any ERISA Affiliate now or in the future maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"Ratable Portion" means, with respect to any Bank, the percentage

obtained by dividing the amount of such Bank's Commitment by the aggregate
amount of Commitments of all the Banks.

"Reference Banks" means The Bank of New York, Citibank, N.A.,

Morgan Guaranty Trust Company of New York and the Bank of America NT&SA.

"Register" has the meaning specified in Section 12.7(g) hereof.

"Regulation D" means Regulation D of the Board of Governors of the

Federal Reserve System (or any successor thereto), as in effect from time to
time, or any successor thereto.

"Regulation T" means Regulation T of the Board of Governors of the

Federal Reserve System (or any successor thereto), as in effect from time to
time, or any successor thereto.

"Regulation U" means Regulation U of the Board of Governors of the

Federal Reserve System (or any successor thereto), as in effect from time to
time, or any successor thereto.

"Regulation X" means Regulation X of the Board of Governors of the

Federal Reserve System (or any successor thereto), as in effect from time to
time, or any successor thereto.

"Release" means, as to any Person, any release, spill, emission,

leaking, pumping, injection, deposit, disposal, discharge, disbursal,
leaching or migration into the indoor or outdoor environment or into or out
of any property owned by such Person, including the movement of Contaminants
through or in the air, soil, surface water, ground water or property.

"Remedial Action" means all actions required to (i) clean up,

remove, treat or in any other way address Contaminants in the indoor or
outdoor environment, (ii) prevent the Release or threat of Release or
minimize the further Release of Contaminants so they do not migrate or
endanger or threaten to endanger public health or welfare or the indoor or
outdoor environment, or (iii) perform pre-remedial studies and investigations
and post-remedial monitoring and care.

"Reportable Event" means any of the events described in Section

4043(b)(1), (2), (3), (5), (6), (8) or (9) of ERISA.

"Requirements of Law" means all federal, state and local laws,

rules, regulations, orders, decrees or other determinations of an arbitrator,
court or other Governmental Authority, including the requirements of ERISA
and Environmental Law.

"Responsible Financial Officer" means, as to any Person, the chief

financial officer, treasurer, assistant treasurer, controller, secretary,
assistant secretary or other officer of such Person listed in the certificate
delivered to the Managing Agents pursuant to Section 4.1(c) or otherwise
notified to the Administrative Agent as being authorized to execute documents
and certificates and otherwise act on behalf of such Person in connection
with financial matters arising under this Agreement.

"Responsible Officer" of any Person means any of the officers of

such Person listed in the certificate delivered to the Managing Agents
pursuant to Section 4.1(c) or otherwise notified to the Administrative Agent
as being authorized to execute and deliver documents and certificates and
otherwise act on behalf of such Person in all matters (other than financial
matters) arising under this Agreement.

"S&P" means Standard & Poor's Ratings Group.

"September Agreement" means the Credit Agreement, dated as of

September 29, 1994, as amended from time to time, among Viacom Inc., the
banks party thereto from time to time, The Bank of New York, Citibank N.A.,
Morgan Guaranty Trust Company of New York and Bank of America NT&SA as
Managing Agents, The Bank of New York as the Documentation Agent, Citibank
N.A. as the Administration Agent, J.P. Morgan Securities Inc. as the
Syndication Agent and the banks identified as Agents on the signature pages
thereof, as Agents.

"Single-Employer Plan" shall mean a single-employer plan as defined

in section 4001(a)(15) of ERISA which is subject to the provisions of Title
IV of ERISA.

"Subsidiary" means, with respect to any Person, any corporation,

partnership or other business entity of which more than 50% of the
outstanding Equity having ordinary voting power to elect a majority of the
board of directors of such entity (irrespective of whether, at the time,
Equity of any other class or classes of such entity

shall have or might have voting power by reason of the happening of any contingency) is, or of which more than 50% of the interests in which are, at the time, directly or indirectly, owned by such Person and/or one or more Subsidiaries of such Person.

"Subsidiary Facility" means the Credit Agreement, dated as of July

1, 1994, as amended from time to time, among Viacom International, Viacom Cablevision of Dayton, Inc., WNYT Inc., WMZQ Inc. and WVIT Inc., each a Delaware corporation and an indirect wholly owned Subsidiary of Viacom Inc., the banks parties thereto from time to time, The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA, as Managing Agents, The Bank of New York, as Documentation Agent, Citibank, N.A., as the Administrative Agent, JP Morgan Securities Inc. as the Syndication Agent, the banks identified as Agents on the signature pages thereof, as Agents, and the banks identified as Co-Agents on the signature pages thereof, as Co-Agents.

"Syndication Agent" means JP Morgan Securities Inc. in its capacity

as the Syndication Agent, or any successor in such capacity.

"Tax Affiliate" means, as to any Person, (i) any Subsidiary of such

Person, or (ii) any Affiliate of such Person with which such Person files or is required to file consolidated, combined or unitary tax returns.

"Tax Sharing Agreement" means the Income Tax Agreement, dated as of

August 15, 1987, as amended, among NAI, Viacom Inc. and Viacom International.

"Title IV Plan" means a Pension Plan, other than a Multiemployer

Plan, which is covered by Title IV of ERISA.

"Total Cash Interest and Preferred Dividends" means, for any

period, the sum of the following amounts: (i) the cash interest expense incurred by Viacom Inc. and its Subsidiaries during the preceding four Fiscal Quarters with respect to the aggregate amount of all Indebtedness outstanding during such period plus (ii) the cash dividends paid by Viacom Inc. and its

Subsidiaries to Persons other than Viacom Inc. and its wholly owned Subsidiaries during such four Fiscal Quarters with respect to preferred stock.

"Total Debt" of Viacom Inc. and its Subsidiaries means, on any

date, the total outstanding Indebtedness of Viacom Inc. and its Subsidiaries on a consolidated basis; provided that for purposes of calculating the Total

Leverage

Ratio, Total Debt shall be reduced by: (i) 75% of cash, Cash Equivalents and short-term investments held by Viacom Inc. and its Subsidiaries on a consolidated basis at June 30, 1996 and (ii) 65% of such amounts on any date thereafter.

"Total Leverage Ratio" means the consolidated ratio of Total Debt

to EBIDT.

"Transaction Documents" means the documents listed in Schedule III.

"Viacom Inc." means Viacom Inc., a Delaware corporation and the

indirect parent corporation of the Borrower.

"Viacom International" means Viacom International Inc., a Delaware

corporation and a wholly owned subsidiary of Viacom Inc. and the parent corporation of the Borrower.

"VII Services" has the meaning specified in the

Amendment.

"Withdrawal Liability" means, as to any Person, at any time, the

aggregate amount of the liabilities, if any, of such Person pursuant to Section 4201 of ERISA.

1.2. Computation of Time Periods. In this Agreement, in the

computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including".

1.3. Accounting Terms. All accounting terms not specifically

defined herein shall be construed in accordance with GAAP.

The parties hereto agree, however, that in the event that any change in accounting principles from those used in the preparation of the financial statements referred to in Section 6.4(a) is hereafter occasioned by the promulgation of rules, regulations, pronouncements, opinions and statements by or required by the Financial Accounting Standards Board or Accounting Principles Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and such change materially affects the calculation of any component of any financial covenant, standard or term contained in this Agreement, the Managing Agents and Viacom Inc. shall negotiate in good faith to amend such financial covenants, standards or terms found in this Agreement (other

than in respect of financial statements to be delivered hereunder) so that, upon adoption of such changes, the criteria for evaluation of the Borrower's, each of the Guarantors' and Viacom Inc.'s Subsidiaries' financial condition shall be the same after such change as if such change had not been made; provided, however, that (i) any such amendments shall not become effective

for purposes of this Agreement unless approved by the Majority Banks and (ii) if Viacom Inc. and the Majority Banks cannot agree on such an amendment, then the calculations under such financial covenants, standards or terms shall continue to be computed without giving effect to such change in accounting principles.

ARTICLE II

AMOUNT AND TERMS OF THE LOANS

2.1. The Loans. (a) The Loans. On the terms and subject to the

conditions contained in this Agreement, each Bank severally agrees to make Loans to the Borrower from time to time on any Business Day during the period from the Initial Funding Date until the Commitment Termination Date in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Bank's name on Schedule II as its "Commitment" (as adjusted from time to time by reason of assignments in accordance with the provisions of Section 12.7 and as such amount may be reduced pursuant to Section 2.3, such Bank's "Commitment"). Within the limits of each Bank's Commitment, amounts borrowed under this Section 2.1(a) and prepaid pursuant to Section 2.5 may be reborrowed under this Section 2.1(a).

(b) Evidence of Debt. (i) Each Bank shall maintain in accordance

with its usual practice an account or accounts evidencing the Indebtedness to such Bank resulting from each Loan made by such Bank to the Borrower from time to time, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(ii) The Register maintained by the Administrative Agent pursuant to Section 12.7(g) shall include a "Loan contract control account" for each Bank, in which account shall be recorded (A) the date and amount of each Borrowing hereunder, (B) the amount and type of each Bank's Loan comprising such Borrowing and any Interest Period applicable thereto, (C) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Bank with respect to each such Loan hereunder and (D) the amount of any sum received by the

Administrative Agent from the Borrower with respect to such Loans hereunder and each Bank's Ratable Portion thereof.

(iii) The entries made in the Register in respect of the Loans shall be conclusive and binding for all purposes, absent manifest error.

2.2. Making the Loans. (a) Each Borrowing shall be made upon

receipt of a Notice of Borrowing, given by the Borrower to the Administrative Agent not later than (i) 9:30 A.M. (New York City time) on the Business Day of the proposed Borrowing, in the event such Borrowing is to be comprised of Base Rate Loans, and (ii) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing, in the event such Borrowing is to be comprised of Eurodollar Rate Loans.

(b) The Administrative Agent shall give to each Bank prompt notice (but in any event on the same day) of its receipt of a Notice of Borrowing in respect of Loans and, if Eurodollar Rate Loans are properly requested in such Notice of Borrowing, upon its determination thereof, notice of the applicable interest rate under Section 3.3(b). Each Bank shall, before 11:00 A.M. (or in the case of a Borrowing being made on the same day, before 12:00 noon) (New York City time) on the date of the proposed Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 12.2, in immediately available funds, such Bank's Ratable Portion of such proposed Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article IV, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(c) Each Borrowing pursuant to this Section 2.2 shall be in an aggregate amount of not less than \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof.

(d) Each Notice of Borrowing pursuant to this Section 2.2 shall be irrevocable and binding on the Borrower. In the case of any proposed Borrowing comprised of Eurodollar Rate Loans, the Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such proposed Borrowing the applicable conditions set forth in Article IV, including, without limitation, any loss (excluding loss of the margin payable in accordance with Section 3.2 on the amount of principal not borrowed as a result of such

failure), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund any Eurodollar Rate Loan to be made by such Bank as part of such proposed Borrowing when such Eurodollar Rate Loan, as a result of such failure, is not made on such date.

(e) Unless the Administrative Agent shall have received notice from a Bank prior to the date of any proposed Borrowing pursuant to this Section 2.2 that such Bank will not make available to the Administrative Agent such Bank's Ratable Portion of such Borrowing, the Administrative Agent may assume that such Bank has made such Ratable Portion available to the Administrative Agent on the date of such Borrowing in accordance with this Section 2.2 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such Ratable Portion available to the Administrative Agent and the Administrative Agent has so made available such amount, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to the Loan comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement. If the Borrower shall repay to the Administrative Agent such corresponding amount, such payment shall not relieve such Bank of any obligation it may have to the Borrower hereunder.

(f) The failure of any Bank to make the Loan to be made by it as part of any Borrowing pursuant to this Section 2.2 shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of any such Borrowing.

2.3. Termination or Reduction of the Loan Commitments. (a)

Optional Reductions. The Borrower shall have the right, upon at least three

Business Days' prior notice to the Administrative Agent, to terminate in whole or permanently reduce ratably in part the unused portions of the respective Commitments of the Banks; provided, however,

that each partial reduction shall be in the aggregate amount of not less than \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof.

(b) Payment of Commitment Fee. Simultaneously with any

termination or reduction of the Commitments pursuant to this Section 2.3, the Borrower shall pay to the Administrative Agent for the account of each Bank the Commitment Fee, if any, on the amount of the Commitments so terminated or reduced and owed to such Bank through the date of such termination or reduction.

2.4. Repayment of the Loans. The Borrower shall repay the

outstanding principal amount of the Loans (together with all accrued but unpaid interest thereon) in full on the Commitment Termination Date.

2.5. Optional Prepayments of the Loans. The Borrower may, upon at

least three Business Days' prior notice (or at least one Business Day's prior notice in the case of Base Rate Loans), to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Loans comprising a part of the same Borrowing, in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that the

Borrower shall indemnify the Banks pursuant to Section 12.4(c) in the event that any prepayment of any Eurodollar Rate Loans shall be made on a day other than the last day of an Interest Period for such Loans; and provided further,

however, that each partial prepayment permitted under this Section 2.5 shall

be in an aggregate amount not less than \$5,000,000 or integral multiples of \$1,000,000 in excess thereof.

ARTICLE III

CONVERSION, INTEREST, PAYMENTS, FEES, ETC.

3.1. Conversion/Continuation Option. The Borrower may elect

(i) at any time to convert Base Rate Loans or any portion thereof to Eurodollar Rate Loans or (ii) at the end of any Interest Period with respect thereto, to convert Eurodollar Rate Loans or any portion thereof into Base Rate Loans, or to continue such Eurodollar Rate Loans or any portion thereof as Eurodollar Rate Loans for an additional Interest Period; provided,

however, that the aggregate of the Eurodollar Rate Loans of the Borrower so

converted or so continued for each Interest Period must be

in the amount of \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof. Each such election shall be in substantially the form of Exhibit B hereto (a "Notice of Conversion or Continuation") and shall be made by giving the Administrative Agent at least one Business Day's, in the case of a conversion to a Base Rate Loan, and three Business Days', in the case of a conversion to or a continuation of a Eurodollar Rate Loan, prior written notice thereof specifying (A) the amount and type of conversion or continuation, (B) in the case of a conversion to or a continuation of Eurodollar Rate Loans, the Interest Period therefor, and (C) in the case of a conversion the date of conversion (which date shall be a Business Day and, if a conversion from a Eurodollar Rate Loan, shall also be the last day of the Interest Period therefor). The Administrative Agent shall promptly (but in any event on the same day) notify each Bank of its receipt of a Notice of Conversion or Continuation and of the contents thereof. Notwithstanding the foregoing, no conversion in whole or in part of Base Rate Loans to Eurodollar Rate Loans, and no continuation in whole or in part of Eurodollar Rate Loans upon the expiration of any Interest Period therefor, shall be permitted at any time at which an Event of Default shall have occurred and be continuing. If, within the time period required under the terms of this Section 3.1, the Administrative Agent does not receive a Notice of Conversion or Continuation from the Borrower containing an election to continue all or any portion of the Eurodollar Rate Loans for an additional Interest Period or to convert all or any portion of such Loans, then, upon the expiration of the Interest Period therefor, such Loans or the portions thereof for which an election to continue or convert has not been made will be automatically converted to Base Rate Loans. Each Notice of Conversion or Continuation shall be irrevocable.

