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 March 31, 2000

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	10036
(Address of principal executive offices)	(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 April 30, 2000:

Class A Common Stock, par value $.01 per share - 137,545,959

Class B Common Stock, par value $.01 per share - 542,895,813

VIACOM INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in millions, except per share amounts)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Revenues	$3,025.8	$2,951.1
Expenses:		
Operating	1,980.5	1,952.1
Selling, general and administrative	561.1	524.4
Depreciation and amortization	229.2	197.1
Total expenses	2,770.8	2,673.6
Operating income	255.0	277.5
Interest expense	(122.5)	(98.5)
Interest income	9.5	4.2
Other items, net	1.7	(1.3)
Earnings before income taxes	143.7	181.9
Provision for income taxes	(64.7)	(97.3)
Equity in loss of affiliated companies, net of tax	(6.1)	(16.1)
Minority interest	3.1	(0.1)
Net earnings before extraordinary loss	76.0	68.4
Extraordinary loss, net of tax	--	(23.5)
Net earnings	76.0	44.9
Cumulative convertible preferred stock dividend requirement	--	(0.4)
Premium on repurchase of preferred stock	--	(12.0)
Net earnings attributable to common stock	$ 76.0	$ 32.5
Basic and diluted earnings per common share:		
Net earnings before extraordinary loss	$ 0.11	$ 0.08
Net earnings	$ 0.11	$ 0.05
Weighted average number of common shares:		
Basic	694.8	696.1
Diluted	711.5	711.1

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Unaudited; in millions, except per share amounts)

	March 31, 2000	December 31, 1999
Assets		
Current Assets:		
Cash and cash equivalents	$ 697.5	$ 680.8
Receivables, less allowances of $143.5 (2000) and $109.5 (1999)	1,530.0	1,697.4
Inventory (Note 6)	1,806.2	1,959.5
Other current assets	917.9	860.7
Total current assets	4,951.6	5,198.4
Property and equipment	5,378.2	5,255.9
Less accumulated depreciation and amortization	1,978.3	1,830.6
Net property and equipment	3,399.9	3,425.3
Inventory (Note 6)	2,985.3	2,829.5
Intangibles, at amortized cost	11,410.9	11,478.9
Other assets	1,575.8	1,554.3
	$24,323.5	$24,486.4
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 559.0	$ 544.4
Accrued compensation	290.5	473.3
Participants' share, residuals and royalties payable	1,044.6	1,087.2
Income tax payable	3.1	1.0
Current portion of long-term debt (Note 7)	281.3	294.3
Accrued expenses and other	1,809.0	1,999.5
Total current liabilities	3,987.5	4,399.7
Long-term debt (Note 7)	6,546.9	5,697.7
Other liabilities	3,355.8	3,257.0
Commitments and contingencies (Note 8)		
Shareholders' Equity:		
Class A Common Stock, par value $.01 per share; 500.0 shares authorized; 139.2 (2000) and 139.7 (1999) shares issued	1.4	1.4
Class B Common Stock, par value $.01 per share; 3,000.0 shares authorized; 608.0 (2000) and 606.6 (1999) shares issued	6.1	6.1
Additional paid-in capital	10,353.1	10,338.5
Retained earnings	2,323.9	2,247.9
Accumulated other comprehensive loss	(37.0)	(30.2)
	12,647.5	12,563.7
Less treasury stock, at cost; 1.4 (2000 and 1999) Class A shares and 61.3 (2000) and 47.1 (1999) Class B shares	2,214.2	1,431.7
Total shareholders' equity	10,433.3	11,132.0
	$24,323.5	$24,486.4

See notes to consolidated financial statements.

VIACOM INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(Unaudited; in millions)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Net cash from operating activities:		
Net earnings	$ 76.0	$ 44.9
Adjustments to reconcile net earnings to net cash flow from operating activities:		
Depreciation and amortization	229.2	197.1
Equity in loss of affiliated companies	6.1	16.1
Distribution from affiliated companies	12.0	6.1
Change in operating assets and liabilities:		
Decrease in receivables	192.2	314.8
Increase in inventory and related programming liabilities, net	(81.8)	(115.2)
Increase in prepaid expenses and other current assets	(36.3)	(132.3)
Decrease (increase) in unbilled receivables	(84.9)	13.6
Decrease in accounts payable and accrued expenses	(341.4)	(441.1)
Increase (decrease) in income taxes payable and deferred income taxes, net	42.6	(214.6)
Increase in deferred income	20.9	24.4
Other, net	74.0	(105.1)
Net cash flow provided by (used for) operating activities	108.6	(391.3)
Investing Activities:		
Capital expenditures	(105.7)	(145.2)
Acquisitions, net of cash acquired	(1.9)	(100.9)
Investments in and advances to affiliated companies	(64.6)	(40.7)
Purchases of short-term investments	(34.8)	(129.6)
Proceeds from sales of short-term investments	20.4	123.5
Other, net	(7.1)	--
Net cash flow used for investing activities	(193.7)	(292.9)
Financing Activities:		
Net borrowings from banks	868.4	1,819.0
Purchase of treasury stock and warrants	(745.8)	(49.5)
Repurchase of Preferred Stock	--	(612.0)
Repayment of notes and debentures	--	(856.9)
Payment of capital lease obligations	(35.2)	(20.4)
Proceeds from exercise of stock options and warrants	14.3	27.2
Other, net	0.1	(7.8)
Net cash flow provided by financing activities	101.8	299.6
Net increase (decrease) in cash and cash equivalents	16.7	(384.6)
Cash and cash equivalents at beginning of the period	680.8	767.3
Cash and cash equivalents at end of period	$ 697.5	$ 382.7
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 137.8	$ 117.1
Cash payments for income taxes	$ 8.1	$ 483.3
Noncash investing and financing:		
Property and equipment acquired under capitalized leases	$ 11.8	$ 51.3

See 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 company with operations in six segments: (i) Networks (ii) Entertainment, (iii) Video, (iv) Parks, (v) Publishing and (vi) Online.

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.

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.

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

Net Earnings (Loss) per Common Share - Basic earnings per share ("EPS") is computed by dividing the net earnings applicable to common shares by the weighted average number of common shares outstanding during the period. Diluted EPS adjusts the weighted average number of common shares outstanding by the assumed conversion of convertible securities and exercise of stock options only in the periods in which such effect would have been dilutive. The table below presents a reconciliation of the weighted average number of shares used in the calculation of basic and diluted EPS:

	Three months ended March 31, 2000	Three months ended March 31, 1999
Weighted average shares for basic EPS..................	694.8	696.1
Plus incremental shares for stock options & warrants...	16.7	15.0
Weighted average shares for diluted EPS................	711.5	711.1

Comprehensive Income (Loss) -- Total comprehensive income (loss) for the Company includes net income and other comprehensive income items including unrealized gain (loss) on securities, cumulative translation adjustments and minimum pension liability adjustments. Total comprehensive income for the three months ended March 31, 2000 and 1999 was $69.2 million and $66.7 million, respectively.

2) SUBSEQUENT EVENTS

On May 4, 2000, the Company completed its merger with CBS Corporation ("CBS"). Under the terms of the transaction, each share of CBS common stock has been converted into the right to receive 1.085 shares of the Company's Class B Common Stock and each share of CBS Series B preferred stock has been converted into the right to receive 1.085 shares of the Company's Series C Preferred Stock. CBS shareholders will receive a cash payment in lieu of any fractional shares.

On April 28, 2000, the Company received a favorable supplemental private letter ruling from the Internal Revenue Service. The Company had previously announced that, subject to the approval of the Company's Board of Directors, which will be based on an assessment of market conditions, and the receipt of such supplemental private letter ruling, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of the Company's common stock. However, the Company has said that it does not intend to commence the offer unless the Blockbuster Class A common stock improves to a price range exceeding $20 per share. The Company has no obligation to effect the split-off.