3.2. Interest. The Borrower shall pay interest on the unpaid

principal amount of each Loan from the date thereof until the principal amount thereof shall be paid in full, at the following rates per annum:

(a) Base Rate Loans. For Base Rate Loans, at a rate per annum

equal at all times to the Base Rate in effect from time to time, payable quarterly in arrears on the last day of each September, December, March and June, on the Commitment Termination Date and on the date any Base Rate Loan is converted or paid in full.

(b) Eurodollar Rate Loans. For Eurodollar Rate Loans, at a rate

per annum equal at all times during the applicable Interest Period for each Eurodollar Rate

Loan to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Eurodollar Rate Margin, payable in arrears (i) on the last day of such Interest Period and (ii) if such Interest Period has a duration of more than three months, on each day during such Interest Period that occurs every three months from the first day of such Interest Period.

(c) Default Rate of Interest. If any amount of principal of any

Loan is not paid when due, whether at stated maturity, by acceleration or otherwise, the interest rate applicable to any such amount shall be increased by 2.00% per annum, payable on demand, and if any interest, fee or other amount payable hereunder is not paid when due, such amount shall bear interest at a rate per annum equal at all times to the Base Rate in effect from time to time plus 2% per annum payable on demand.

3.3. Interest Rate Determination and Protection. (a) In the

event that the Eurodollar Rate is not available from the Telerate Page, the Eurodollar Rate for each Interest Period for Eurodollar Rate Loans shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received by the Administrative Agent from the Reference Banks two Business Days before such Interest Period. Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the other Reference Bank or Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Borrower and the Banks of the applicable interest rate determined by the Administrative Agent for purposes of Section 3.2(a) or (b), and the applicable rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 3.2(b).

(c) If, with respect to Eurodollar Rate Loans, the Banks holding the majority in principal amount of such Loans determine in good faith and notify the Administrative Agent that the Eurodollar Rate for any Interest Period will not adequately reflect the cost to such Banks of making such Loans or funding or maintaining their respective Eurodollar Rate Loans for such Interest Period, the Administrative

Agent shall forthwith so notify the Borrower and the Banks, whereupon

(i) each Eurodollar Rate Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan unless the Banks holding the majority in principal amount of such Loans notify the Administrative Agent that the circumstances causing such conversion no longer exist and the Borrower delivers a timely Notice of Conversion or Continuation with respect to such Loans; and

(ii) the obligations of the Banks to make Eurodollar Rate Loans or to convert Loans into Eurodollar Rate Loans shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist.

3.4. Fees. (a) The Borrower will pay on the last day of each

Fiscal Quarter to each of the Banks quarterly in arrears a fee (the "Commitment Fee") accruing from the Effective Date until the Commitment Termination Date, on such Bank's aggregate average daily unused Commitment as in effect from time to time at a rate of .125%.

(b) The Borrower has agreed to pay to the Banks, Managing Agents, Agents and Arrangers certain other fees which are earned on the Effective Date and payable on the Initial Funding Date or as separately agreed.

3.5. Increased Costs. (a) If, due to either (i) the introduction

of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurodollar Rate Reserve Percentage) in, or in the interpretation of, any law or regulation or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost (other than with respect to income, franchise or withholding taxes or other taxes of a similar nature) to any Bank of agreeing to make or making, funding or maintaining any Eurodollar Rate Loans, then (A) such Bank shall, as soon as such Bank becomes aware of such increased cost, but in any event not later than 60 days after such increased cost was incurred, deliver to the Borrower and the Administrative Agent a certificate stating (1) the actual amount of such increased cost incurred by such Bank and (2) that it is such Bank's customary practice, from and after the date of this Agreement, to charge its borrowers for increased costs

incurred by it; (B) the Borrower shall, within 30 days after its receipt of such certificate, at its sole option, either (1) pay to the Administrative Agent for the account of such Bank amounts sufficient to compensate such Bank for the increased cost incurred by it as set forth in the certificate referred to above or (2) replace such Bank in accordance with the provisions of Section 3.10, provided that if the Borrower does not exercise the option

specified in clause (2) above within 30 days after receipt of the certificate referred to above, then (x) such Bank shall deliver to the Borrower and the Administrative Agent a second certificate stating the increased cost incurred by such Bank and (y) the Borrower shall promptly upon receipt of such second certificate pay to the Administrative Agent for the account of such Bank amounts sufficient to compensate such Bank for such increased cost; and (C) such Bank shall use its reasonable best efforts to designate another of its then existing offices as its Applicable Lending Office if the making of such designation would, without any detrimental effect to such Bank, avoid the need for, or reduce the amount of, future increased costs which are probable of being incurred by such Bank. The amount of increased costs payable by the Borrower to any Bank as stated in any such certificate delivered to the Borrower and the Administrative Agent pursuant to the provisions of this Section 3.5(a) shall be conclusive and binding for all purposes, absent manifest error. In determining any such amount, such Bank may use reasonable averaging and attribution methods. If the Borrower so notifies the Administrative Agent within five Business Days after receipt of any certificate delivered to the Borrower pursuant to the provisions of this Section 3.5(a), the Borrower may either (x) prepay in full all Eurodollar Rate Loans of such Bank then outstanding in accordance with Section 3.8 and, additionally, reimburse such Bank for such increased cost in accordance with this Section 3.5(a) or (y) convert all Eurodollar Rate Loans of all Banks then outstanding into Base Rate Loans in accordance with Section 3.1 and, additionally, reimburse such Bank for such increased cost in accordance with this Section 3.5(a).

(b) If any Bank shall be required under Regulation D to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, then (i) such Bank shall, within 60 days after the end of any Interest Period with respect to any Eurodollar Rate Loan during which such Bank was so required to maintain such reserves, deliver to the Borrower and the Administrative Agent a certificate stating (A) that such Bank was required to maintain reserves and as a result such Bank incurred additional costs in connection with making Eurodollar Rate

Loans, (B) in reasonable detail, such Bank's computations of the amount of additional interest payable by the Borrower pursuant to the provisions of this Section 3.5(b)(ii) and (C) that it is such Bank's customary practice, from and after the date of this Agreement, to charge its borrowers for reserves so maintained by it, and (ii) the Borrower shall, promptly upon receipt of any such certificate, pay to the Administrative Agent, for the account of such Bank, additional interest on the unpaid principal amount of each Eurodollar Rate Loan of such Bank outstanding during the Interest Period with respect to which the above-referenced certificate was delivered to the Borrower, at a rate per annum equal to the difference obtained by subtracting (x) the Eurodollar Rate for such Interest Period from (y) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Bank for such Interest Period. The amount of interest payable by the Borrower to any Bank as stated in any certificate delivered to the Borrower and the Administrative Agent pursuant to the provisions of this Section 3.5(b) shall be conclusive and binding for all purposes, absent manifest error.

(c) The payments required under Sections 3.5(a) and (b) are in addition to any other payments and indemnities required under this Agreement.

3.6. Illegality. Notwithstanding any other provision of this

Agreement, if the introduction of or any change in or in the interpretation of any law or regulation, in each case after the date hereof, shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Bank or its Eurodollar Lending Office to make Eurodollar Rate Loans or to continue to fund or maintain Eurodollar Rate Loans, then, on notice thereof and demand therefor by such Bank to the Borrower through the Administrative Agent, (i) the obligation of such Bank to make or to continue Eurodollar Rate Loans and to convert Base Rate Loans into Eurodollar Rate Loans shall be suspended until such Bank through the Administrative Agent shall notify the Borrower that the circumstances causing such suspension no longer exist and (ii) the Borrower shall forthwith prepay in full all Eurodollar Rate Loans of such Bank then outstanding, together with interest accrued thereon, unless the Borrower, within five Business Days of such notice and demand, converts all Eurodollar Rate Loans of all Banks then outstanding into Base Rate Loans in accordance with the notice periods of Section 3.1; provided, however, that before making any such demand, each

Bank agrees to use its reasonable best efforts to designate another of its then existing offices as its Applicable

Lending Office if the making of such a designation would, without any detrimental effect to such Bank, cause the making of Eurodollar Rate Loans to not be subject to this Section 3.6.

3.7. Capital Adequacy. If any Bank shall, at any time, reasonably

determine that (a) the adoption (i) after the date of this Agreement, of any capital adequacy guidelines or (ii) at any time, of any other applicable law, government rule, regulation or order regarding capital adequacy of banks or bank holding companies, (b) any change in (i) any of the foregoing or (ii) the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency or (c) compliance with any policy, guideline, directive or request regarding capital adequacy (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any Governmental Authority, central bank or comparable agency, would have the effect of reducing the rate of return on the capital of such Bank to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration the policies of such Bank with respect to capital adequacy in effect immediately before such adoption, change or compliance) and (x) such reduction is as a consequence of the Commitment of, or the making, converting or continuing of any Loans by, such Bank hereunder and (y) such reduction is reasonably deemed by such Bank to be material, then (1) such Bank shall deliver to the Borrower and the Administrative Agent a certificate stating the reduction in the rate of return such Bank will in the future suffer as a result of its Commitment or the making, converting or continuing any Loans by it to the Borrower hereunder and (2) the Borrower shall, within 30 days after its receipt of such certificate, at its sole option, either (A) pay to the Administrative Agent for the account of such Bank from time to time as specified by such Bank such amount as shall be sufficient to compensate such Bank for such reduced return, or (B) replace such Bank in accordance with the provisions of Section 3.10; provided, however, that if the Borrower does not

exercise the option specified in clause (B) above within 30 days after receipt of the certificate referred to above, then (1) such Bank shall deliver to the Borrower and the Administrative Agent a second certificate stating the reduction in the rate of return of such Bank and (2) the Borrower shall promptly pay, as specified by such Bank, to the Administrative Agent for the account of such Bank amounts sufficient to compensate such Bank for the reduction in its rate of return. The amount stated in any certificate delivered to the Borrower pursuant to the provisions of this Section 3.7 shall be conclusive and binding for all pur-

poses, absent manifest error. In determining any such amount, such Bank may use reasonable averaging and attribution methods. The payments required under this Section 3.7 are in addition to any other payments and indemnities required hereunder.

3.8. Payments and Computations. (a) The Borrower shall make each

payment payable by it hereunder not later than 11:00 A.M. (New York City time) on the day when due, in Dollars, to the Administrative Agent at its address referred to in Section 12.2 in immediately available funds without set-off or counterclaim. The Administrative Agent will promptly thereafter (but in any event on the same day) cause to be distributed like funds relating to the payment of principal or interest or fees ratably (other than amounts payable pursuant to Section 3.5, 3.6 or 3.7) to the Banks for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Bank to such Bank for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Payment received by the Administrative Agent after 11:00 A.M. (New York City time) shall be deemed to be received on the next Business Day; provided, however, that the Admin-

istrative Agent shall use its reasonable best efforts to invest any amounts so received by the Administrative Agent in overnight investments satisfactory to the Borrower, and any earnings on any such investments shall be for the Borrower's account and may be credited against any interest payable hereunder during such period.

(b) All computations of the Commitment Fee or of interest based on the rate of interest specified in clause (a) of the definition of Base Rate and of fees shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest and fees are payable. All computations of the Commitment Fee shall be based on the aggregate average daily unused Commitment of each Bank. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in

the computation of payment of interest or fees, as the case may be.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

3.9. Sharing of Payments, Etc. If any Bank shall obtain any

payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Loan made by it (other than pursuant to Section 3.5, 3.6 or 3.7) in excess of its Ratable Portion of payments on account of the Loans obtained by all the Banks, such Bank shall forthwith purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any

portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and each such Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (i) the amount of such Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 3.9 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

3.10. Replacement Banks. Upon the election of the Borrower to

replace any Bank pursuant to the provisions of Section 3.5(a)(B)(2) or 3.7(2)(B), the Borrower shall

provide to the Administrative Agent a notice setting forth the replacement Bank or Banks, and the Bank being so replaced shall take all actions as may be necessary to transfer to such replacement Bank or Banks all of the rights and obligations of such Bank hereunder and such replacement Bank or Banks shall pay to the Bank being so replaced the amount outstanding of the Loan made by such Bank hereunder (with appropriate provisions for other amounts due to the Bank being replaced), all as though such replacement Bank or Banks were an assignee or assignees of such Bank to which such Bank were making an assignment in accordance with the provisions of Section 12.7.

ARTICLE IV

CONDITIONS OF LENDING

4.1. Conditions Precedent to the Making of the Initial Loans. The

making of the initial Loans hereunder is subject to satisfaction of the conditions precedent that the Managing Agents shall have received the following, in form and substance satisfactory to the Managing Agents, and in sufficient copies for each Bank that requests a copy:

(a) Certified copies of (i) the resolutions of the Board of Directors of each Loan Party approving this Agreement, and (ii) all documents evidencing any other necessary corporate action and required governmental and any third party approvals, licenses and consents with respect to this Agreement.

(b) A copy of the certificate of incorporation of each Loan Party certified as of a recent date by the Secretary of State of such Person's jurisdiction of incorporation, together with certificates of such official attesting to the good standing of such Person, and a copy of the By-Laws of each such Person certified by its Secretary or one of its Assistant Secretaries.

(c) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of its officers who have been authorized to execute and deliver this Agreement and each other document and certificate to be executed or delivered hereunder on behalf of such Person.

(d) A favorable opinion of Michael D. Fricklas, Deputy General Counsel to the Loan Parties, in substantially the form of Exhibit C hereto.

4.2. Additional Conditions Precedent to the Making of the Initial

Loans. The making of the initial Loans hereunder is subject to the further

conditions precedent that on the date of such Loans the following statements shall be true:

(a) The Borrower shall have paid all costs, accrued and unpaid fees and expenses referred to in Sections 3.4 and 12.4 (including, without limitation, the legal fees and expenses referred to in Section 12.4(a)), in each case to the extent then due and payable.

(b) The Borrower shall have delivered a schedule of Viacom Inc.'s 1996 projected funding for production, distribution and acquisition of feature films and programming for network TV and first-run TV reasonably satisfactory to the Managing Agents.

4.3. Conditions Precedent to the Making of Each Loan. The

obligation of each Bank to make any Loan, including the initial Loans, shall be subject to the further conditions precedent that the following statements shall be true on the date of such Loan, before and after giving effect thereto and to the application of the proceeds therefrom (and the acceptance by the Borrower of the proceeds of such Loan shall constitute a representation and warranty by the Borrower and, where such representation or warranty relates to a Guarantor, by such Guarantor, that on the date of such Loan such statements are true):

(a) The representations and warranties contained in Article VI hereof (other than those stated to be made as of a particular date) are true and correct in all material respects on and as of such date as though made on and as of such date.

(b) No event has occurred and is continuing, or would result from the Loans being made on such date, which constitutes a Default or an Event of Default.

ARTICLE V

GUARANTEE

5.1. Guarantee. Each of the Guarantors hereby, jointly and

severally, unconditionally and irrevocably, irrespective of the validity and enforceability of this Agreement, guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all

obligations of the Borrower and the other Guarantor hereunder now or hereafter existing under this Agreement, whether for borrowed money, interest, fees or any other amounts due hereunder or otherwise (the "Obligations") and for the avoidance of doubt, such amount shall expressly include all amounts which constitute part of the Obligations and would be owed by the Borrower or any Guarantor hereunder, but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower or a Guarantor (including all such amounts that would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. Sec. 362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. Sec. 502(b) and Sec. 506(b) or any analogous stay under any foreign law) and any and all expenses (including counsel fees and expenses) reasonably incurred by any Bank, Facility Agent, Managing Agent or Agent in enforcing any rights under this Article V.

5.2. Guarantee Absolute. Each of the Guarantors guarantees,

jointly and severally, that the Obligations will be paid strictly in accordance with the terms of this Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Bank, Facility Agent, Managing Agent or Agent with respect thereto. The liability of each of the Guarantors under this Article V shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of any provision of this Agreement or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from this Agreement;

(iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Borrower or a Guarantor.

5.3. Waiver. Each of the Guarantors hereby waives all notices

with respect to any of the Obligations

and the guarantee of this Article V and any requirement that any Bank, Facility Agent, Managing Agent or Agent protect, secure, perfect or insure any security interests or lien on any property subject thereto or exhaust any right or take any action against the Borrower, or any other person or entity or any collateral.

5.4. Subrogation. (a) Neither of the Guarantors shall exercise

any rights which it may have acquired by way of subrogation under this Agreement, by any payment made hereunder or otherwise nor shall either of the Guarantors seek any reimbursement from Borrower or the other Guarantor hereto in respect of payments made by any Guarantor hereunder, unless and until all of the Obligations shall have been paid to the Banks and discharged, in full, and if any payment shall be made to any Guarantor on account of such subrogation or reimbursement rights at any time when the Obligations shall not have been paid and discharged, in full, each and every amount so paid shall forthwith be paid to the Banks to be credited and applied against the Obligations, whether matured or unmatured.

(b) If, pursuant to applicable law, any Guarantor, by payment or otherwise, becomes subrogated to all or any of the rights of the Banks under this Agreement, the rights of the Banks to which such Guarantor shall be subrogated shall be accepted by such Guarantor "as is" and without any representation or warranty of any kind by the Banks, express or implied, with respect to the legality, value, validity or enforceability of any of such rights, or the existence, availability, value, merchantability or fitness for any particular purpose of any collateral and shall be without recourse to the Banks.

5.5. Continuing Guarantee; Transfer of Interest. The guarantee in

this Article V constitutes a continuing obligation and shall (i) remain in full force and effect until indefeasible payment in full of the Obligations and all other amounts payable under this Agreement, (ii) be binding upon each of the Guarantors, their successors and assigns, and (iii) inure to the benefit of and be enforceable by any Bank, Facility Agent, managing Agent or Agent, and their respective successors, transferees, and assigns. Without limiting the generality of the foregoing clause (iii), any Bank may assign or otherwise transfer all or any part of its rights and obligations under this Agreement in accordance with Section 12.7, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to such Bank in this Article V or otherwise, subject, however, to the provisions of Article XII of this Agreement.

5.6. Reinstatement. This Article V shall remain in full force and

effect and continue to be effective should any proceeding be instituted by or against any Loan Party for liquidation or reorganization, should any Loan Party become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Loan Party's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored, or returned, the Obligations shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

To induce the Banks to enter into this Agreement, Viacom Inc. represents and warrants to the Banks as follows:

6.1. Corporate Existence; Compliance with Law. The Borrower, each

other Loan Party and each other Material Subsidiary of Viacom Inc. (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (ii) is duly qualified and in good standing as a foreign corporation under the laws of each other jurisdiction in which the failure so to qualify is reasonably probable to have a Material Adverse Effect; (iii) has all requisite corporate power and authority to conduct its business as now being conducted and as proposed to be conducted; (iv) is in compliance with its articles or certificate of incorporation and by-laws; and (v) is in compliance with all applicable Requirements of Law except such non-compliance as would not have a Material Adverse Effect.

6.2. Corporate Power; Authorization; Enforceable Obligations. (a)

The execution, delivery and performance by each Loan Party of this Agreement:

(i) is within its corporate powers;

(ii) has been duly authorized by all necessary corporate action;

(iii) does not (A) contravene its certificate of incorporation or by-laws, (B) violate any law or regulation (including, without limitation, Regulations G, T, U or X of the Board of Governors of the Federal Reserve System), or any order or decree of any court or governmental instrumentality, except those as to which the failure to comply would not have a Material Adverse Effect, (C) conflict with or result in the breach of, or constitute a default under, any instrument, document or agreement binding upon and material to such Loan Party, or (D) result in the creation or imposition of any Lien upon any of the Property of Viacom Inc. or any of its Subsidiaries; and

(iv) does not require the consent of, authorization by, approval of, notice to, or filing or registration with, any Governmental Authority (except for filing copies of this Agreement with the Securities and Exchange Commission).

(b) This Agreement has been duly executed and delivered by each Loan Party that is a party hereto or thereto, and is the legal, valid and binding obligation of each such Person, enforceable against it in accordance with its terms, except where such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or equitable principles relating to enforceability.

6.3. Taxes. All federal, and all material state, local and

foreign tax returns, reports and statements required to be filed by Viacom Inc. or any of its Subsidiaries have been filed with the appropriate governmental agencies in all jurisdictions in which such returns, reports and statements are required to be filed. All consolidated, combined or unitary returns which include Viacom Inc. or any of its Subsidiaries have been filed with the appropriate governmental agencies in all jurisdictions in which such returns, reports and statements are required to be filed except where such filing is being contested or may be contested. All federal, and all material state, local and foreign taxes, charges and other impositions of Viacom Inc., its Subsidiaries or any consolidated, combined or unitary group which includes Viacom Inc. or any of its Subsidiaries which are due and payable have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except

where contested in good faith and by appropriate proceedings if adequate reserves therefor have been established on the books of Viacom Inc. or such Subsidiary in accordance with GAAP. Proper and accurate amounts have been withheld by or on behalf of Viacom Inc. and each of its Subsidiaries from their respective employees for all periods in full and complete compliance with the tax, social security and unemployment withholding provisions of applicable federal, state, local and foreign law and such withholdings have been timely paid to the respective governmental agencies, in all material respects. Neither Viacom Inc. nor any of its Tax Affiliates has agreed or has been requested to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise relating to Viacom Inc. or any of its Subsidiaries which will affect a taxable year of Viacom Inc. or any of its Tax Affiliates ending after December 31, 1993, which has not been reflected in the financial statements delivered pursuant to Section 8.8 and which would have a Material Adverse Effect. Viacom Inc. has no obligation under any tax sharing agreement or other tax sharing arrangement, other than the Tax Sharing Agreement and tax sharing agreements or other tax sharing arrangements providing for payments to Subsidiaries of Viacom Inc. which are Tax Affiliates, which do not have a Material Adverse Effect.

6.4. Financial Information. (a) The report of Viacom Inc. on

Form 10-K for the Fiscal Year ended December 31, 1995 is complete and correct in all material respects as of such date, and the financial statements therein have been prepared in accordance with GAAP and fairly present the financial condition and results of operations of Viacom Inc. and each of its consolidated Subsidiaries as of such date.

(b) Since December 31, 1995, there has been no Material Adverse Change or Material Credit Agreement Change.

(c) None of Viacom Inc. or any Subsidiary of Viacom Inc. had at December 31, 1995 any obligation, contingent liability, or liability for taxes or long-term leases material to Viacom Inc. and its Subsidiaries taken as a whole which is not reflected in the balance sheets referred to in subsection (a) above or in the notes thereto.

6.5. Litigation. There are no pending, or to the best knowledge

of Viacom Inc. threatened, actions, investigations or proceedings against or affecting Viacom Inc. or any of its Subsidiaries before any court, governmental agency or arbitrator in which, individually or in the aggregate, there is a reasonable probability of an

adverse decision that could have a Material Adverse Effect or result in a Material Credit Agreement Change.

6.6. Margin Regulations. Neither Guarantor is engaged in the

business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Borrowing will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock in violation of Regulation U.

6.7. ERISA. (a) No liability under Sections 4062, 4063, 4064 or

4069 of ERISA has been or is expected by Viacom Inc. to be incurred by Viacom Inc. or any ERISA Affiliate with respect to any Plan which is a Single-Employer Plan in an amount that could reasonably be expected to have a Material Adverse Effect.

(b) No Plan which is a Single-Employer Plan had an accumulated funding deficiency, whether or not waived, as of the last day of the most recent fiscal year of such Plan ended prior to the date hereof. Neither Viacom Inc. nor any ERISA Affiliate is (A) required to give security to any Plan which is a Single-Employer Plan pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, or (B) subject to a Lien in favor of such a Plan under Section 302(f) of ERISA.

(c) Each Plan of Viacom Inc., each of its Subsidiaries and each of its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code, except where the failure to comply would not result in any Material Adverse Effect.

(d) Neither Viacom Inc. nor any of its Subsidiaries has incurred a tax liability under Section 4975 of the Code or a penalty under Section 502(i) of ERISA in respect of any Plan which has not been paid in full, except where the incurrence of such tax or penalty would not result in a Material Adverse Effect.

(e) None of Viacom Inc., any of its Subsidiaries or any ERISA Affiliate has incurred or reasonably expects to incur any Withdrawal Liability under Section 4201 of ERISA as a result of a complete or partial withdrawal from a Multiemployer Plan which will result in Withdrawal Liability to Viacom Inc., any of its Subsidiaries or any ERISA Affiliate in an amount that could reasonably be expected to have a Material Adverse Effect.

6.8. No Defaults. Neither Viacom Inc. nor any of its Subsidiaries

is in breach of or default under or with respect to any instrument, document or agreement binding upon Viacom Inc. or such Subsidiary which breach or default is reasonably probable to have a Material Adverse Effect or result in the creation of a Lien on any Property of Viacom Inc. or its Subsidiaries.

6.9. Investment Company Act. Neither Guarantor is an "investment

company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. The making of the Loans by the Banks, the application of the proceeds and repayment thereof by the Borrower and the consummation of the transactions contemplated by this Agreement will not violate any provision of such act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

6.10. Insurance. All policies of insurance of any kind or nature

owned by Viacom Inc. and its Subsidiaries are maintained with financially sound and reputable insurers. Viacom Inc. currently maintains insurance with respect to its Properties and business and causes its Subsidiaries to maintain insurance with respect to their Properties and business against loss or damage of the kinds customarily insured against by corporations engaged in the same or similar business and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other corporations including, without limitation, workers' compensation insurance.

6.11. Environmental Protection. (a) There are no known

conditions or circumstances associated with the currently or previously owned or leased properties or operations of Viacom Inc. or its Subsidiaries or tenants which may give rise to any Environmental Liabilities and Costs which would have a Material Adverse Effect; and

(b) No Environmental Lien has attached to any Property of Viacom Inc. or any of its Subsidiaries which would have a Material Adverse Effect.

6.12. Title and Liens. Viacom Inc. and each of its Subsidiaries

has good and marketable title to its real properties and owns or leases under Capitalized Leases all its other material Properties, in each case, as shown on its most recent balance sheet, and none of such Properties is subject to any Lien except as permitted under this Agreement.

6.13. Trademarks, Copyrights, Etc. Viacom Inc. and each of its

Subsidiaries own or have the rights to such trademarks, service marks, trade names, copyrights, licenses or rights in any thereof, as in the aggregate are adequate in the reasonable judgment of Viacom Inc. for the conduct of the business of Viacom Inc. and its Subsidiaries as now conducted.

6.14. FCC Licenses, Franchises. Viacom Inc. and its Subsidiaries

have all the FCC Licenses necessary for the conduct of their respective businesses as now being conducted. Viacom Inc. and its Subsidiaries are in substantial compliance with the Federal Communications Act of 1934, as amended, and with the rules and regulations thereunder except for such non-compliance which would not have a Material Adverse Effect. Neither Viacom Inc. nor any of its Subsidiaries is a party to, nor has any knowledge of, any investigation, notice of violation, order or complaint issued by or before the FCC, in which there is a reasonable probability of an adverse decision which is reasonably probable to have a Material Adverse Effect. The operation and maintenance of the towers and any antenna systems relating to each of the broadcast Properties owned by Viacom Inc. and its Subsidiaries or used in connection with the transmission of signals therefrom do not violate any Requirement of Law except for such non-compliance which would not have a Material Adverse Effect. Viacom Inc. and its Subsidiaries have all the Franchises necessary for the conduct of their businesses as now being conducted and are in substantial compliance with the requirements of such Franchises, except for such non-compliance which would not have a Material Adverse Effect. Viacom Inc. and its Subsidiaries have no reason to believe that any FCC License or any Franchise of Viacom Inc. and its Subsidiaries will not be renewed in the ordinary course except for such nonrenewal which would not have a Material Adverse Effect.