On March 31, 2000, the Company acquired the remaining 50% interest in United Paramount Network ("UPN") that it did not already own for $5 million. Commencing in the second quarter of 2000, the Company will consolidate UPN's results of operations.

3) STOCK REPURCHASE

On February 16, 2000, the Company initiated a repurchase program to acquire up to $1.0 billion of its common stock. As of March 31, 2000, the Company had repurchased 10,000 shares of its Class A Common Stock and 14,157,900 shares of its Class B Common Stock for approximately $782.5 million. As of April 27, 2000 the $1.0 billion repurchase program was completed, and the Company has repurchased in total 10,000 shares of its Class A Common Stock and 18,264,500 shares of its Class B Common Stock.

4) SPELLING TRANSACTION AND RESTRUCTURING CHARGE

In the third quarter of 1999, the Company recorded a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense. The restructuring charge of $70.3 million was primarily associated with the integration of the operations of Spelling Entertainment Group Inc. into Paramount Television, resulting in the elimination of duplicative sales forces and certain other back office functions. Included in this total is severance and employee related costs of $48.1 million, lease termination and other occupancy costs of $17.7 million and other exit costs of $4.5 million. As of March 31, 2000, the Company had paid and charged approximately $24.6 million against the severance liability; $6.0 million against lease termination and other occupancy costs, and $1.0 million against the other exit costs. The Company expects to complete the exit activities by the end of the year 2000.

(Tabular dollars in millions, except per share amounts)

5) RECEIVABLES

As of March 31, 2000, the Company had an aggregate of $429.5 million outstanding under revolving receivable securitization programs. Proceeds from the sale of these receivables were used to reduce outstanding borrowings.

6) INVENTORY

	March 31, 2000	December 31, 1999
Theatrical and television inventory:		
Theatrical and television productions:		
Released	$2,010.4	$1,944.3
Completed, not released	0.4	0.8
In process and other	475.0	411.6
Program rights	1,351.8	1,434.4
	3,837.6	3,791.1
Less current portion	1,403.6	1,531.1
	2,434.0	2,260.0
Merchandise inventory, including sell-through videocassettes	301.0	338.0
Videocassette rental inventory	551.3	569.5
Publishing:		
Finished goods	66.0	60.0
Work in process	7.7	6.1
Raw materials	3.6	4.3
Other	24.3	20.0
	953.9	997.9
Less current portion	402.6	428.4
	551.3	569.5
Total Current Inventory	$1,806.2	$1,959.5
Total Non-Current Inventory	$2,985.3	$2,829.5

(Tabular dollars in millions, except per share amounts)

7) LONG-TERM DEBT

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

	March 31, 2000	December 31, 1999
Notes payable to banks	$3,922.5	$3,054.2
5.875% Senior Notes due 2000, net of unamortized discount of $.1 (2000 and 1999)	149.9	149.9
7.5% Senior Notes due 2002, net of unamortized discount of $.8 (2000) and $.9 (1999)	249.2	249.1
6.75% Senior Notes due 2003, net of unamortized discount of $.1 (2000 and 1999)	349.9	349.9
7.75% Senior Notes due 2005, net of unamortized discount of $4.8 (2000) and $5.0 (1999)	966.2	966.0
7.625% Senior Debentures due 2016, net of unamortized discount of $1.1(2000 and 1999)	198.9	198.9
8.25% Senior Debentures due 2022, net of unamortized discount of $2.5 (2000 and 1999)	247.5	247.5
7.5% Senior Debentures due 2023, net of unamortized discount of $.4 (2000 and 1999)	149.6	149.6
10.25% Senior Subordinated Notes due 2001	35.3	35.3
Obligations under capital leases	559.2	591.6
	6,828.2	5,992.0
Less current portion	281.3	294.3
	$6,546.9	$5,697.7

The Viacom Credit Agreements, as amended, are comprised of (i) a $3.7 billion senior unsecured reducing revolver maturing July 1, 2002 and a $571 million term loan maturing April 1, 2002 and (ii) a $100 million term loan for Viacom International Inc. maturing July 1, 2002. Of these amounts, $2.2 billion and $1.8 billion were outstanding as of March 31, 2000 and December 31, 1999, respectively.

On March 28, 2000, the Company amended the Viacom Credit Agreements to allow for the merger of CBS with and into the Company.

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

The Company's maturities of long-term debt outstanding at March 31, 2000, excluding capital leases, are $451.9 million (2000), $835.9 million (2001), $2.2 billion (2002), $625.0 million (2003) and $645.0 million (2004). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

8) COMMITMENTS AND CONTINGENCIES

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of March 31, 2000 and are estimated to aggregate approximately $1.6 billion, principally reflect Showtime Networks Inc.'s ("SNI's") commitments of approximately $1.3 billion for the acquisition of programming rights and the production of original programming, and exclude intersegment commitments between the Networks and Entertainment segments of approximately $794 million. The estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

9) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated effective tax rates of 45.0% for 2000 and 53.5% for 1999 were both adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the estimated effective tax rates would have been 31.0% for 2000 and 37.0% for 1999.

(Tabular dollars in millions, except per share amounts)

10) OPERATING SEGMENTS

The following table sets forth the Company's financial performance by operating segment. Intersegment revenues, recorded at fair market value, of the Entertainment segment for the three months ended March 31, 2000 and 1999 were $111.4 million and $49.6 million, respectively. All other intersegment revenues were immaterial for each of the periods presented.

	Three months ended March 31, 2000	Three months ended March 31, 1999
Revenues:		
Networks	$ 759.5	$ 663.8
Entertainment	1,055.7	1,092.3
Video	1,211.1	1,113.0
Parks	7.8	10.5
Publishing	112.8	122.7
Online	11.6	4.7
Intercompany	(132.7)	(55.9)
Total revenues	$3,025.8	$2,951.1
EBITDA:		
Networks	$ 258.7	$ 201.5
Entertainment	171.7	162.8
Video	150.3	145.1
Parks	(1.9)	(2.7)
Publishing	(1.7)	5.7
Online	(23.2)	(1.0)
Segment total	553.9	511.4
Reconciliation to operating income:		
Corporate/Eliminations	(69.7)	(36.8)
Depreciation and amortization	(229.2)	(197.1)
Total operating income	$ 255.0	$ 277.5

(Tabular dollars in millions, except per share amounts)

11) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International Inc. ("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 the Company, Viacom International (in each case, carrying investments in Non-Guarantor Affiliates under the equity method), the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis. Certain prior year amounts have been reclassified to conform with the current period presentation.

	Three Months Ended March 31, 2000				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 9.6	$533.1	$2,536.1	$ (53.0)	$3,025.8
Expenses:					
Operating	10.0	181.9	1,808.8	(20.2)	1,980.5
Selling, general and administrative	0.3	189.8	371.0	--	561.1
Depreciation and amortization	0.7	35.4	193.1	--	229.2
Total expenses	11.0	407.1	2,372.9	(20.2)	2,770.8
Operating income (loss)	(1.4)	126.0	163.2	(32.8)	255.0
Interest expense	(65.2)	(20.4)	(36.9)	--	(122.5)
Interest income	0.3	6.6	2.6	--	9.5
Intercompany interest	(29.7)	26.9	2.8	--	--
Other items, net	(8.1)	5.9	3.9	--	1.7
Earnings (loss) before income taxes	(104.1)	145.0	135.6	(32.8)	143.7
Benefit (provision) for income taxes	42.7	(59.5)	(47.9)	--	(64.7)
Equity in earnings (loss) of affiliated companies, net of tax	137.4	49.9	(14.2)	(179.2)	(6.1)
Minority interest	--	2.0	1.1	--	3.1
Net earnings	$ 76.0	$137.4	$ 74.6	$(212.0)	$ 76.0

(Tabular dollars in millions, except per share amounts)

	Three Months Ended March 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	$ 9.1	$452.3	$2,498.1	$ (8.4)	$2,951.1
Expenses:					
Operating	9.5	148.3	1,802.7	(8.4)	1,952.1
Selling, general and administrative	0.8	168.9	354.7	--	524.4
Depreciation and amortization	0.9	22.4	173.8	--	197.1
Total expenses	11.2	339.6	2,331.2	(8.4)	2,673.6
Operating income (loss)	(2.1)	112.7	166.9	--	277.5
Interest expense	(61.9)	(25.7)	(10.9)	--	(98.5)
Interest income	0.6	2.4	1.2	--	4.2
Intercompany interest	(20.0)	46.2	(26.2)	--	--
Other items, net	(5.4)	(0.6)	4.7	--	(1.3)
Earnings (loss) before income taxes	(88.8)	135.0	135.7	--	181.9
Benefit (provision) for income taxes	36.4	(55.3)	(78.4)	--	(97.3)
Equity in earnings (loss) of affiliated companies, net of tax	120.5	41.1	(19.9)	(157.8)	(16.1)
Minority interest	--	--	(0.1)	--	(0.1)
Net earnings before extraordinary loss	68.1	120.8	37.3	(157.8)	68.4
Extraordinary loss	(23.2)	(0.3)	--	--	(23.5)
Net earnings	44.9	120.5	37.3	(157.8)	44.9
Cumulative convertible preferred stock dividend requirement	(0.4)	--	--	--	(0.4)
Premium on repurchase of preferred stock	(12.0)	--	--	--	(12.0)
Net earnings attributable to common stock	$ 32.5	$120.5	$ 37.3	$(157.8)	$ 32.5

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

	March 31, 2000				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 15.2	$ 497.2	$ 185.1	$ --	$ 697.5
Receivables, net	8.8	275.0	1,392.7	(146.5)	1,530.0
Inventory	8.1	221.8	1,576.3	--	1,806.2
Other current assets	1.1	189.5	727.3	--	917.9
Total current assets	33.2	1,183.5	3,881.4	(146.5)	4,951.6
Property and equipment	13.5	704.5	4,660.2	--	5,378.2
Less accumulated depreciation and amortization	4.2	260.2	1,713.9	--	1,978.3
Net property and equipment	9.3	444.3	2,946.3	--	3,399.9
Inventory	--	450.3	2,557.1	(22.1)	2,985.3
Intangibles, at amortized cost	105.6	660.5	10,644.8	--	11,410.9
Investments in consolidated subsidiaries	6,966.6	14,945.4	--	(21,912.0)	--
Other assets	53.4	200.1	1,462.3	(140.0)	1,575.8
	$ 7,168.1	$17,884.1	$21,491.9	$(22,220.6)	$24,323.5
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 62.9	$ 539.6	$ (43.5)	$ 559.0
Accrued compensation	--	73.8	216.7	--	290.5
Participants' share, residuals and royalties payable	--	--	1,053.3	(8.7)	1,044.6
Income tax payable	(84.8)	963.7	(339.7)	(536.1)	3.1
Current portion of long-term debt	--	19.0	262.3	--	281.3
Accrued expenses and other	111.8	476.3	1,412.4	(191.5)	1,809.0
Total current liabilities	27.0	1,595.7	3,144.6	(779.8)	3,987.5
Long-term debt	4,097.9	1,028.1	1,420.9	--	6,546.9
Other liabilities	(11,518.3)	2,050.2	8,597.3	4,226.6	3,355.8
Shareholders' Equity:					
Preferred Stock	--	104.1	20.4	(124.5)	--
Common Stock	7.5	185.7	495.4	(681.1)	7.5
Additional paid-in capital	10,353.1	7,333.0	7,752.0	(15,085.0)	10,353.1
Retained earnings	6,415.1	5,560.1	125.5	(9,776.8)	2,323.9
Accumulated other comprehensive income (loss)	--	27.2	(64.2)	--	(37.0)
	16,775.7	13,210.1	8,329.1	(25,667.4)	12,647.5
Less treasury stock, at cost	2,214.2	--	--	--	2,214.2
Total shareholders' equity	14,561.5	13,210.1	8,329.1	(25,667.4)	10,433.3
	$ 7,168.1	$17,884.1	$21,491.9	$(22,220.6)	$24,323.5

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

	December 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 81.6	$ 486.0	$ 113.2	$ --	$ 680.8
Receivables, net	10.9	340.4	1,441.7	(95.6)	1,697.4
Inventory	10.9	250.4	1,698.2	--	1,959.5
Other current assets	2.8	172.6	685.3	--	860.7
Total current assets	106.2	1,249.4	3,938.4	(95.6)	5,198.4
Property and equipment	13.4	684.5	4,558.0	--	5,255.9
Less accumulated depreciation and amortization	3.8	242.6	1,584.2	--	1,830.6
Net property and equipment	9.6	441.9	2,973.8	--	3,425.3
Inventory	--	365.2	2,464.3	--	2,829.5
Intangibles, at amortized cost	106.4	647.1	10,725.4	--	11,478.9
Investments in consolidated subsidiaries	6,829.2	14,891.0	--	(21,720.2)	--
Other assets	58.0	204.7	1,411.0	(119.4)	1,554.3
	$ 7,109.4	$17,799.3	$21,512.9	$(21,935.2)	$24,486.4
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ 0.1	$ 9.0	$ 578.6	$ (43.3)	$ 544.4
Accrued compensation	--	170.6	302.7	--	473.3
Participants' share, residuals and royalties payable	--	--	1,109.1	(21.9)	1,087.2
Income taxes payable	(84.8)	949.2	(327.3)	(536.1)	1.0
Current portion of long-term debt	--	17.7	276.6	--	294.3
Accrued expenses and other	100.1	517.5	1,466.2	(84.3)	1,999.5
Total current liabilities	15.4	1,664.0	3,405.9	(685.6)	4,399.7
Long-term debt	3,262.1	1,013.4	1,422.2	--	5,697.7
Other liabilities	(11,421.6)	2,034.0	8,442.0	4,202.6	3,257.0
Shareholders' Equity:					
Preferred Stock	--	104.1	20.4	(124.5)	--
Common Stock	7.5	185.7	495.4	(681.1)	7.5
Additional paid-in capital	10,338.5	7,342.3	7,739.4	(15,081.7)	10,338.5
Retained earnings	6,339.2	5,422.7	50.9	(9,564.9)	2,247.9
Accumulated other comprehensive income (loss)	--	33.1	(63.3)	--	(30.2)
	16,685.2	13,087.9	8,242.8	(25,452.2)	12,563.7
Less treasury stock, at cost	1,431.7	--	--	--	1,431.7
Total shareholders' equity	15,253.5	13,087.9	8,242.8	(25,452.2)	11,132.0
	$ 7,109.4	$17,799.3	$21,512.9	$(21,935.2)	$24,486.4

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

	Three Months Ended March 31, 2000				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow from operating activities	$ 145.3	$ 48.8	$ (85.5)	$ --	$ 108.6
Investing Activities:					
Capital expenditures	--	(25.8)	(79.9)	--	(105.7)
Acquisitions, net of cash acquired	--	--	(1.9)	--	(1.9)
Investments in and advances to affiliated companies	--	(1.6)	(63.0)	--	(64.6)
Purchases of short-term investments	--	(34.8)	--	--	(34.8)
Proceeds from sales of short-term investments	--	20.4	--	--	20.4
Other	--	(7.1)	--	--	(7.1)
Net cash flow from investing activities	--	(48.9)	(144.8)	--	(193.7)
Financing Activities:					
Net borrowings from banks	835.6	--	32.8	--	868.4
Purchase of treasury stock	(745.8)	--	--	--	(745.8)
Payment of capital lease obligations	--	(12.7)	(22.5)	--	(35.2)
Increase (decrease) in intercompany payables	(315.8)	24.0	291.8	--	--
Proceeds from exercise of stock options	14.3	--	--	--	14.3
Other, net	--	--	0.1	--	0.1
Net cash flow from financing activities	(211.7)	11.3	302.2	--	101.8
Net increase (decrease) in cash and cash equivalents	(66.4)	11.2	71.9	--	16.7
Cash and cash equivalents at beginning of period	81.6	486.0	113.2	--	680.8
Cash and cash equivalents at end of period	$ 15.2	$ 497.2	$ 185.1	$ --	$ 697.5