6.15. Disclosure. All written information relating to the

Borrower, the Guarantors and the Subsidiaries of Viacom Inc. that has been delivered to the Banks in connection with this Agreement prior to the Initial Funding Date was complete and correct in all material respects, taken as a whole.

ARTICLE VII

FINANCIAL COVENANTS

As long as any of the Loans shall remain unpaid or any Bank shall have any Commitment hereunder, unless

otherwise agreed by the written consent of the Majority Banks:

7.1. Total Leverage Ratio. The Total Leverage Ratio shall not exceed, as of the last day of any Fiscal Quarter described below, the amount specified with respect to such period:

Date	Ratio
June 30, 1996 and thereafter	5.25x

7.2. Ratio of EBIDT to Trailing Total Cash Interest and Preferred Dividends. The ratio of EBIDT to Total Cash Interest and Preferred Dividends shall not be less, as of the last day of any Fiscal Quarter occurring during any period set forth below, than the amount specified with respect to such period:

Date	Ratio
June 30, 1996 through December 31, 1996	2.00x
March 31, 1997 and thereafter	2.25x

7.3. Minimum Net Worth. On the last day of each Fiscal Quarter, commencing September 30, 1994 the Net Worth of Viacom Inc. and its Subsidiaries shall not be less than 75% of the Net Worth of Viacom Inc. and its Subsidiaries at the date which is the first Fiscal Quarter end date after the Effective Date (as that term is defined in the September Agreement).

ARTICLE VIII

AFFIRMATIVE COVENANTS

As long as any of the Loans shall remain unpaid or any Bank shall have any Commitment hereunder, unless otherwise agreed by the written consent of the Majority Banks:

8.1. Compliance with Laws, Etc. Viacom Inc. shall comply, and cause each of its Subsidiaries to comply, in all material respects with all Requirements of Law, all FCC Licenses and Franchises except such non-compliance as would not have a Material Adverse Effect or result in a Material Credit Agreement Change.

8.2. Payment of Taxes, Etc. Viacom Inc. and any consolidated,

combined or unitary group which includes Viacom Inc. or any of its Subsidiaries shall pay and discharge, and cause each Subsidiary of Viacom Inc. to pay and discharge, before the same shall become delinquent, all lawful claims, taxes, assessments and governmental charges or levies except where contested in good faith, by proper proceedings, and where adequate reserves therefor have been established on the books of Viacom Inc. or such Subsidiary in accordance with GAAP.

8.3. Maintenance of Insurance. Viacom Inc. shall maintain, and

cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which Viacom Inc. or such Subsidiary operates. Viacom Inc. will furnish to the Administrative Agent from time to time such information as may be requested as to such insurance.

8.4. Preservation of Corporate Existence, Etc. Viacom Inc. shall

preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, their respective corporate existences; provided, however, that the

corporate existence of any Subsidiary (other than Viacom International and the Borrower) may be terminated if, in the good faith judgment of the board of directors or the chief financial officer of Viacom Inc., such termination is in the best interest of Viacom Inc. and such termination would not have a Material Adverse Effect; and provided further, however, that Viacom Inc. may

merge into Viacom International, with Viacom International as the surviving corporation, provided that upon the effectiveness of such merger, Viacom

International shall assume, pursuant to an instrument satisfactory to the Managing Agents, the obligations of Viacom Inc. hereunder.

8.5. Books and Access. Viacom Inc. shall, and shall cause each of

its Subsidiaries to, keep proper books of record and accounts in conformity with GAAP, and upon reasonable notice and at such reasonable times during the usual business hours as often as may be reasonably requested, permit representatives of the Administrative Agent, at its own initiative or at the request of any Bank, to make inspections of its Properties, to examine its books, accounts and records and make copies and memoranda thereof and to discuss its affairs and finances with its officers or directors and independent public accountants.

8.6. Maintenance of Properties, Etc. Viacom Inc. shall maintain

and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its Properties which are used or useful in the conduct of its business in good working order and condition and, from time to time make or cause to be made all appropriate repairs, renewals and replacements, except where the failure to do so would not have a Material Adverse Effect.

8.7. Application of Proceeds. The Borrower shall use the proceeds

of the Loans for the funding of the production, distribution and acquisition of motion pictures or other programming rights.

8.8. Financial Statements of Viacom Inc. Viacom Inc. shall

furnish to the Banks:

(a) as soon as available but not later than sixty (60) days after the close of each of the first three (3) Fiscal Quarters of each Fiscal Year of Viacom Inc., (i) consolidated balance sheets of Viacom Inc. and its Subsidiaries as at the end of such Fiscal Quarter and the related consolidated statements of operations, the consolidated statement of shareholders' equity and the consolidated statement of cash flows of Viacom Inc. and its Subsidiaries for such Fiscal Quarter and (in the case of the second and third Fiscal Quarters) for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter (along with business segment information customarily prepared by Viacom Inc.), setting forth in each case in comparative form the consolidated figures for the corresponding periods of the previous Fiscal Year, all in reasonable detail and certified by a Responsible Financial Officer of Viacom Inc. as fairly presenting, in accordance with GAAP, the financial condition and results of operations of Viacom Inc. and its Subsidiaries, subject to changes resulting from normal year-end audit adjustments; and (ii) a report certified by such Responsible Financial Officer of all commitments for program license fees that are not reflected on the balance sheets referred to above in excess of Fifty Million Dollars (\$50,000,000) for any one such commitment or series of related commitments incurred by Viacom Inc. or any Subsidiary during such Fiscal Quarter, together with a statement of all such obligations outstanding at the end of such Fiscal Quarter;

(b) (i) as soon as available but no later than one hundred twenty (120) days after the close of each Fiscal Year of Viacom Inc., (A) consolidated balance sheets of Viacom Inc. and its Subsidiaries as at the end of such year and the related consolidated statements of operations, the

consolidated statement of shareholders' equity and the consolidated statement of cash flows of Viacom Inc. and its Subsidiaries for such year (along with business segment information customarily prepared by Viacom Inc.), setting forth in each case in comparative form the consolidated figures for the previous Fiscal Year, all in reasonable detail and certified in the case of the consolidated financial statements by Price Waterhouse or another firm of nationally recognized independent public accountants, which report shall state without qualification as to the scope of the audit or as to going concern that such consolidated financial statements present fairly the financial position and the results of operations as at the dates and for the periods indicated in conformity with GAAP and that the audit by such accountants in connection with such consolidated financial statements has been made in accordance with GAAS, and (B) a report certified by a Responsible Financial Officer of all commitments for program license fees that are not reflected on the balance sheets referred to above in excess of Fifty Million Dollars (\$50,000,000) for any one such commitment or series of related commitments incurred by Viacom Inc. or any Subsidiary during the last Fiscal Quarter of such Fiscal Year, together with a statement of all such obligations at the end of such Fiscal Quarter; (ii) as soon as available but not later than one hundred twenty (120) days after the close of each Fiscal Year of Viacom Inc., a certificate from such accounting firm that in the course of the regular audit of the business of Viacom Inc. and its Subsidiaries, which audit was conducted by such accounting firm in accordance with GAAS, such accounting firm obtained no knowledge that an Event of Default or Default has occurred and is continuing or, if in the opinion of such accounting firm, an Event of Default or Default has occurred and is continuing, a statement as to the nature thereof;

(c) together with each delivery of financial statements of Viacom Inc. pursuant to clauses (a) and (b) above and commencing with the Fiscal Quarter ending June 30, 1996, a certificate issued by a Responsible Financial Officer of Viacom Inc. (i) demonstrating compliance at the end of the accounting period described in such statements with the financial covenants contained herein and (ii) containing in reasonable detail the component figures contained in the respective total figures stated in such certificate; and

(d) together with each delivery of financial statements of Viacom Inc. and its Subsidiaries pursuant to clauses (a) or (b) above, and commencing with the Fiscal Quarter ending June 30, 1996, a certificate signed by a

Responsible Financial Officer of Viacom Inc. stating that (i) such officer is familiar with both this Agreement and the business and financial condition of Viacom Inc. and the Borrower, and (ii) no Event of Default or Default has occurred and is continuing or if an Event of Default or Default has occurred and is continuing a statement as to the nature thereof, and whether or not the same shall have been cured.

8.9. Reporting Requirements. Viacom Inc. shall furnish to the

Administrative Agent for distribution to the Banks:

(a) from time to time as the Administrative Agent may reasonably request, copies of such statements, lists of Property, accounts, budgets, forecasts, reports or information prepared by or for Viacom Inc. or within Viacom Inc.'s control;

(b) promptly and in any event within thirty (30) days after Viacom Inc., any of its Subsidiaries or any ERISA Affiliate knows that any ERISA Event has occurred (other than a Reportable Event for which notice to the PBGC is waived), a written statement of the chief financial officer or other appropriate officer of Viacom Inc. describing such ERISA Event and the action, if any, which Viacom Inc., any of its Subsidiaries or any ERISA Affiliate proposes to take with respect thereto, and a copy of any notice filed with the PBGC or the IRS pertaining thereto;

(c) promptly and in any event within thirty (30) days after notice or knowledge thereof, notice that Viacom Inc. or any of its Subsidiaries becomes subject to the tax on prohibited transactions imposed by Section 4975 of the Code, together with a copy of Form 5330;

(d) promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, against or affecting the Borrower, Viacom Inc., or any Subsidiary of Viacom Inc., in which there is a reasonable probability of an adverse decision which would have a Material Adverse Effect;

(e) promptly upon Viacom Inc. or any of its Subsidiaries learning of (i) any Event of Default or any Default, or (ii) any Material Credit Agreement Change, telephonic or telegraphic notice specifying the nature of such Event of Default, Default or Material Credit Agreement Change, including the anticipated effect thereof, which

notice shall be promptly confirmed in writing within five days;

(f) promptly after the sending or filing thereof, copies of all reports which Viacom Inc. sends to its security holders generally, and copies of all reports and registration statements which Viacom Inc. or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) promptly upon, and in any event within 30 days of, Viacom Inc. or any of its Subsidiaries learning of any of the following:

(i) notice that any Property of Viacom Inc. or any of its Subsidiaries is subject to any Environmental Liens individually or in the aggregate which would have a Material Adverse Effect;

(ii) any proposed acquisition of stock, assets or real estate, or any proposed leasing of Property, or any other action by Viacom Inc. or any of its Subsidiaries in which there is a reasonable probability that Viacom Inc. or any of its Subsidiaries would be subject to any material Environmental Liabilities and Costs, provided that, in the event of any

such proposed acquisition or lease, Viacom Inc. must furnish to the Banks evidence in a form acceptable to the Banks that the proposed acquisition will not have a Material Adverse Effect;

(h) prior to the effectiveness thereof, information relating to any proposed change in the accounting treatment or reporting practices of Viacom Inc. and its Subsidiaries the nature or scope of which materially affects the calculation of any component of any financial covenant, standard or term contained in this Agreement;

(i) promptly upon Viacom Inc. learning of any material Franchise or material FCC License being revoked, canceled or terminated, or renewal thereof denied for any reason, written notice specifying the reasons for such revocation, cancellation, termination or denial, the anticipated effect thereof, and the actions, if any, being taken by Viacom Inc. to remedy the same; and

(j) from time to time, such other information and materials as the Administrative Agent may reasonably request.

ARTICLE IX

NEGATIVE COVENANTS

So long as any of the Loans shall remain unpaid or any Bank shall have any Commitment hereunder, without the written consent of the Majority Banks:

9.1. Liens, Etc. Viacom Inc. shall not, directly or indirectly,

create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien upon or with respect to any of its Properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any Person, except:

(i) purchase money Liens or purchase money security interests upon or in any Property acquired or held by Viacom Inc. or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such Property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such Property;

(ii) Liens on Property of Persons which become Subsidiaries of Viacom Inc. after the Initial Funding Date securing Indebtedness existing, with respect to any such Person, on the date such Person becomes a Subsidiary (other than any such Lien created in contemplation of such Person becoming a Subsidiary);

(iii) Liens on Property of Persons which become Subsidiaries of Viacom Inc. after the Initial Funding Date securing Indebtedness incurred by such Person after the date such Person becomes a Subsidiary; provided, however, that the aggregate principal amount of Indebtedness

referred to in this clause (iii) secured by Liens shall not exceed \$30,000,000 at any time outstanding;

(iv) Liens upon or in the satellite transponders listed on Schedule 9.1(a) (and directly related Property) to secure the purchase price of such transponders, or to secure Indebtedness incurred for the purpose of financing or refinancing the acquisition of such transponders;

(v) Liens listed on Schedule 9.1(b); and

(vi) any Lien securing the renewal, extension or refunding of any Indebtedness secured by any Lien permitted by clause (i), (ii), (iii), (iv) or (v) above.

9.2. Mergers. Viacom Inc. shall not, nor shall it permit any of

its Subsidiaries representing a substantial portion of the assets of Viacom Inc. and its Subsidiaries taken as a whole to, merge or consolidate in any transaction in which such entity is not the surviving Person other than: (i) in mergers of any Subsidiary into Viacom Inc. or any other wholly owned Subsidiary of Viacom Inc.; or (ii) in a merger of Viacom Inc. into Viacom International with Viacom International as the surviving corporation, provided that upon the effectiveness of such merger, Viacom International

shall assume, pursuant to an instrument satisfactory to the Managing Agents, the obligations of Viacom Inc. hereunder.

9.3. Substantial Asset Sale. Viacom Inc. shall not, and shall not

permit any of its Subsidiaries to, sell assets constituting all or a substantial portion of consolidated assets of Viacom Inc. and its Subsidiaries taken as a whole to any Person other than to Viacom Inc. or its wholly owned Subsidiary.

9.4. Transactions with Affiliates. Viacom Inc. shall not engage

in, and will not permit any of its Subsidiaries to engage in, any transaction with an Affiliate of Viacom Inc. or of such Subsidiary (other than transactions in the ordinary course of business between a Subsidiary and its parent or among Subsidiaries of Viacom Inc.) except on terms no less favorable to Viacom Inc. or such Subsidiaries than as would be obtained in a comparable arm's-length transaction.