(Tabular dollars in millions, except per share amounts)

	Three Months Ended March 31, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow from operating activities	$ (351.6)	$ 19.5	$ (15.8)	$(43.4)	$ (391.3)
Investing Activities:					
Capital expenditures	--	(20.3)	(124.9)	--	(145.2)
Acquisitions, net of cash acquired	--	(0.4)	(100.5)	--	(100.9)
Investments in and advances to affiliated companies	--	(5.7)	(35.0)	--	(40.7)
Purchases of short-term investments	--	(129.6)	--	--	(129.6)
Proceeds from sales of short-term investments	--	123.5	--	--	123.5
Net cash flow from investing activities	--	(32.5)	(260.4)	--	(292.9)
Financing Activities:					
Net borrowings from banks	1,437.1	361.0	20.9	--	1,819.0
Repurchase of Preferred Stock	(612.0)	--	--	--	(612.0)
Repayment of notes and debentures	(321.6)	(535.3)	--	--	(856.9)
Purchase of treasury stock and warrants	(49.5)	--	--	--	(49.5)
Payment of capital lease obligations	--	(7.1)	(13.3)	--	(20.4)
Increase (decrease) in intercompany payables	(514.8)	256.1	215.3	43.4	--
Proceeds from exercise of stock options and warrants	27.2	--	--	--	27.2
Other, net	(7.5)	(0.3)	--	--	(7.8)
Net cash flow from financing activities	(41.1)	74.4	222.9	43.4	299.6
Net increase (decrease) in cash and cash equivalents	(392.7)	61.4	(53.3)	--	(384.6)
Cash and cash equivalents at beginning of period	406.4	189.5	171.4	--	767.3
Cash and cash equivalents at end of period	$ 13.7	$ 250.9	$ 118.1	$ --	$ 382.7

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

Management's discussion and analysis of the 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 ended March 31, 2000 and 1999.

	Three months ended March 31, 2000	Three months ended March 31, 1999	Percent Better/(Worse)
Revenues:			
Networks	$ 759.5	$ 663.8	14%
Entertainment	1,055.7	1,092.3	(3)
Video	1,211.1	1,113.0	9
Parks	7.8	10.5	(26)
Publishing	112.8	122.7	(8)
Online	11.6	4.7	147
Intercompany	(132.7)	(55.9)	(137)
Total revenues	$3,025.8	$2,951.1	3
Operating income (loss):			
Networks	$ 228.1	$ 172.7	32%
Entertainment	116.8	113.1	3
Video	44.7	50.3	(11)
Parks	(16.1)	(16.0)	(1)
Publishing	(7.0)	1.3	NM
Online	(37.1)	(1.0)	NM
Segment total	329.4	320.4	3
Corporate/ Eliminations	(74.4)	(42.9)	(73)
Total operating income(a)	$ 255.0	$ 277.5	(8)

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

EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization) for the three months ended March 31, 2000 and 1999. 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 March 31,		Percent Better/(Worse)
	2000	1999	
EBITDA:			
Networks	$258.7	$201.5	28%
Entertainment	171.7	162.8	5
Video	150.3	145.1	4
Parks	(1.9)	(2.7)	30
Publishing	(1.7)	5.7	(130)
Online	(23.2)	(1.0)	NM
Segment total	553.9	511.4	8
Corporate/Eliminations	(69.7)	(36.8)	(89)
Total EBITDA	$484.2	$474.6	2

Results of Operations

Revenues increased 3% to $3.03 billion for the first quarter of 2000 from $2.95 billion for the first quarter of 1999, led primarily by double digit gains at MTV Networks due to higher advertising and affiliate fees. Blockbuster Video also recorded revenue increases of 9% over the prior-year period, driven by the increase in the number of Company-operated video stores.

Total expenses increased 4% to $2.77 billion for the first quarter of 2000 from $2.67 billion for the first quarter of 1999 principally reflecting normal increases associated with revenue growth.

EBITDA increased 2% to $484.2 million for the first quarter of 2000 from $474.6 million for the first quarter of 1999. Operating income decreased 8% over the prior year's first quarter to $255.0 million for the first quarter of 2000.

Segment Results of Operations

Networks (Basic Cable and Premium Subscription Television Program Services)

	Three months ended March 31,		Percent Better/(Worse)
	2000	1999	
Revenues	$759.5	$663.8	14%
Operating Income	$228.1	$172.7	32
EBITDA	$258.7	$201.5	28

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

For the first quarter of 2000, MTVN revenues of $550.5 million, EBITDA of $221.9 million and operating income of $196.6 million increased 17%, 29% and 32%, respectively, over the prior-year period. The increase in MTVN's revenues principally reflects 20% higher worldwide advertising revenues and 13% higher affiliate fees. MTVN continues to benefit from its consumer products licensing programs, including Rugrats, as ancillary revenues are up 14% for the quarter. Advertising revenues were primarily driven by rate increases at MTV and VH1. The increased revenues drove MTVN's EBITDA and operating income gains.

SNI's revenues, EBITDA and operating income increased 7%, 25% and 36%, respectively, over the prior-year period. The revenue increase was principally due to an increase of approximately 2.2 million subscriptions, up 10% over the prior year to 23.4 million subscriptions at March 31, 2000. Operating results reflect revenue increases attributable to the continued growth of direct broadcast satellite subscriptions.

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

	Three months ended March 31, 2000	1999	Percent Better/(Worse)
Revenues...........................	$1,055.7	$1,092.3	(3)%
Operating Income...................	$ 116.8	$ 113.1	3
EBITDA.............................	$ 171.7	$ 162.8	5

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

For the first quarter of 2000, Entertainment revenues of $1.1 billion decreased 3%, as Paramount Studio revenues decreased 7% to $871.5 million from $933.1 million in the prior-year period. Paramount Studio revenues included theatrical contributions from SNOW DAY, THE TALENTED MR. RIPLEY and SLEEPY HOLLOW but did not match last year's box office performance of PAYBACK and VARSITY BLUES. Home video revenues were higher led by contributions from RUNAWAY BRIDE and DOUBLE JEOPARDY. Television programming revenues reflect higher syndication revenues from JUDGE JUDY, JUDGE JOE BROWN, ENTERTAINMENT TONIGHT and domestic library products but were more than offset by lower network revenues due to cancelled series including MELROSE PLACE and SUNSET BEACH. The Paramount Studio's first quarter 1999 revenues also included the recognition of a license for pay television rights for library products and the renewal of a film processing agreement. Theaters' revenues were higher primarily as a result of the new multiplex theaters opened since the end of the same prior-year period.

Paramount Studio's EBITDA and operating income increased 3% to $143.4 million and 5% to $114.4 million, respectively, over the prior-year period, principally due to higher television profits which were partially offset by lower features profits. Television profits were higher primarily due to increased syndication revenues for JUDGE JUDY and JUDGE JOE BROWN and a change in the mix of domestic television library product revenues. Features profits were lower due to the revenue items noted above. The same prior-year period also benefited from the recognition of a pay television license for library products and the renewal of a film processing agreement. Theaters posted lower results for the quarter primarily due to higher operating costs and depreciation expense associated with additional multiplexes.

Paramount Stations Group's EBITDA and operating income increased 12% and 21%, respectively, primarily driven by a 9% increase in advertising revenues and lower operating expenses.

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

	Three months ended March 31, 2000	Three months ended March 31, 1999	Percent Better/(Worse)
Revenues	$1,211.1	$1,113.0	9%
Operating Income	$ 44.7	$ 50.3	(11)
EBITDA	$ 150.3	$ 145.1	4

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

Video revenues increased 9% driven by the increased number of Company-operated stores in operation in 2000 over the prior-year period. Worldwide same store sales, which include retail and rental product, increased 3.1%, paced by 2.1% higher domestic same store sales. Operating results were impacted by Blockbuster's investment in its online operations, which began in the fourth quarter of 1999 and resulted in reductions to EBITDA and operating income of $11.4 million and $14.0 million, respectively, for the first quarter of 2000. Excluding the amounts attributable to its online operations, Video's EBITDA and operating income increased 11% and 17%, respectively, over the prior-year period. Video's gross margin percentage decreased to 59.0% for the first quarter of 2000 from 60.3% for the first quarter of 1999 principally due to the increase in merchandise sales, as a percentage of total revenues, as merchandise sales have lower gross margins than rental revenues. Blockbuster Video ended the first quarter with 7,248 company-operated and franchised stores, a net increase of 749 stores over the first quarter of 1999.

Parks (Theme Parks)

	Three months ended March 31, 2000	Three months ended March 31, 1999	Percent Better/(Worse)
Revenues	$ 7.8	$ 10.5	(26%)
Operating Loss	$(16.1)	$(16.0)	(1)
EBITDA	$ (1.9)	$ (2.7)	30

The Parks segment is comprised of five regional theme parks and a themed attraction in the U.S. and Canada.

The Parks begin full time operations during the second quarter and therefore, record the majority of revenues, EBITDA and operating income during the second and third quarters.

Publishing (Consumer Publishing)

	Three months ended March 31, 2000	1999	Percent Better/(Worse)
Revenues	$112.8	$122.7	(8)%
Operating Income (loss)	$ (7.0)	$ 1.3	NM
EBITDA	$ (1.7)	$ 5.7	(130)

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

For the quarter ended March 31, 2000, lower revenues are principally due to decreased sales in the Pocket Books division, which included comparisons with an "Oprah Book Club" selection in the prior-year period. Publishing's best selling titles in the first quarter included THE GIRL WHO LOVED TOM GORDON by Stephen King, RAIN by V.C. Andrews, THE SEAT OF THE SOUL by Gary Zukav and A HEARTBREAKING WORK OF STAGGERING GENIUS by Dave Eggers. Publishing typically has seasonally stronger operating results in the second half of the year.

Online (Interactive Online Services)

	Three months ended March 31, 2000	1999	Percent Better/(Worse)
Revenues	$ 11.6	$ 4.7	147%
Operating Loss	$(37.1)	$(1.0)	NM
EBITDA	$(23.2)	$(1.0)	NM

The Online segment is comprised of online music and children destinations featuring entertainment, information, community tools and e-commerce.

Revenues increased 147% to $11.6 million for the first quarter of 2000 from $4.7 million for the prior year period reflecting increased license fees and higher advertising revenues. The operating loss of $37.1 million in the first quarter of 2000, as compared with an operating loss of $1 million in the prior year period, reflects the increased investment in the Company's online initiatives.

Other Income and Expense Information

Corporate Expenses/Eliminations

Corporate Expenses/Eliminations, including depreciation and amortization expense, increased 73% to $74.4 million for the first quarter of 2000 from $42.9 million for the first quarter of 1999 principally due to a $36 million increase in intersegment profit eliminations. Corporate expenses of $36.9 million for the first quarter of 2000 decreased 11% from $41.5 million for the same prior-year period.

Interest Expense

Interest expense increased 24% to $122.5 million for the first quarter of 2000 from $98.5 million for the first quarter of 1999. The Company had approximately $6.8 billion and $6.0 billion principal amount of debt outstanding (including current maturities) as of March 31, 2000 and 1999, respectively, at weighted average interest rates of 7.3% and 6.7%, respectively.

Interest Income

Interest income increased 126% to $9.5 million for the first quarter of 2000 from $4.2 million for the first quarter of 1999.

Other Items, Net

"Other items, net" reflects $1.7 million of income for the first quarter of 2000 compared to a loss of $1.3 million for the first quarter of 1999. The increase of $3.0 million principally reflects an increase of $13.6 million related to foreign exchange gains in the first quarter of 2000 partially offset by decreased gains of $10.7 million from the sale of assets .

Provision for Income Taxes

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated effective tax rates of 45.0% for 2000 and 53.5% for 1999 were both adversely affected by amortization of intangibles in excess of amounts, which are deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the estimated effective tax rates would have been 31.0% for 2000 and 37.0% for 1999.

Equity in Loss of Affiliated Companies, Net of Tax

"Equity in loss of affiliated companies, net of tax" was $6.1 million for the first quarter of 2000 as compared to $16.1 million for the first quarter of 1999, principally reflecting improved results of United Paramount Network and the continuing improved performance of Comedy Central.

Minority Interest

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

Extraordinary Loss

For the first quarter ended March 31, 1999, the Company recognized an after-tax extraordinary loss of $23.5 million on the early extinguishment of its 8.0% Merger Debentures for approximately $308 million.

Net Earnings
For the reasons described above, the Company reported net earnings of $76.0 million for the first quarter of 2000 as compared to net earnings of $44.9 million for the first quarter of 1999.

Liquidity and Capital Resources
- -------------------------------

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

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

As of March 31, 2000, the Company had $1.45 billion available under its shelf registration statement as filed with the Securities and Exchange Commission in 1995. The net proceeds from the sale of the offered securities may be used by the Company to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement.

Share Repurchase Program
On February 16, 2000, the Company initiated a repurchase program to acquire up to $1.0 billion of its common stock. As of March 31, 2000, the Company had repurchased 10,000 shares of its Class A Common Stock and 14,157,900 shares of its Class B Common Stock for approximately $782.5 million. As of April 27, 2000 the $1.0 billion repurchase program was completed, and the Company has repurchased in total 10,000 shares of its Class A Common Stock and 18,264,500 shares of its Class B Common Stock.

Financial Position
Current assets decreased to $5.0 billion as of March 31, 2000 from $5.2 billion as of December 31, 1999, due to reductions in receivables and inventory, partially offset by an increase in other current assets. The allowance for doubtful accounts as a percentage of receivables increased to 9% as of March 31, 2000 from 6% as of December 31, 1999. The change in property and equipment principally reflects capital expenditures of $105.7 million related to capital additions for new and existing video stores and additional construction and equipment upgrades for the park attractions offset by depreciation expense of $134.0 million. Current liabilities decreased approximately 9% to $4.0 billion as of March 31, 2000 from $4.4 billion as of December 31, 1999, reflecting the payment of normal operating expenses. Long-term debt, including current maturities, increased $0.8 billion to $6.8 billion as of March 31, 2000 from $6.0 billion as of December 31, 1999 primarily reflecting the continued investment in and seasonality of the Company's businesses.

Cash Flows

The Company expects to record the majority of its operating cash flows during the second half of the year due to the positive effect of the holiday season on advertising revenues and video store revenues, the summer operation of its parks and the seasonality of the consumer publishing business. Net cash flow from operating activities of $108.6 million for the three months ended March 31, 2000 principally reflects net earnings of $76.0 million, depreciation and amortization of $229.2 and a decrease in receivables of $192.2 million, partially offset by a decrease in accounts payable and accrued expenses. First quarter 1999 net operating cash flow of negative $391.3 million principally reflects the first quarter tax payment related to the sale of Non-Consumer Publishing. Net cash expenditures for investing activities of $193.7 million for the three months ended March 31, 2000 principally reflect capital expenditures of $105.7 million and investments in and advances to affiliated companies of $64.6 million. Net cash expenditures for investing activities of $292.9 million for the three months ended March 31, 1999 principally reflect capital expenditures and acquisitions of video stores and a television station. Financing activities for the three months ended March 31, 2000 principally reflect net borrowings from banks, offset by the purchase of treasury stock. Financing activities for the first quarter of 1999 reflect net borrowings from banks partially offset by the repurchase of Preferrred Stock and repayment of notes and debentures.