9.5. Margin Stock. Viacom Inc. shall not permit more than twenty-

five percent (25%) of the value, within the meaning of Regulation U, as determined by any reasonable method, of the assets of Viacom Inc. and its Subsidiaries, to be Margin Stock, nor will the Borrower use the proceeds of any Loan to purchase or carry any Margin Stock.

9.6. Subsidiary Indebtedness. Viacom Inc. shall not permit any of

its Subsidiaries, other than Viacom International, to incur Indebtedness for borrowed money other than (a) the Subsidiary Loans (as defined in the Subsidiary Facility), (b) under existing facilities identified on Schedule 9.6 or any replacement facilities thereto which in the aggregate do not exceed the amounts of the commitments on such Schedule and (c) Indebtedness for borrowed money in an aggregate amount at any time

outstanding of not more than \$300 million; provided, however, the aggregate

amount of Indebtedness for borrowed money scheduled to mature earlier than six months after the Commitment Termination Date at any time permitted to be outstanding under Sections 9.6(c) and 9.7(b) may not exceed \$300 million.

9.7. Other Restrictions on Indebtedness. Viacom Inc. shall not, -----
and shall not permit Viacom International to, incur Indebtedness for borrowed money maturing earlier than six months after the Commitment Termination Date other than (a) Commercial Paper and (b) up to \$300 million at any time outstanding (less the aggregate amount outstanding under Section 9.6(c) scheduled to mature earlier than six months after the Commitment Termination Date) and on terms no more onerous than the terms hereof.

ARTICLE X

EVENTS OF DEFAULT

10.1. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower or any other Loan Party shall fail to pay (i) any principal when due in accordance with the terms and provisions of this Agreement, or (ii) any interest on any amounts due hereunder or thereunder, or any fee or any other amount due hereunder or thereunder within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Loan Party in this Agreement or by any Loan Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) Any Loan Party shall fail to perform or observe any term, covenant or agreement contained in this Agreement, which failure or change shall remain unremedied for fifteen days after the earlier of the date on which (i) telephonic or telegraphic notice thereof shall have been given to the Administrative Agent by Viacom Inc. pursuant to Section 8.9(e), or (ii) written notice thereof shall have been given to Viacom Inc. by the Administrative Agent or any Bank; or

(d) Viacom Inc. or any of its Subsidiaries shall fail to pay any principal of, or premium or interest

on, any Indebtedness in an aggregate principal amount of \$50,000,000 or more (excluding Indebtedness hereunder) of Viacom Inc. or such Subsidiary, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness or to terminate any commitment to lend; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof and, with respect to all of the foregoing, after the expiration of any applicable grace period or the giving of any required notice or both; provided, however,

that no extension of any grace period applicable to any such Indebtedness shall be taken into account for the purposes of this subsection (d); or

(e) There shall occur and be continuing an Event of Default under (and as defined in) the July Agreements or the September Agreement; or

(f) Viacom Inc., any of its Material Subsidiaries or the Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceedings shall be instituted by or against Viacom Inc., any of its Material Subsidiaries or the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for a material part of its Property employed in its business or any writ, attachment, execution or similar process shall be issued or levied against a material part of the Property employed in the business of Viacom Inc. and its Subsidiaries taken as a whole, and, in the case of any such proceedings instituted against Viacom Inc., any of its Material Subsidiaries or the Borrower (but not instituted by it), either such proceedings shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceedings shall

occur; or Viacom Inc., any of its Material Subsidiaries or the Borrower shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) Any order for the payment of money or judgment of any court, not appealable or not subject to certiorari or appeal (a "Final Judgment"), which, with other outstanding Final Judgments, exceeds an aggregate of \$50,000,000 shall be rendered against Viacom Inc. or any of its Material Subsidiaries and, within 60 days after entry thereof, such Final Judgment shall not have been discharged; or

(h) (i) With respect to any Plan, a final determination is made that a prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA occurred which results in direct or indirect liability of Viacom Inc. or any of its Material Subsidiaries, (ii) with respect to any Title IV Plan, the filing of a notice to voluntarily terminate any such plan in a distress termination, (iii) with respect to any Multiemployer Plan, Viacom Inc., any of its Material Subsidiaries or any of its or their ERISA Affiliates shall incur any Withdrawal Liability, or (iv) with respect to any Qualified Plan, Viacom Inc., any of its Material Subsidiaries or any of its or their ERISA Affiliates shall incur an accumulated funding deficiency or request a funding waiver from the IRS; provided, however, that the events listed

in clauses (i)-(iv) hereof shall constitute Events of Default only if the liability, deficiency or waiver request of Viacom Inc., any of its Material Subsidiaries or any of its or their ERISA Affiliates, as finally determined, exceeds \$25,000,000 in any case set forth in clauses (i)-(iv) above, or exceeds \$25,000,000 in the aggregate for all such cases; and, provided further, however, that with respect to the events

listed in clauses (i), (iii) and (iv) hereof there shall be no Event of Default if the liability of Viacom Inc., the relevant Material Subsidiary or the relevant ERISA Affiliate is satisfied in full or in accordance with the due dates therefor; or

(i) (i) NAI shall fail to own of record and beneficially not less than 51% of the outstanding stock having ordinary voting power to elect a majority of the board of directors of Viacom Inc. and such failure of NAI shall remain unremedied for fifteen days after the earlier of the date on which (A) telephonic or telegraphic notice thereof shall have been given to the

Administrative Agent by Viacom Inc. pursuant to Section 8.9(e), or (B) written notice thereof shall have been given to Viacom Inc. by the Administrative Agent or any Bank; or

(j) This Agreement shall cease to be valid or enforceable for any reason in any material respect;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrower and Viacom Inc., declare the obligation of each Bank to make Loans to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Majority Banks, by notice to the Borrower and Viacom Inc., declare all amounts due under this Agreement and all interest thereon to be forthwith due and payable, whereupon all amounts due under this Agreement and all such interest and all such amounts shall become and be forthwith due and payable; provided, however,

that upon an actual or deemed entry of an order for relief with respect to Viacom Inc., any of its Material Subsidiaries or the Borrower under the federal Bankruptcy Code, (A) the obligation of each Bank to make Loans shall automatically be terminated and (B) all amounts due under this Agreement and all such interest and all such amounts shall automatically and without further notice become and be due and payable. In addition to the remedies set forth above, the Administrative Agent may exercise any other remedies provided for by this Agreement in accordance with the terms hereof or any other remedies provided by applicable law.

ARTICLE XI

THE MANAGING AGENTS AND THE FACILITY AGENTS

11.1. Authorization and Action. Each Bank hereby appoints and

authorizes each Facility Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such Facility Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement, no Facility Agent shall be required to exercise any discretion or take any action, but each shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Banks (or when expressly required hereunder, all the Banks), and such instructions shall be binding upon all Banks; provided, however, that no Facility Agent shall be

required to take any action that exposes such Facility Agent to personal liability or that is contrary to this Agreement or applicable law. Each Facility Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower or either Guarantor pursuant to the terms of this Agreement.

11.2. Managing Agents' and Facility Agents' Reliance, Etc.

Neither the Managing Agents, the Facility Agents, their Affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, except for its own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, (i) any Managing Agent or Facility Agent may consult with legal counsel (including counsel to the Borrower or Viacom Inc.), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) neither the Managing Agents nor the Facility Agents make any warranty or representation to any Bank and none of them shall be responsible to any Bank for any statements, warranties or representations made in or in connection with this Agreement; (iii) neither the Managing Agents nor the Facility Agents shall have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Loan Parties or to inspect the Properties (including the books and records) of Viacom Inc.; (iv) neither the Managing Agents nor the Facility Agents shall be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (v) neither the Managing Agents nor the Facility Agents shall incur liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties. The Agents shall, in their respective capacities as such, have any duties under this Agreement other than those that they have in their capacities as Banks.

11.3. The Bank of New York, Citibank, N.A., Morgan Guaranty Trust

Company of New York, Bank of America NT&SA and Their Affiliates. With

respect to the Commitments of The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA, respectively, and the Loans made by each of them, each of

The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not a Managing Agent or Facility Agent, as the case may be; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA in their individual capacities. Each of The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York and Bank of America NT&SA and their Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Viacom Inc., any of its Subsidiaries and any Person who may do business with or own securities of Viacom Inc. or any such Subsidiary, all as if The Bank of New York, Citibank, N.A., Morgan Guaranty Trust Company of New York or Bank of America NT&SA, as the case may be, were not a Managing Agent or Facility Agent, as the case may be, and without any duty to account therefor to the Banks.

11.4. Bank Credit Decision. Each Bank acknowledges that it has,

independently and without reliance upon the Managing Agents, the Facility Agents, the Arrangers, the Agents or any other Bank, and based on the financial statements referred to in Article VI and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Managing Agents, the Facility Agents, the Arrangers, the Agents or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

11.5. Determinations Under Sections 4.1, 4.2 and 4.3. For

purposes of determining compliance with the conditions specified in Sections 4.1, 4.2 and 4.3, each Bank shall be deemed to have consented to, approved or accepted, or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Banks unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Bank prior to the applicable Borrowing specifying its objection thereto (unless such objection shall have been withdrawn by notice to the Administrative Agent to that effect or such Bank shall have made available to the Administrative Agent such Bank's ratable portion of such Borrowing).

11.6. Indemnification. Each Bank agrees to indemnify the Managing

Agents, the Facility Agents, the Arrangers and their respective Affiliates, and their respective directors, officers, employees, agents and advisors (to the extent not reimbursed by the Loan Parties), ratably according to such Bank's Ratable Portion of the Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including, without limitation, fees and disbursements of legal counsel) of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against, any such Person in any way relating to or arising out of this Agreement or any action taken or omitted by any such Person under this Agreement; provided, however, that no

Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from any such Person's gross negligence or willful misconduct or from any violation or alleged violation by any such Person or any other Bank of any law, rule or regulation or any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) or, with respect to any Managing Agent or Facility Agent, any conflict or alleged conflict between its rights and duties in its capacity as such or as a Bank under this Agreement and any other rights or duties it may have in any other capacity in which it may act in connection with the consummation of the transactions contemplated by this Agreement, whether or not such Bank is a party to such transactions. Without limitation of the foregoing, each Bank agrees to reimburse any such Person promptly upon demand for its ratable share of any out-of-pocket expenses (including fees and disbursements of one counsel) incurred by such Person in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such Person is not reimbursed for such expenses by the Loan Parties.

11.7. Successor Facility Agents. Any Facility Agent may resign

at any time by giving written notice thereof to the Banks and the Borrower and may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor to such Facility Agent. If no successor to such Facility Agent shall have been so appointed by the Majority Banks, and shall have accepted such appointment, within 30 days after retiring Facility Agent's giving of notice of resignation or the

Majority Banks' removal of such retiring Facility Agent, then such retiring Facility Agent on behalf of the Banks, shall appoint a successor Facility Agent (which successor Facility Agent shall be a Bank or another commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000). Upon the acceptance of any appointment as a Facility Agent hereunder by any successor Facility Agent, such successor Facility Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Facility Agent, and such retiring Facility Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Facility Agent's resignation or removal hereunder, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Facility Agent.

ARTICLE XII

MISCELLANEOUS

12.1. Amendments, Etc. (a) No amendment or waiver of any

provision of this Agreement, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent

shall, unless in writing signed by all the Banks, do any of the following:
(a) waive any of the conditions specified in Section 4.1, 4.2 or 4.3;
(b) increase the Commitments of the Banks or subject the Banks to any additional obligations; (c) change the principal of, or decrease the interest on, any amounts payable hereunder or reduce the amount of any Commitment Fee payable to the Banks hereunder; (d) postpone any date fixed for any scheduled payment of Commitment Fee, or scheduled payment of principal of, or interest on, any amounts, payable hereunder; (e) change the definition of Majority Banks; (f) amend this Section 12.1; or (g) amend clause (i) of Section 12.6 and provided further, however, that no amendment, waiver or consent shall,

unless in writing and signed by the Administrative Agent in addition to the Persons required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement.

(b) Viacom Inc. will not enter into any amendment of the July Agreements or the September Agreement with

respect to provisions that are also included in this Agreement, unless it shall simultaneously therewith enter into a corresponding amendment to this Agreement; and it will not pay or agree to pay any compensation (either by way of direct payments or agreements to increase fees or margins, or otherwise) in connection with any such corresponding amendment of or waiver under the July Agreements, unless proportionately equal compensation is paid, or agreed to be paid, to the Banks under this Agreement.

12.2. Notices, Etc. Except as otherwise set forth herein, all

notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopy or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered by hand, if to the Borrower, at its address at 1515 Broadway, New York, New York 10036, Attention: Treasurer; if to Viacom Inc., at its address at 1515 Broadway, New York, New York 10036, Attention: Treasurer; if to Viacom International at its address at 1515 Broadway, New York, New York 10036, Attention: Treasurer; if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I; and if to the Administrative Agent, at its address at 399 Park Avenue, 8th Floor, New York, New York 10021, Attention: Robert F. Parr; or, as to the Borrower, Viacom Inc., Viacom International, any Bank or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower, Viacom Inc., Viacom International and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telexed, telecopied, cabled or delivered, be effective when deposited in the mails, delivered to the telegraph company, confirmed by telex answerback, telecopied with confirmation of receipt, delivered to the cable company or delivered by hand to the addressee or its agent, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or XI shall not be effective until received by the Administrative Agent.

12.3. No Waiver; Remedies. No failure on the part of any Bank,

the Managing Agents or any Facility Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

12.4. Costs; Expenses; Indemnities. (a) The Borrower agrees to

pay on demand all costs and expenses in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder or thereunder, including, without limitation, the specified reasonable fees and out-of-pocket expenses of one counsel to the Managing Agents and the Facility Agents and the Arrangers with respect thereto and with respect to advising the Managing Agents, the Facility Agents and the Arrangers as to their rights and responsibilities under this Agreement, and all costs and expenses of the Managing Agents, the Facility Agents and the Banks (including, without limitation, reasonable counsel fees and expenses) in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder and thereunder.