Commitments and Contingencies

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of March 31, 2000 and are estimated to aggregate approximately $1.6 billion, principally reflect SNI's commitments of approximately $1.3 billion for the acquisition of programming rights and the production of original programming and exclude intersegment commitments between the Networks and Entertainment segments of approximately $794 million. The estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

Capital Structure

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

	At March 31, 2000	At December 31, 1999
Notes payable to banks	$3,922.5	$3,054.2
Senior debt	2,311.2	2,310.9
Senior subordinated debt	35.3	35.3
Obligations under capital leases	559.2	591.6
	6,828.2	5,992.0
Less current portion	281.3	294.3
	$6,546.9	$5,697.7

The notes and debentures are presented net of an aggregate unamortized discount of $9.8 million as of March 31, 2000 and $10.1 million as of December 31, 1999.

On March 28, 2000, the Company amended the Viacom Credit Agreements to allow for the merger of CBS with and into the Company.

Debt, including the current portion, as a percentage of total capitalization of the Company was 40% at March 31, 2000 and 35% at December 31, 1999.

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

The Company's maturities of long-term debt outstanding at March 31, 2000, excluding capital leases, are $451.9 million (2000), $835.9 million (2001), $2.2 billion (2002), $625.0 million (2003) and $645.0 million (2004). As of March 31, 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.

Restructuring Charge

In the third quarter of 1999, the Company recorded a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense. The restructuring charge of $70.3 million was primarily associated with the integration of the operations of Spelling Entertainment Group Inc. into Paramount Television, resulting in the elimination of duplicative sales forces and certain other back office functions. Included in this total is severance and employee related costs of $48.1 million, lease termination and other occupancy costs of $17.7 million and other exit costs of $4.5 million. As of March 31, 2000, the Company had paid and charged approximately $24.6 million against the severance liability, $6.0 million against lease termination and other occupancy costs, and $1.0 million against the other exit costs. The Company expects to complete the exit activities by the end of the year 2000.

Market Risk

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

Other Matters

On May 4, 2000, the Company completed its merger with CBS Corporation ("CBS"). Under the terms of the transaction, each share of CBS common stock has been converted into the right to receive 1.085 shares of the Company's Class B Common Stock and each share of CBS Series B preferred stock has been converted into the right to receive 1.085 shares of the Company's Series C Preferred Stock. CBS shareholders will receive a cash payment in lieu of any fractional shares. The combined companies will incur integration-related expenses as a result of the elimination of duplicate facilities and functions, operational realignment and related workforce reductions. Such CBS costs will be recognized as a liability assumed as of the merger date resulting in additional goodwill and the Company's related costs will be recognized as an expense in the second quarter results of operations.

On April 28, 2000, the Company received a favorable supplemental private letter ruling from the Internal Revenue Service. The Company had previously announced that, subject to the approval of the Company's Board of Directors, which will be based on an assessment of market conditions, and the receipt of such supplemental private letter ruling, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of the Company's common stock. However, the Company has said that it does not intend to commence the offer unless the Blockbuster Class A common stock improves to a price range exceeding $20 per share. The Company has no obligation to effect the split-off.

The aggregate market value of the shares of Blockbuster common stock based on the April 30, 2000 closing price of $10.375 per share of Blockbuster common stock was approximately $1.8 billion. The net book value of Viacom's investment in Blockbuster at March 31, 2000, after giving effect to the initial public offering, was approximately $5.1 billion. If the Company determines to engage in the split-off, any difference between the fair market value and net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the April 30, 2000 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax loss on discontinued operations of approximately $3.6 billion. The actual amount of the gain or loss will depend upon the fair market value and net book value of Blockbuster at the time of the split-off as well as the exchange ratio used in the split-off. The Company cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free.

On March 31, 2000, the Company acquired the remaining 50% interest in United Paramount Network ("UPN") that it did not already own for $5 million. Commencing in the second quarter of 2000, the Company will consolidate UPN's results of operations.

Cautionary Statement Concerning Forward-looking Statements

This quarterly report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in our forward-looking statements: changes in advertising market conditions; changes in the public acceptance of the Company's programming; changes in technology and its effect on competition in the Company's markets; changes in the Federal Communications Laws and Regulations; the risk that the Company's and CBS Corporation's businesses will not be integrated successfully or that the Company's new corporate governance model will not be successful; and other economic, business, competitive and/or regulatory factors affecting the Company's businesses generally. The forward-looking statements included in this document are made only as of the date of this document and under section 27A of the Securities Act and section 21E of the Exchange Act, we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Response to this is included in "Item 2 - Management's Discussion and Analysis of Results of Operations and Financial Condition - Market Risk."

PART II - - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

10.1 Amendment No. 5, dated as of March 28, 2000, to the Amended and Restated Credit Agreement, dated as of March 26, 1997, as amended, among Viacom Inc., the Bank 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, Bank of America, N.A. (formerly known as Bank of America NT&SA), as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Banc of America Securities, LLC (formerly known as Bank of America NT&SA), as 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.

10.2 Amendment No. 2, dated as of March 28, 2000, to the Amended and Restated VII Credit Agreement, dated as of March 26, 1997, among Viacom International Inc., the Bank 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, Bank of America N.A. (formerly known as Bank of America NT&SA), as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bank of America Securities, LLC (formerly known as Bank of America NT&SA), as 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.

10.3 Amendment, dated April 28, 2000, to the Agreement, dated as of September 6, 1999, between Viacom Inc. and Philippe P. Dauman.

10.4 Amendment, dated April 28, 2000, to the Agreement, dated as of September 6, 1999, between Viacom Inc. and Thomas E. Dooley.

10.5 Letter Agreement, dated May 3, 2000, between Viacom Inc. and George S. Smith, Jr.

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 May 12, 2000 /s/ Sumner M. Redstone

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

Date May 12, 2000 /s/ Susan C. Gordon

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

Exhibit Index

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10.2 Amendment No. 2, dated as of March 28, 2000, to the Amended and Restated VII Credit Agreement, dated as of March 26, 1997, among Viacom International Inc., the Bank 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, Bank of America N.A. (formerly known as Bank of America NT&SA), as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bank of America Securities, LLC (formerly known as Bank of America NT&SA), as 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.

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10.5 Letter Agreement, dated May 3, 2000, between Viacom Inc. and George S. Smith, Jr.

11 Statement re Computation of Net Earnings Per Share.

27 Financial Data Schedule.

EXHIBIT 10.1

AMENDMENT NO. 5, dated as of March 28, 2000 (the "Amendment") to the AMENDED AND RESTATED CREDIT AGREEMENT (the "Credit Agreement"), dated as of March 26, 1997, as amended, among VIACOM INC., a Delaware corporation (the "Borrower"), the Bank 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, BANK OF AMERICA, N.A. (formerly known as BANK OF AMERICA NT&SA), as a Managing Agent, THE CHASE MANHATTAN BANK, as a Managing Agent, JP MORGAN SECURITIES INC., as a Syndication Agent, BANC of AMERICA SECURITIES, LLC (formerly known as BANK OF AMERICA NT&SA), as 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.

WITNESSETH:

WHEREAS, the parties who have heretofore entered into the Credit Agreement now desire to amend certain provisions thereof to provide for changes in the covenants in the Credit Agreement, and for certain other matters.

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments.

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following:

"'CBS' shall mean CBS Corporation, a Pennsylvania corporation."

"'Discontinued Operations' shall mean the operations classified as "discontinued operations" pursuant to Accounting Principles Board Opinion No. 30 as presented in the quarterly report of CBS on Form 10-Q for the quarter ended September 30, 1997 and filed with the SEC on December 14, 1997."

"'Disposition' shall mean, with respect to any Property, any sale, lease, assignment, conveyance, transfer or other disposition thereof; and the terms

"Dispose" and "Disposed of" shall have correlative meanings."

"'Excluded Indebtedness' shall mean Indebtedness of any Person which is or was acquired by CBS, the Borrower or any of their Subsidiaries after August 29, 1996, which Indebtedness was outstanding prior to the date of acquisition of such Person and was not created in anticipation thereof."

"'Infinity' shall mean Infinity Broadcasting Corporation, a Delaware corporation."

"'Infinity Credit Agreement' shall mean the Credit Agreement, dated as of December 10, 1999, among Infinity, the Subsidiary Borrowers (as defined therein) parties thereto, the lenders named therein, Bank of America, N.A. and Toronto Dominion Bank, as syndication agents, The Chase Manhattan Bank, as documentation agent and Morgan Guaranty and Trust Company of New York, as administrative agent, as amended, supplemented or otherwise modified from time to time."

"'Material Acquisition' shall mean any acquisition of Property or series of related acquisitions of Property (including by way of merger) which (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash consideration consisting of notes or other debt securities and valued at fair market value in the case of other non-cash consideration) in excess of $50,000,000."

"'Material Disposition' shall mean any Disposition of Property or series of related Dispositions of Property which yields gross proceeds to the Borrower or any of its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash consideration) in excess of $50,000,000."

"'New Infinity Credit Agreement' shall mean the 364-Day Credit Agreement and the Five-Year Credit Agreement among Infinity, the Subsidiary Borrowers (as defined therein) parties thereto, the lenders named therein, Bank of America, N.A. and FleetBoston, as syndication agents, Bank of New York, as documentation agent and The Chase Manhattan Bank, as administrative agent, as amended, supplemented or otherwise modified from time to time."

(b) Section 1.1 of the Credit Agreement is hereby amended by amending the definition of "EBIDT" to read as follows:

"'EBIDT' shall mean, at any time, with respect to the Borrower and its consolidated Subsidiaries for any period, operating profit (loss) (excluding that related to Discontinued Operations) for the immediately preceding four Fiscal Quarters, plus other income (loss) for such period, plus interest income for such period, plus depreciation and amortization (excluding amortization related to programming rights, pre-publication costs and videocassettes) for such period, excluding (a) gains (losses) on sales of assets during such period (except (I) gains (losses) on sales of inventory sold in the ordinary course of business and (II) gains (losses) on sales of other assets if such gains (losses) are less than $10,000,000 individually and less than $50,000,000 in the aggregate during such period), (b) other non-cash items for such period (including (i) provisions for losses and additions to valuation allowances, (ii) provisions for restructuring, litigation and environmental reserves and losses on the Disposition of businesses and (iii) pension settlement charges), and (c) nonrecurring expenses incurred during such period in connection with the merger of CBS and the Borrower pursuant to the Agreement and Plan of Merger entered into by CBS, the Borrower and Viacom/CBS LLC dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, minus cash payments made during such period in respect of non-cash charges taken during any previous period (excluding cash payments in respect of non-cash charges taken prior to December 31, 1998)."

(c) Section 1.1 of the Credit Agreement is hereby amended by amending the definition "Indebtedness" by inserting the following between the words "include" and "obligations" in the proviso at the end thereof:

"(a) obligations of the Borrower and its Subsidiaries in connection with Discontinued Operations and (b)"

(d) Section 1.1 of the Credit Agreement is hereby amended by amending the definition of "Total Cash Interest and Preferred Dividends" to read as follows:

"'Total Cash Interest and Preferred Dividends' means, for any period, the sum of the following amounts: (i) the cash interest expense incurred by the Borrower 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 the Borrower and its Subsidiaries to Persons other than the Borrower and its wholly owned Subsidiaries during such four Fiscal Quarters with respect to preferred stock but excluding (iii) the gross cash interest expense of the Discontinued Operations for such period."

(e) Section 1.1 of the Credit Agreement is hereby amended by amending the definition of "Total Debt" to read as follows:

"'Total Debt' of the Borrower and its Subsidiaries means, on any date, the total outstanding Indebtedness of the Borrower and its Subsidiaries on a consolidated basis."

(f) Section 1.1 of the Credit Agreement is hereby amended by deleting the definition of "Earnings from Operations" and the definition of "Net Worth".

(g) Section 1.3 of the Credit Agreement is hereby amended by inserting an (a) prior to the existing text and inserting new subsections (b) and (c) as follows:

"(b) For the purposes of calculating EBIDT and Total Cash Interest Expense and Preferred Dividends for any period (a "Test Period"),

(i) if at any time from the period (a "Pro Forma Period") commencing on the second day of such Test Period and ending on the date which is ten days prior to the date of delivery of a compliance certificate in respect of such Test Period (or, in the case of any pro forma calculation made pursuant hereto in respect of a particular transaction, ending on the date such transaction is consummated after giving effect thereto), the Borrower or any Subsidiary shall have made any Material Disposition, the EBIDT for such Test Period shall be reduced by an amount equal to the EBIDT (if positive) attributable to the Property which is the subject of such Material Disposition for such Test Period or increased by an amount equal to the EBIDT (if negative) attributable thereto for such Test Period, and Total Cash Interest Expense and Preferred Dividends for such Test Period shall be reduced by an amount equal to the Total Cash Interest Expense and Preferred Dividends for such Test Period attributable to any Indebtedness of the Borrower or any Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Borrower and its Subsidiaries in connection with such Material Disposition (or, if the capital stock of any Subsidiary is sold, the Total Cash Interest Expense and Preferred Dividends for such Test Period directly attributable to the Indebtedness of such Subsidiary to the extent the Borrower and its continuing Subsidiaries are no longer liable for such Indebtedness after such disposition);

(ii) if during such Pro Forma Period the Borrower or any Subsidiary shall have made a Material Acquisition, EBIDT and Total Cash Interest Expense and Preferred Dividends for such Test Period shall be calculated after giving pro forma effect thereto (including the incurrence or assumption of any Indebtedness in connection therewith) as if such Material Acquisition (and the incurrence or assumption of any such Indebtedness) occurred on the first day of such Test Period;

(iii) if during such Pro Forma Period any Person that subsequently became a Subsidiary or was merged with or into the Borrower or any Subsidiary since the beginning of such Pro Forma Period shall have entered into any disposition or acquisition transaction that would have required an adjustment pursuant to clause (i) or (ii) above if made by the Borrower or a Subsidiary during such Pro Forma Period, EBIDT and Total Cash

Interest Expense and Preferred Dividends for such Test Period shall be calculated after giving pro forma effect thereto as if such transaction occurred on the first day of such Test Period; and

(iv) the financial results and effects of the operations of the Eye on People and TeleNoticias businesses shall be entirely excluded from EBIDT.

For the purposes of this paragraph, whenever pro forma effect is to be given to a Material Disposition or Material Acquisition, the amount of income or earnings relating thereto and the amount of Total Cash Interest Expense and Preferred Dividends associated with any Indebtedness discharged or incurred in connection therewith, the pro forma calculations shall be determined in good faith by a Financial Officer of the Borrower. If any Indebtedness bears a floating rate of interest and the incurrence or assumption thereof is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the last day of the relevant Pro Forma Period had been the applicable rate for the entire relevant Test Period (taking into account any interest rate protection agreement applicable to such Indebtedness if such interest rate protection agreement has a remaining term in excess of 12 months).

(c) For the purposes of the financial covenants, (i) the Discontinued Operations shall be disregarded and (ii) the businesses classified as Discontinued Operations shall be limited to those businesses treated as such in the financial statements of the Borrower referred to in the definition of "Discontinued Operations" and the accounting treatment of Discontinued Operations shall be consistent with the accounting treatment thereof in such financial statements."

(h) Section 7.3 of the Credit Agreement is hereby deleted in its entirety.

(i) Section 8.8 (a) of the Credit Agreement is hereby amended by deleting the following therefrom.