(b) The Borrower agrees to defend, indemnify and hold harmless each of the Managing Agents, the Facility Agents, the Arrangers and the Banks and their respective affiliates and their respective directors, officers, attorneys, agents, employees, successors and assigns (each, an "Indemnified Person") from and against any and all liabilities, obligations, losses, damages, penalties, actions, claims, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, fees and disbursements of counsel of the Managing Agents, the Facility Agents, the Arrangers or the Banks) which may be incurred by or asserted or awarded against any Indemnified Person, in each case arising in any manner of or in connection with or by reason of this Agreement, the Commitments or any undertakings in connection therewith, or the proposed or actual application of the proceeds of the Loans (all of the foregoing collectively, the "Indemnified Liabilities") and will reimburse each Indemnified Person on a current basis for all expenses (including counsel fees as they are incurred by such party) in connection with investigating, preparing or defending any such action, claim or suit, whether or not in connection with pending or threatened litigation irrespective of whether such Indemnified Person is designated a party thereto; provided that the Borrower shall not

have any liability hereunder to any Indemnified Person with respect to Indemnified Liabilities which are determined by a final and nonappealable judgment of a court of competent jurisdiction to have arisen primarily from the gross negligence or willful misconduct of such Indemnified Person; and provided further, that if the Borrower has determined in good faith that such

Indemnified Liabilities were primarily the result

of such Indemnified Person's gross negligence or willful misconduct, it shall not be obligated to pay such Indemnified Liabilities until a court of competent jurisdiction has determined whether such Indemnified Person acted with gross negligence or willful misconduct. If for any reason the foregoing indemnification is unavailable to an Indemnified Person or insufficient to hold an Indemnified Person harmless, then the Borrower shall contribute to the amount paid or payable by such Indemnified Person as a result of any Indemnified Liability in such proportion as is appropriate to reflect not only the relative benefits received by the Borrower and each Managing Agent, each Facility Agent, each Arranger and each Bank, but also the relative fault of the Borrower and each Managing Agent, each Facility Agent, each Arranger and each Bank, as well as any other relevant equitable considerations. The foregoing indemnity shall be in addition to any rights that any Indemnified Person may have at common law or otherwise, including, but not limited to, any right to contribution.

(c) If any Bank receives any payment of principal of, or is subject to a conversion of, any Eurodollar Rate Loan other than on the last day of an Interest Period relating to such Loan, as a result of any payment or conversion made by the Borrower or acceleration of the maturity of the amounts due under this Agreement pursuant to Section 10.1 or for any other reason, the Borrower shall, upon demand by such Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or conversion, including, without limitation, any loss (excluding loss of the margin payable in accordance with Section 3.2 on the amount of principal so paid, or any loss), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Loan. The foregoing obligations of the Borrower contained in paragraphs (a), (b) and (c) of this Section 12.4, and the obligations of the Borrower contained in Sections 3.5(b) and 3.7, shall survive the payment of the Loans.

12.5. Right of Set-Off. (a) Upon (i) the occurrence and during

the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 10.1 to authorize the Administrative Agent to declare all amounts under this Agreement due and payable pursuant to the provisions of Section 10.1 or the automatic acceleration of such amounts pursuant to the proviso to that Section, each Bank is hereby

authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement irrespective of whether or not such Bank shall have made any demand under this Agreement and although such obligations may be unmatured. Each Bank agrees promptly to notify the Borrower after any such set-off and application made by such Bank; provided,

however, that the failure to give such notice shall not affect the validity

of such set-off and application. The rights of each Bank under this Section 12.5 are in addition to any other rights and remedies (including, without limitation, any other rights of set-off) which such Bank may have.

(b) Upon the occurrence and during the continuance of any Event of Default and, except in the case of one of the events referred in clause (f) of Section 10.1 of this Agreement, the making of the request or the granting of the consent specified by Section 10.1 of this Agreement to authorize the Administrative Agent to declare all amounts under this Agreement due and payable pursuant to the provisions of said Section 10.1, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of each of the Guarantors against any and all of the obligations of each of the Guarantors now or hereafter existing under this Agreement, irrespective of whether or not such Bank shall have made any demand under this Agreement and although such obligations may be contingent and unmatured. Each Bank agrees promptly to notify the Guarantor after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall

not affect the validity of such set-off and application. The rights of each Bank under this Section 12.5 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Bank may have.

12.6. Binding Effect. This Agreement shall become effective when

it shall have been executed by the Borrower, each of the Guarantors, each of the Managing Agents, each of the Facility Agents and each of the Arrangers and when the Managing Agents shall have been notified by each of the Banks that such Bank has executed it

and thereafter shall be binding upon and inure to the benefit of the Borrower, each of the Guarantors, each of the Managing Agents, each of the Facility Agents, each of the Arrangers and each of the Banks and their respective successors and assigns, except that (i) each of the Loan Parties shall have no right to assign its rights or obligations hereunder or any interest herein (and any such purported assignment shall be void) without the prior consent of the Banks except in connection with any (x) merger or consolidation permitted under Section 9.2 or the (y) merger, consolidation or sale of assets consented to by the Majority Banks (ii) no Bank may sell, transfer, assign, pledge or grant participations in any of its Loans or any of its rights or obligations hereunder except in accordance with Section 12.7 or as expressly required hereunder.

12.7. Assignments and Participations; Additional Banks. (a) Any

Bank may, at any time, by notice substantially in the form of Exhibit F hereto (each, a "Notice of Assignment and Acceptance") delivered to the Administrative Agent for its acceptance and recording, together with a recording fee in the amount of \$3,000, assign all or any part of its rights and obligations and delegate its duties under this Agreement (A) to any other Bank or any affiliate of any Bank which actually controls, is controlled by, or is under common control with such Bank or to any Federal Reserve Bank (in either case without limitation as to amount), (B) to any Bank (as defined in each of the September Agreement and each of the July Agreements) or any Affiliate of any such Bank which actually controls, is controlled by or is under common control with such Bank; or (C) with the prior consent of the Borrower (such consent not to be unreasonably withheld), to any other Person (but if in part, in a minimum amount of \$10,000,000 or, if less, the balance of such Bank's Commitment; provided, however, that each assigning Bank must

assign an identical percentage of a Loan and its related Commitment.

(b) Any Bank may at any time sell or grant participations in its Commitment, or the obligations owing to or from any Person existing under this Agreement; provided, however, that (i) as between such Bank and the

Borrower, the existence of such participations shall not give rise to any direct rights or obligations between the Borrower and the participants; (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations; (iii) the Borrower, the Guarantors, the Managing Agents, the Facility Agents and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement; and (iv) no such sale or

grant of a participation shall, without the consent of the Borrower, require the Borrower to file a registration statement with the Securities and Exchange Commission or apply to qualify the Commitments or the Loans under the securities laws of any state.

(c) If an assignment is made by any Bank in accordance with the provisions of paragraph (a) above, upon acceptance and recording by the Administrative Agent, and approval by the Borrower, where applicable, of each Notice of Assignment and Acceptance, (i) the assignee thereunder shall become a party to this Agreement and the Borrower and each of the Guarantors shall release and discharge the assigning Bank from its duties, liabilities or obligations under this Agreement to the extent the same are so assigned and delegated by such Bank, provided that no such consent, release or discharge

shall have effect until the Borrower and the Guarantors shall have received a fully executed copy of the Notice of Assignment and Acceptance relating to such assignment and (ii) Schedule II shall be deemed amended to give effect to such assignment. The Borrower agrees that each such disposition will give rise to a direct obligation of the Borrower to any such assignee.

(d) The Borrower and each Guarantor authorizes each Bank to disclose to any prospective assignee or participant and any assignee or participant any and all financial information in such Bank's possession concerning the Borrower, each Guarantor and this Agreement; provided,

however, that, prior to any such disclosure, the assignee or participant or

proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the Borrower and each Guarantor received by it from such Bank in accordance with Section 12.10.

(e) Any Bank which sells or grants participations in any Loans or its Commitment may not grant to the participants the right to vote other than on amendments, consents, waivers, modifications or other actions which change the principal amount of, postpone the scheduled maturity of, or decrease the interest rates applicable to, any Loans under, or increase the amount of, such Commitment (except with respect to participating Affiliates actually controlled by, controlling or under common control with, such Bank); provided, however, that as between the Bank and the Borrower, only the Bank

shall be entitled to cast such votes.

(f) No participant in any Bank's rights or obligations shall be entitled to receive any greater payment

under Section 3.5 or 3.7 than such Bank would have been entitled to receive with respect to the rights participated, and no participation shall be sold or granted to any Person as to which the events specified in Section 3.6 have occurred on or before the date of participation.

(g) The Administrative Agent shall maintain at its address referred to in Section 12.2 a copy of each Notice of Assignment and Acceptance received by it and a register, containing the terms of each Notice of Assignment and Acceptance, for the recordation of the names and addresses of each Bank and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Guarantors, the Banks, the Facility Agents and the Managing Agents may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Guarantors, any Bank, any Facility Agent or any Managing Agent at any reasonable time and from time to time upon reasonable prior notice.

12.8. GOVERNING LAW; SEVERABILITY. THIS AGREEMENT AND THE RIGHTS

AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. WHEREVER POSSIBLE, EACH PROVISION OF THIS AGREEMENT SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS AGREEMENT SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS AGREEMENT.

12.9. SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, VIACOM INC. AND VIACOM INTERNATIONAL HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF

FORUM NON CONVENIENS, WHICH ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE

BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(b) Each Loan Party irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such Loan Party at its address specified for notices in or pursuant to Section 11.2 hereof, such service to become effective 30 days after such mailing.

(c) Nothing contained in this Section 12.9 shall affect the right of any Managing Agent, any Facility Agent or any Bank to serve process in any other manner permitted by law or commence legal proceedings or otherwise proceed against the Borrower or either of the Guarantors in any other jurisdiction.

(d) Each of the parties hereto waives any right it may have to trial by jury in any proceeding arising out of this Agreement.

12.10. Confidentiality. Each Bank, each Managing Agent and each

Facility Agent agrees to keep confidential information obtained by it pursuant hereto (or otherwise obtained from the Loan Parties in connection with this Agreement) confidential in accordance with such Person's customary practices and agrees that it will only use such information in connection with the transactions contemplated by this Agreement and will not disclose any of such information other than (i) to such Person's employees, counsel, representatives and agents who are or are expected to be involved in the evaluation of such information in connection with the transactions contemplated by this Agreement and who in each case agree to be bound by the provisions of this sentence, (ii) to the extent that disclosure by such Person is required, or to the extent that such Person has been advised by counsel that disclosure is required, in order to comply with any law, regulation or judicial order or requested or required by bank regulators or auditors or other Governmental Authority, (iii) to assignees or participants of the Loans or Commitments or potential assignees or participants of the Loans or Commitments who in each case agree in writing to be bound by the provisions of this sentence or (iv) to the extent that such information has otherwise been disclosed or made public other than by such Person, or such Person's employees, counsel, representatives or agents, in violation of this Section 12.10.

12.11. Section Titles. The Section titles contained in this

Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

12.12. Execution in Counterparts. This Agreement may be executed

in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

12.13. Consent. (a) On the Cable Transaction Effective Date,

Viacom International may assign all of its rights and obligations hereunder to VII Services (which will change its name to Viacom International Inc.) if in connection therewith VII Services (i) assumes all of the obligations of Viacom International hereunder and (ii) receives an assignment of the Non Cable Businesses. VII Services will become a Guarantor (as successor to Viacom International) and Viacom International will be released from all of its obligations hereunder.

(b) Prior to the expiration of the Exchange Offer, Viacom International may borrow \$1.7 billion from a syndicate of banks on terms permitted pursuant to the Transaction Documents (as listed in Schedule III) substantially in the form of those in effect on November 17, 1995 and may grant such banks a Lien on such funds until they are released to Viacom International on the date of consummation of the Exchange Offer and a Lien on rights under the Subscription Agreement referred to in Schedule III.

(c) After the Cable Transaction Effective Date, VII Services may hold certain cable franchises for the benefit of Viacom International until regulatory approvals are obtained and may assign the receivables related to such franchises to the banks lending to Viacom International.

(d) For purposes of this Agreement, the \$1.7 billion loan to Viacom International shall not be considered Indebtedness of Viacom Inc. or any of its Subsidiaries.

To the extent any of the matters described in (a) - (d) of this Section 12.13 are otherwise inconsistent with the other terms of this Agreement, this Section 12.13 shall constitute a waiver of the provisions hereof to the extent necessary to permit the Cable Transaction.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the date first above written.

VIACOM FILM FUNDING COMPANY INC.,
as Borrower

By: /s/ Vaughn A. Clarke

Name: Vaughn A. Clarke
Title: Executive Vice President,
Treasurer

Guarantors

VIACOM INC., as Guarantor

By: /s/ Vaughn A. Clarke

Name: Vaughn A. Clarke
Title: Senior Vice President,
Treasurer

VIACOM INTERNATIONAL INC., as
Guarantor

By: /s/ Vaughn A. Clarke

Name: Vaughn Clarke
Title: Senior Vice President,
Treasurer

Managing Agents

THE BANK OF NEW YORK, as Managing Agent, the Documentation Agent and a Bank

By: /s/ Geoffrey C. Brooks

Name: Geoffrey C. Brooks
Title: Vice President

CITIBANK, N.A., as Managing Agent, the Administrative Agent and a Bank

By: /s/ Margaret C. Ullrich

Name: Margaret C. Ullrich
Title: Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Managing Agent and a Bank

By: /s/ R. Blake Witherington

Name: R. Blake Witherington
Title: Vice President

BANK OF AMERICA NT&SA, as Managing Agent and a Bank

By: /s/ Amy S. Trapp

Name: Amy Trapp
Title: Vice President

Syndication Agent

JP MORGAN SECURITIES INC., as the
Syndication Agent

By: /s/ Barbara J. Asch

Name: Barbara J. Asch
Title: Managing Director

Agents

THE FIRST NATIONAL BANK OF BOSTON,
as Agent and a Bank

By: /s/ Jennifer Buras

Name: Jennifer Buras
Title: Vice President

THE BANK OF NOVA SCOTIA, as Agent
and a Bank

By: /s/ Vincent J. Fitzgerald,

Name: Vincent J. Fitzgerald, Jr.
Title: Authorized Signatory

THE CHASE MANHATTAN BANK (NATIONAL
ASSOCIATION), as Agent and a Bank

By: /s/ Mary Cameron

Name: Mary Cameron
Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE,
as Agent and a Bank

By: /s/ P.G. Smith

Name: Peter Smith
Title: Managing Director

CREDIT LYONNAIS NEW YORK BRANCH as
Agent and a Bank

By: /s/ Mark D. Thorsheim

Name: Mark Thorsheim
Title: Vice President

CREDIT SUISSE, as Agent and a Bank

By: /s/ J. Hamilton Crawford

Name: J. Hamilton Crawford
Title: Associate

CREDIT SUISSE, as Agent and a Bank

By: /s/ Juerg Johner

Name:
Title:

THE FUJI BANK, LIMITED, NEW YORK
BRANCH, as Agent and a Bank

By: /s/ Katsunori Nozawa

Name:
Title:

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, as Agent and a Bank

By: /s/ Junri Oda

Name:
Title:

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, as Agent and a Bank

By: /s/ John A. Krob

Name: John A. Krob
Title: Deputy General Manager

MELLON BANK, N.A., as Agent and a
Bank

By: /s/ G. Louis Ashley

Name: G. Louis Ashley
Title: First Vice President

THE MITSUBISHI TRUST AND BANKING
CORPORATION, as Agent and a Bank

By: /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola
Title: Vice President

THE NIPPON CREDIT BANK, LTD., LOS
ANGELES AGENCY, as Agent and a Bank

By: /s/ Shinsuke Baba

Name:
Title:

ROYAL BANK OF CANADA, as Agent and
a Bank

By: /s/ Barbara Meijer

Name: Barbara E. Meijer
Title: Manager

THE SAKURA BANK, LIMITED, as Agent
and a Bank

By: /s/ Yasuhiro Terada

Name: Yasuhiro Terada
Title: Senior Vice President

THE SANWA BANK, LIMITED., NEW YORK
BRANCH, as Agent and a Bank

By: /s/ Dominic J. Sorresso

Name: Dominic J. Sorresso
Title: Vice President

SOCIETE GENERALE, as Agent and a Bank

By: /s/ Elaine Khalil

Name: Elaine Khalil
Title: Vice President

THE SUMITOMO BANK, LIMITED, NEW YORK
BRANCH, as Agent and a Bank

By: /s/ Yoshinori Kawamura

Name: Yoshinori Kawamura
Title: Joint General Manager

TORONTO DOMINION (NEW YORK), INC., as
Agent and a Bank

By: /s/ Jorge Garcia

Name:

Title:

SCHEDULE I
LIST OF LENDING OFFICES

BANK

The Bank of New York

Domestic Lending Office:

The Bank of New York
One Wall Street
16th Floor
New York, New York 10286

Eurodollar Lending Office:

Same

Citibank, N.A.

Domestic Lending Office:

Citibank, N.A.
399 Park Avenue
New York, New York 10043

Eurodollar Lending Office:

Same

Morgan Guaranty Trust Company
of New York

Domestic Lending Office:

Morgan Guaranty Trust Company of
New York
60 Wall Street
New York, New York 10260-0060
Attention Loan Department
Telex #177615 MGT VT

Eurodollar Lending Office:

Morgan Guaranty Trust
Company of New York
Nassau, Bahamas Office
c/o J.P. Morgan Services
Loan Operations - 3rd Floor
500 Stanton Christiana Road
Newark, Delaware 19713

BANK

Bank of America NT&SA

Domestic Lending Office:

Bank of America NT&SA
1850 Gateway Boulevard
4th Floor
Concord, California 94520

Eurodollar Lending Office:

Same

The First National Bank
of Boston

Domestic Lending Office:

The First National Bank of
Boston
Mail Stop 01-08-08
100 Federal Street
Boston, Massachusetts 02110

Eurodollar Lending Office:

Same

The Bank of Nova Scotia

Domestic Lending Office:

One Liberty Plaza
New York, New York 10006

Eurodollar Lending Office:

Same

The Chase Manhattan Bank
(National Association)

Domestic Lending Office:

The Chase Manhattan Bank
(National Association)
One Chase Manhattan Plaza
4th Floor
New York, New York 10081

Eurodollar Lending Office:

Same

BANK

Canadian Imperial Bank
of Commerce

Domestic Lending Office:

Canadian Imperial Bank of
Commerce
U.S. Media Group
425 Lexington Avenue
New York, New York 10017

Eurodollar Lending Office:

Same

Credit Lyonnais

Domestic Lending Office:

Credit Lyonnais
New York Branch
1301 Avenue of the Americas
18th Floor
New York, New York 10019-6022

Eurodollar Lending Office:

Same

Credit Suisse

Domestic Lending Office:

Credit Suisse
Tower 49
12 East 49th Street
44th Floor
New York, New York 10017

The Fuji Bank, Limited, New York
Branch

Domestic Lending Office:

The Fuji Bank, Limited
New York Branch
Two World Trade Center
79th Floor
New York, New York 10048

Eurodollar Lending Office:

Same

BANK

The Industrial Bank of
Japan, Limited

Domestic Lending Office:

The Industrial Bank of Japan,
Ltd.
245 Park Avenue, 23rd Floor
New York, New York 10167

Eurodollar Lending Office:

Same

The Long-Term Credit
Bank of Japan, Limited

Domestic Lending Office:

The Long-Term Credit Bank of
Japan, Limited
165 Broadway
49th Floor
New York, New York 10006

Eurodollar Lending Office:

Same

Mellon Bank, N.A.

Domestic Lending Office:

Mellon Bank, N.A.
One Mellon Bank Center
Room 4440
Pittsburgh, Pennsylvania 15258

Eurodollar Lending Office:

Same

The Mitsubishi Trust & Banking
Corporation

Domestic Lending Office:

The Mitsubishi Trust & Banking
Corp.
520 Madison Avenue
26th Floor
New York, New York 10022

Eurodollar Lending Office:

Same

BANK

The Nippon Credit Bank, Ltd.,
Los Angeles Agency

Domestic Lending Office:

The Nippon Credit Bank, Ltd.,
Los Angeles Agency
550 South Hope, Suite 2500
Los Angeles, California 90071

Eurodollar Lending Office

Same

Royal Bank of Canada

Domestic Lending Office:

Royal Bank of Canada
Media Industries Group
Financial Square
New York, New York 10005-3531

Eurodollar Lending Office:

Same

The Sakura Bank, Limited

Domestic Lending Office:

The Sakura Bank, Limited,
New York Branch
277 Park Avenue
45th Floor
New York, New York 10172

Eurodollar Lending Office:

Same

The Sanwa Bank, Limited

Domestic Lending Office:

The Sanwa Bank, Limited
New York Branch
Park Avenue Plaza
55 East 52nd Street
24th Floor
New York, New York 10055

Eurodollar Lending Office:

Same

BANK

Societe Generale

Domestic Lending Office:

Societe Generale
1221 Avenue of the Americas
New York, New York 10020

Eurodollar Lending Office:

Same

The Sumitomo Bank, Limited, New
York Branch

Domestic Lending Office:

The Sumitomo Bank, Limited, New
York Branch
277 Park Avenue
6th Floor
New York, New York 10172

Eurodollar Lending Office:

Same

Toronto Dominion
(New York), Inc.

Domestic Lending Office:

Toronto Dominion (New York),
Inc.
909 Fannin Street
Houston, Texas 77010

Eurodollar Lending Office:

Same

SCHEDULE II

COMMITMENTS

Bank -----	Commitment -----
The Bank of New York	\$29,000,001.50
Citibank, N.A. Morgan Guaranty Trust Company of New York	\$29,000,001.50 \$29,000,001.50
Bank of America NT&SA The First National Bank of Boston	\$29,000,001.50 \$21,333,333.00
The Bank of Nova Scotia The Chase Manhattan Bank (National Association)	\$21,333,333.00 \$21,333,333.00
Canadian Imperial Bank of Commerce Credit Lyonnais New York Branch	\$21,333,333.00 \$21,333,333.00
Credit Suisse The Fuji Bank, Limited, New York Branch The Industrial Bank of Japan, Limited	\$21,333,333.00 \$21,333,333.00 \$21,333,333.00
The Long Term Credit Bank of Japan, Limited Mellon Bank	\$21,333,333.00 \$21,333,333.00
Mitsubishi Bank The Nippon Credit Bank, Ltd., Los Angeles Agency	\$21,333,333.00 \$21,333,333.00
Royal Bank of Canada Sakura Bank	\$21,333,333.00 \$21,333,333.00
Sanwa Bank Limited Societe Generale	\$21,333,333.00 \$21,333,333.00
Sumitomo Bank Toronto Dominion (New York), Inc.	\$21,333,333.00 \$21,333,333.00
TOTAL	\$500,000,000.00

SCHEDULE III

Transaction Documents

1. Parents Agreement, dated as of July 24, 1995, among Viacom, TCI and TCI Sub.
2. Implementation Agreement, dated as of July 24, 1995, between VII and VII Services.
3. Subscription Agreement, dated as of July 24, 1995, among VII, TCI and TCI Sub.

SCHEDULE 1.1

Guarantees Related to Discontinued Operations

GUARANTOR -----	OBLIGOR -----	TYPE ----	EXPIRY -----	CURRENCY -----	PRINCIPAL AMOUNT OUTSTANDING -----
Viacom Int'l Inc.	Simmons	7% IRB's	10/15/17	USD	9,700,000
Viacom Int'l Inc.	Manufacturing CBF Fabrics	7-1/4% IRB's	07/01/97	USD	1,347,100

Guaranteed Joint-Venture Credit Facilities

GUARANTOR -----	OBLIGOR -----	TYPE ----	EXPIRY -----	CURRENCY -----	TOTAL FACILITY SIZE* -----	MAXIMUM GUARANTEE EXPOSURE* -----
Viacom Int'l Inc.	UCI (UK)	Term Loan	9/30/97	Pounds Sterling	32,899,000	16,449,500
Viacom Int'l Inc.	UCI (UK)	Revolver	6/11/96	Pounds Sterling	27,000,000	13,500,000
Viacom Int'l Inc.	CIC (UK)	Revolver	12/6/96	Pounds Sterling	31,000,000	15,500,000
Viacom Int'l Inc. * in foreign currency	UCI Spain	Revolver	4/15/99	Spanish Peseta	5,000,000,000	2,500,000,000

Guarantees: Other

GUARANTOR -----	OBLIGOR -----	TYPE ----	EXPIRY -----	CURRENCY -----	TOTAL FACILITY SIZE -----	MAXIMUM GUARANTEE EXPOSURE -----
Viacom Inc.	Panthers Invest. Venture	Revolver	06/01/96	USD	20,000,000	20,000,000
Viacom Inc.	Pavillon Partners	Promissory Note	07/01/05	USD	23,381,342	11,690,671

SCHEDULE 9.1(A)

SATELLITE TRANSPONDER LIENS

None.

SCHEDULE 9.1(B)

LIENS

None.

SCHEDULE 9.6

SUBSIDIARY INDEBTEDNESS

OBLIGOR -----	TYPE -----	EXPIRE -----	CURRENCY -----	TOTAL FACILITY SIZE -----
Virgin Interactive Entertainment Inc.	Revolver	03/31/97	US Dollars	100,000,000
Virgin Interactive Entertainment, Inc.	Revolver	04/30/05	Pounds Sterling	10,000,000*

*In foreign currency

NOTICE OF BORROWING

[Date]

Citibank, N.A.
as Administrative Agent for
the Banks parties to the
Credit Agreement referred to below
399 Park Avenue
New York, New York 10021
Attention: Mr. Robert F. Parr

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement, dated as of May 10, 1996, among Viacom Film Funding Company Inc., as Borrower; Viacom Inc. and Viacom International Inc. as Guarantors; the Banks parties thereto from time to time, The Bank of New York, as a Managing Agent and as the Documentation Agent; Citibank, N.A., as a Managing Agent and as the Administrative Agent; Morgan Guaranty Trust Company of New York as a Managing Agent; JP Morgan Securities Inc., as the Syndication Agent; The Bank of America NT&SA as a Managing Agent; and the Banks identified as Agents and Banks on the signature pages thereof (such agreement, as it may be amended, supplemented or otherwise modified being the "Credit Agreement", the terms defined therein being used herein as therein defined), and hereby gives you notice, irrevocably, pursuant to Section 2.2 of the Credit Agreement that the undersigned hereby requests Borrowing under the Credit Agreement (the "Proposed Borrowing"), and in that connection sets forth below the information relating to such Proposed Borrowing as required by Section 2.2(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____,
19__.

(ii) The aggregate amount of the Borrowing constituting the
Borrowing is \$_____ principal

amount of [Base Rate Loans] [Eurodollar Rate Loans having an Interest Period
of _____ months].

Very truly yours,

Viacom Film Funding Company Inc.

By: _____

Name:

Title:

NOTICE OF
CONVERSION OR CONTINUATION

[Date]

Citibank, N.A.
as Administrative Agent
for the Banks parties to the
Credit Agreement referred to below
399 Park Avenue
New York, New York 10021
Attention: Mr. Robert F. Parr

Ladies and Gentlemen:

In connection with the Credit Agreement, dated as of May 10, 1996, among Viacom Film Funding Company Inc., as Borrower; Viacom International Inc. and Viacom Inc. as Guarantors; the Banks parties thereto, The Bank of New York, as a Managing Agent and as the Documentation Agent; Citibank, N.A., as a Managing Agent and as the Administrative Agent; Morgan Guaranty Trust Company of New York as a Managing Agent; JP Morgan Securities Inc., as the Syndication Agent; The Bank of America NT&SA as a Managing Agent; and the Banks identified as Agents on the signature pages thereof (such agreement, as it may be amended, supplemented or otherwise modified being the "Credit Agreement", the terms defined therein being used herein as therein defined), this notice represents the Borrower's request pursuant to Section 3.1 of the Credit Agreement to [convert] [continue] \$_____ in principal amount of presently outstanding Loans bearing interest at a rate based on the [Base Rate] [Eurodollar Rate having an Interest Period of_____ and ending on _____, 19__], to Loans bearing interest at a rate based on the [Base Rate], [Eurodollar Rate], on [_____, 19__] [the last day of such Interest Period]. [The Interest Period for such amounts requested to be converted to bear interest at a rate based on the Eurodollar Rate is ___ month(s).]

The undersigned certifies that, before and after giving effect to the foregoing, no Event of Default has occurred and is continuing or would result therefrom.

Dated: _____

Viacom Film Funding Company Inc.

By: _____
Name:
Title:

[LETTERHEAD OF MICHAEL D. FRICKLAS]

May 10, 1996

To each of the Banks listed on
Exhibit A hereto parties to
the Film Finance Credit Agreement
described below, and to the
Managing Agents and Facility Agents
parties thereto

Ladies and Gentlemen:

This opinion is furnished to you pursuant to: Section 4.1(d) of the Film Finance Credit Agreement, dated as of May 10, 1996 (the "Film Finance Credit Agreement"), among Viacom Film Funding Company Inc., a Delaware corporation, as Borrower (the "Borrower"); Viacom International and Viacom Inc. as Guarantors; the Banks parties thereto; The Bank of New York ("BNY"), Citibank, N.A. ("Citibank"), Morgan Guaranty Trust Company of New York ("Morgan") and Bank of America NT&SA ("BofA"), as Managing Agents; BNY, as the Documentation Agent; Citibank, as the Administrative Agent; JP Morgan Securities Inc. ("Morgan Securities"), as the Syndication Agent and the Banks identified as Agents on the signature pages thereof, as Agents. Terms defined in the Film Finance Credit Agreement are used herein as therein defined.

I am Senior Vice President, Deputy General Counsel and Assistant Secretary of Viacom Inc. I have examined and relied upon executed copies of the Film Finance Credit Agreement, and the other documents furnished by Viacom Inc. pursuant to Article IV of the Film Finance Credit Agreement.

I have also examined the originals, or copies certified to my satisfaction, of such other corporate records of Viacom Inc., each other Loan Party and each other Material Subsidiary of Viacom Inc., certificates of public officials, including the Secretary of State of the State of Delaware, and of officers of Viacom Inc., each other Loan Party and each other Material Subsidiary of Viacom Inc., and agreements, instruments and documents, as I have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by

me, relied upon certificates or other evidence satisfactory to me of Viacom Inc., each other Loan Party and each other Material Subsidiary of Viacom Inc. or their respective officers or public officials. I have assumed the due execution and delivery, pursuant to due authorization, by the Banks, the Managing Agents, the Facility Agents and the Agents of the Film Finance Credit Agreement. In all such examinations, I have assumed the genuineness of all signatures on original and certified documents, the authenticity of all documents submitted to me as original documents and the conformity to original or certified documents of all documents submitted to me as copies.

Based upon the foregoing, I am of the opinion that:

1. The Borrower, each other Loan Party and each other Material Subsidiary of Viacom Inc. (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (ii) has all requisite corporate power and authority to conduct its business as now being conducted; (iii) is in compliance with its articles or certificate of incorporation and by-laws; and (iv) is in compliance with all applicable Requirements of Law except such non-compliance as would not have a Material Adverse Effect.

2. Each Loan Party is duly qualified and in good standing as a foreign corporation under the laws of each jurisdiction in which the failure so to qualify is reasonably probable to have a Material Adverse Effect.

3. To the best of my knowledge after due inquiry, each of the other Material Subsidiaries is duly qualified and in good standing as a foreign corporation under the laws of each jurisdiction in which the failure so to qualify is reasonably probable to have a Material Adverse Effect.

4. The execution, delivery and performance by each Loan Party of the Film Finance Credit Agreement:

- (i) is within such Loan Party's corporate powers;
- (ii) has been duly authorized by all necessary corporate action;
- (iii) does not (A) contravene such Loan Party's certificate of incorporation or by-laws, (B) violate any order or any decree of any court or governmental instrumentality, except

those as to which the failure to comply would not have a Material Adverse Effect, (C) conflict with or result in the breach of, or constitute a default under, any instrument, document or agreement binding upon and material to such Loan Party, or (D) result in the creation or imposition of any Lien upon any of the Property of Viacom Inc. or any of its Subsidiaries;

- (iv) does not require the consent of, authorization by, approval of, notice to, or filing or registration with any Governmental Authority (except for filing copies of the Film Finance Credit Agreement with the Securities and Exchange Commission); and
- (v) does not violate any law, rule or regulation applicable to such Loan Party (including, without limitation, Regulations G, T, U or X of the Board of Governors of the Federal Reserve System).

5. The Film Finance Credit Agreement has been duly executed and delivered by each Loan Party that is a party thereto.

6. The Film Finance Credit Agreement is the legal, valid and binding obligation of each Loan Party enforceable against such Loan Party in accordance with its terms.

7. There are no pending or, to the best of my knowledge, overtly threatened actions, investigations or proceedings against or affecting Viacom Inc. or any of its Subsidiaries before any court, governmental agency or arbitrator in which, individually or in the aggregate, there is a reasonable probability of an adverse decision that could have a Material Adverse Effect or result in a Material Credit Agreement Change.

8. To the best of my knowledge no Environmental Lien has attached to any Property of Viacom Inc. or any of its Subsidiaries which would have a Material Adverse Effect.

9. Viacom Inc. and its Subsidiaries have all the FCC Licenses necessary for the conduct of their respective businesses as now being conducted. Viacom Inc. and its Subsidiaries are in substantial compliance with the Federal Communications Act of 1934, as amended, and with the rules and regulations thereunder except for such non-compliance

which would not have a Material Adverse Effect. Neither Viacom Inc. nor any of its Subsidiaries is a party to, nor to the best of my knowledge subject to, any investigation, notice of violation, order or complaint issued by or before the FCC, in which there is a reasonable probability of an adverse decision which is reasonably probable to have a Material Adverse Effect. Viacom Inc. and its Subsidiaries have all the Franchises necessary for the conduct of their businesses as now being conducted and are in substantial compliance with the requirements of such Franchises, except for such non-compliance which would not have a Material Adverse Effect.

The opinions set forth above are subject to the following qualifications:

(a) My opinion in paragraph 6 above is subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally (including, without limitation, all laws relating to fraudulent transfers).

(b) My opinion in paragraph 6 above is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(c) My opinion in paragraph 6 above is subject to any public policy consideration or court decisions with respect to the securities laws that may limit the rights of any Bank, any Agent or any other Person to obtain indemnification.

(d) My opinions expressed above are limited to the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States, and I do not express any opinion herein concerning any other law. Without limiting the generality of the foregoing, I express no opinion as to the effect of the law of any jurisdiction other than the State of New York wherein any Bank may be located or wherein enforcement of the Agreement may be sought that limits the rates of interest legally chargeable or collectible. I am a member of the bar of the State of New York only and do not by this opinion represent otherwise.

This opinion is furnished to you by me as counsel to the Loan Parties pursuant to Section 4.1(d) of the Film Finance Credit Agreement, is solely for your benefit and may not be relied upon by any other party without my prior written consent.

Very truly yours,

EXHIBIT A
to the Opinion dated May 10, 1996
of Michael D. Fricklas

Banks

The Bank of New York
Citibank, N.A.
Morgan Guaranty Trust Company of New York
Bank of America NT&SA
JP Morgan Securities Inc.
The First National Bank of Boston
The Bank of Nova Scotia
The Chase Manhattan Bank (National Association)
Canadian Imperial Bank of Commerce
Credit Lyonnais, New York Branch
Credit Suisse
The Fuji Bank, Limited, New York Branch
The Industrial Bank of Japan, Limited
The Long-Term Credit Bank of Japan, Limited
Mellon Bank, N.A.
Mitsubishi Trust and Banking Corporation
The Nippon Credit Bank, Ltd., Los Angeles Agency
Royal Bank of Canada
The Sakura Bank, Limited
The Sanwa Bank, Limited, New York Branch
Societe Generale
The Sumitomo Bank, Limited, New York Branch
Toronto Dominion Bank, Houston Agency

FORM OF
ASSIGNMENT AND ACCEPTANCE

[Date]

Reference is made to the credit agreement, dated as of May 10, 1996 (the "Credit Agreement"), among Viacom Film Funding Company Inc., as Borrower (the "Borrower"); Viacom International and Viacom Inc. as Guarantors (each a "Guarantor") the banks parties thereto, as Banks; The Bank of New York, as a Managing Agent and as the Documentation Agent; Citibank, N.A., as a Managing Agent and as the Administrative Agent; Morgan Guaranty Trust Company of New York as a Managing Agent; JP Morgan Securities Inc., as the Syndication Agent; The Bank of America NT&SA as a Managing Agent and the Banks identified as Agents on the signature pages thereof, as Agents. Terms defined in the Credit Agreement are used herein as therein defined.

_____ (the "Assignor") and
_____ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the effective date of the Assignment and Acceptance (the "Assignment and Acceptance Effective Date") (as determined below) equal to the percentage interest specified on Schedule II hereto of all outstanding rights and obligations under the Credit Agreement specified on Schedule II hereto. After giving effect to such sale and assignment, the Assignee's Commitment shall be as set forth on Schedule I hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or either Guarantor or the performance or observance by the Borrower

or the Guarantors of any of their obligations under the Credit Agreement or any other document furnished pursuant thereto.

3. The Assignee confirms and agrees as follows: (i) that it has received a copy of this Assignment and Acceptance Agreement, together with copies of the financial statements referred to in Section 8.8 of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (ii) that it will, independently and without reliance upon the Administrative Agent, any Managing Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) that it appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) that it will perform in accordance with its terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; and (v) that its Domestic Lending Office (and address for notices) and Eurodollar Lending Office are the offices set forth beneath its name on the signature pages hereof.

4. The Assignment and Acceptance Effective Date shall be _____. Following the execution of this Assignment and Acceptance, it shall be delivered to the Administrator for acceptance by the Administrator together with a recording fee in the amount \$3,000.

5. [This Assignment and Acceptance is subject to the prior written consent of the Borrower.]* Upon such [consent by the Borrower and] acceptance and the recording thereof in the Register by the Administrative Agent, as of the Assignment and Acceptance Effective Date (i) the Assignee shall be a party to the Credit Agreement, and shall have the rights and obligations of a Bank under the Parent Facility and (ii) the Assignor shall, to the extent provided

* To be inserted if the Assignee is not a Bank (as defined in each of the Credit Agreement, the September Agreement and each of the July Agreements), an Affiliate of such Bank or a Federal Reserve Bank immediately prior to the Assignment and Acceptance Effective Date.

in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Administrative Agent, from and after the Assignment and Acceptance Effective Date, the Administrator shall make all payments under the Credit Agreement in respect of the interests assigned hereby (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Assignment and Acceptance Effective Date directly between themselves.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

8. The Assignee agrees not to sell any assignments of, or grant participations in, its Commitments or its Loans except in accordance with the Credit Agreement.

[ASSIGNOR]

By: _____
Name:
Title:

[ASSIGNEE]

By: _____
Name:
Title:

Domestic Lending Office:

Eurodollar Lending Office:

[Approved this ____ day
of _____, 19__

Viacom Film Funding Company Inc.

By: _____
Name:
Title: _____]*

Accepted this ____ day
of _____, 19__

CITIBANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

* To be inserted if the Assignee is not a Bank (as defined in each of the Credit Agreement, the September Agreement and each of the July Agreements), an Affiliate of such Bank or a Federal Reserve Bank immediately prior to the Assignment and Acceptance Effective Date.

SCHEDULE I
TO
ASSIGNMENT AND ACCEPTANCE
DATED [DATE], 1996

Type of Commitment and Loan Assigned:

[Subsidiary]

Portion Assigned:

_____ %

Assignee's Commitment

_____ %

Viacom Inc. and Subsidiaries
Computation of Net Earnings Per Share

	Quarter ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995

	(In millions, except per share amounts)			
EARNINGS:				
Net earnings from continuing operations.....	\$ 23.3	\$ 39.2	\$ 40.6	\$ 73.8
Cumulative convertible preferred stock dividend requirement.....	15.0	15.0	30.0	30.0
	-----	-----	-----	-----
Earnings from continuing operations attributable to common stock.....	8.3	24.2	10.6	43.8
Earnings from discontinued operations, net of tax.....	17.8	13.8	28.3	50.4
	-----	-----	-----	-----
Net earnings attributable to common stock.....	\$ 26.1	\$ 38.0	\$ 38.9	\$ 94.2
	=====	=====	=====	=====
PRIMARY COMPUTATION:				
SHARES:				
Weighted average number of common shares.....	371.6	360.0	370.8	359.6
Common shares potentially issuable in connection with:				
Stock options and warrants.....	4.4	8.6	4.6	8.5
Contingent value rights (a).....	--	1.8	--	1.8
Variable common rights (b).....	--	15.7	--	15.7
	-----	-----	-----	-----
Weighted average common shares and common share equivalents.....	376.0	386.1	375.4	385.6
	=====	=====	=====	=====
NET EARNINGS PER COMMON SHARE:				
Net earnings from continuing operations.....	\$.02	\$.06	\$ 0.03	\$ 0.11
Earnings from discontinued operations, net of tax.....	.05	.04	0.07	0.13
	-----	-----	-----	-----
Net earnings.....	\$.07	\$.10	\$ 0.10	\$ 0.24
	=====	=====	=====	=====
FULLY DILUTED COMPUTATION: (C)				
SHARES				
Weighted average number of common shares outstanding.....	371.6	360.0	370.8	359.6
Common shares potentially issuable in connection with:				
Stock options and warrants.....	4.4	9.3	4.7	9.1
Contingent value rights (a).....	--	1.8	--	1.8
Variable common rights (b).....	--	15.7	--	15.7
	-----	-----	-----	-----
Weighted average common shares and common share equivalents.....	376.0	386.8	375.5	386.2
	=====	=====	=====	=====
NET EARNINGS PER COMMON SHARE:				
Net earnings from continuing operations.....	\$.02	\$.06	\$ 0.03	\$ 0.11
Earnings from discontinued operations, net of tax.....	.05	.04	0.07	0.13
	-----	-----	-----	-----
Net earnings.....	\$.07	\$.10	\$ 0.10	\$ 0.24
	=====	=====	=====	=====

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

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

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

5
1,000,000

6-MOS	DEC-31-1996	
	JUN-30-1996	275
		0
		2,101
		135
		2,173
		6,211
		3,523
		606
		29,316
5,017		10,079
0		1,200
		4
		10,986
29,316		5,533
		5,533
		3,469
		5,019
		0
		0
414		101
		63
41		28
		0
		0
		69
		.10
		.10