"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 the Borrower or any Subsidiary during such Fiscal Quarter, together with a statement of all such obligations outstanding at the end of such Fiscal Quarter"

(j) Section 8.8(b) of the Credit Agreement is hereby amended by deleting the following text:

", 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 the Borrower or any Subsidiary during the last Fiscal Quarter of such Fiscal Year, together with a statement of all such obligations outstanding at the end of such Fiscal Year"

(k) Section 9.6 of the Credit Agreement is hereby amended to read as follows:

"SECTION 9.6. Limitation on Subsidiary Indebtedness. The Borrower will not permit any of its Subsidiaries, other than the Guarantor Subsidiary, to create, incur, assume or suffer to exist any Indebtedness for borrowed money (which includes, for the purposes of this Section 9.6, any preferred stock), except (i) Indebtedness for borrowed money of CBS Broadcasting Inc. outstanding on August 29, 1996 (but not any refinancing, refunding or other replacement thereof), (ii) Excluded Indebtedness, (iii) Indebtedness for borrowed money incurred on any date when, after giving effect thereto, the aggregate principal amount of Indebtedness for borrowed money incurred pursuant to this clause (iii) that is outstanding on such date (it being understood that, for the purposes of this clause (iii), the term "Indebtedness" does not include borrowings under this Agreement or Excluded Indebtedness) does not exceed the EBIDT of Infinity and its consolidated Subsidiaries (determined in a manner comparable to that set forth in the definition of 'EBIDT') for the most recent period of four consecutive fiscal quarters for which the relevant financial information is available less, in the case of any such Indebtedness for borrowed money incurred by Infinity or any of its consolidated

Subsidiaries, the then actual aggregate outstanding balances of Indebtedness for borrowed money incurred pursuant to this clause (iii) by Subsidiaries other than Infinity and its consolidated Subsidiaries, provided that the aggregate outstanding principal amount of Indebtedness for borrowed money incurred pursuant to this clause (iii) by Subsidiaries other than Infinity and its consolidated Subsidiaries shall not exceed $800,000,000 at any time, (iv) Indebtedness for borrowed money of Infinity and its Subsidiaries under the Infinity Credit Agreement up to an aggregate principal amount of $1,500,000,000 and the New Infinity Credit Agreement up to an aggregate principal amount of $2,000,000,000 and (v) unsecured Indebtedness for borrowed money incurred by Blockbuster Inc.."

(l) Section 9.7 of the Credit Agreement is hereby deleted in its entirety.

(m) Section 10.1(d) of the Credit Agreement is hereby amended to read as follows:

"(d) The Borrower 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 the Borrower 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 (i) no extension of any grace period applicable to any such Indebtedness shall be taken into account for the purposes of this subsection (d) and (ii) this subclause (d) shall not apply to any provision that permits the holders, or a trustee on their behalf, to cause Indebtedness to become due prior to its stated maturity because of the failure to deliver to such holders or such trustee financial statements or certificates for any Subsidiary that is not required by law or regulation to file financial statements with the SEC, unless such Indebtedness has become due prior to its stated maturity as a result of such failure); or"

SECTION 2. Effectiveness. This Amendment will be effective upon (1) the execution of counterparts hereof by the Borrower and each of the Facility Agents and Managing Agents on their own behalf and on behalf of the Banks consenting to the execution of this Amendment, and the execution of written consents by the Majority Banks and (2) the consummation of the merger of the CBS with the Borrower.

SECTION 3. Representations and Warranties. The Borrower hereby represents and warrants that as of the date hereof (i) the representations and warranties contained in Article VI of the Credit Agreement (other than those stated to be made as of a particular date) are true and correct in all material respects on and as of the date hereof as though made on the date hereof, and (ii) no Default or Event of Default shall exist or be continuing under the Credit Agreement.

SECTION 4. Miscellaneous. (a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

(b) Except as amended hereby, all of the terms of the Credit Agreement shall remain and continue in full force and effect and are hereby confirmed in all respects.

(c) This Amendment shall be a Loan Document for the purposes of the Credit Agreement.

(d) This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

(e) THIS AMENDMENT 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.

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

VIACOM INC., as Borrower

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

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

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/ R. Parr

Title: M.D.

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

By: /s/ Dennis Wilczek

Name: Dennis Wilczek
Title: Associate

BANK OF AMERICA, N.A. (formerly
known as BANK OF AMERICA NT&SA), as
Managing Agent and a Bank

By: /s/ James T. Gilland

Name: James T. Gilland
Title: Managing Director

THE CHASE MANHATTAN BANK, as
Managing Agent and a Bank

By: /s/ Bruce Langenkamp

Title: VP

Syndication Agents

JP MORGAN SECURITIES INC., as
Syndication Agent

By: /s/ Anne M. Kelly

Name: Anne Kelly
Title: Vice President

BANC OF AMERICA SECURITIES, LLC
(formerly known as THE BANK OF
AMERICA NT&SA), as Syndication
Agent

By: /s/ James T. Gilland

Name: James T. Gilland
Title: Managing Director

EXHIBIT 10.2

AMENDMENT NO. 2, dated as of March 28, 2000 (the "Amendment") to the AMENDED AND RESTATED VII CREDIT AGREEMENT (the "Credit Agreement"), dated as of March 26, 1997, among VIACOM INTERNATIONAL INC., a Delaware corporation (the "Subsidiary Borrower"), the Bank 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, BANK OF AMERICA, N.A. (formerly known as BANK OF AMERICA NT&SA), as a Managing Agent, THE CHASE MANHATTAN BANK, as a Managing Agent, JP MORGAN SECURITIES INC., as a Syndication Agent, BANK OF AMERICA SECURITIES, LLC (formerly known as BANK OF AMERICA NT&SA), as 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.

WITNESSETH:

WHEREAS, the parties who have heretofore entered into the Credit Agreement now desire to amend certain provisions thereof to provide for changes in the covenants in the Credit Agreement, and for certain other matters.

NOW THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments.

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following:

"'CBS' shall mean CBS Corporation, a Pennsylvania corporation."

"'Discontinued Operations' shall mean the operations classified as "discontinued operations" pursuant to Accounting Principles Board Opinion No. 30 as presented in the quarterly report of CBS on Form 10-Q for the quarter ended September 30, 1997 and filed with the SEC on December 14, 1997."

(b) Section 1.1 of the Credit Agreement is hereby amended by amending the definition "Indebtedness" by inserting the following between the words "include" and "obligations" in the proviso at the end thereof:

"(a) obligations of the Borrower and its Subsidiaries in connection with Discontinued Operations and (b)"

(c) Section 7.5 of the Credit Agreement is hereby deleted in its entirety.

(d) Section 8.1(d) of the Credit Agreement is hereby amended to read as follows:

"(d) Any Loan Party 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) taken together with all other Indebtedness of Viacom or any of its Subsidiaries (including the Subsidiary Borrower or any of its Subsidiaries), 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 (i) no extension of any grace period applicable to any such Indebtedness shall be taken into account for the purposes of this subsection (d) and (ii) this subclause (d) shall not apply to any provision that permits the holders, or a trustee on their behalf, to cause Indebtedness to become due prior to its stated maturity because of the failure to deliver to such holders or such trustee financial statements or certificates for any Subsidiary that is not required by law or regulation to file financial statements with the SEC, unless such Indebtedness has become due prior to its stated maturity as a result of such failure); or"

SECTION 2. Effectiveness. This Amendment will be effective upon (1) the execution of counterparts hereof by the Subsidiary Borrower and each of the Facility Agents and Managing Agents on their own behalf and on behalf of the Banks consenting to the execution of this Amendment, and the execution of written consents by the Majority Banks and (2) the consummation of the merger of CBS with Viacom, Inc.

SECTION 3. Representations and Warranties. The Subsidiary Borrower hereby represents and warrants that as of the date hereof (i) the representations and warranties contained in Article V of the Credit Agreement (other than those stated to be made as of a particular date) are true and correct in all material respects on and as of the date hereof as though made on the date hereof, and (ii) no Default or Event of Default shall exist or be continuing under the Credit Agreement.

SECTION 4. Miscellaneous. (a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

(b) Except as amended hereby, all of the terms of the Credit Agreement shall remain and continue in full force and effect and are hereby confirmed in all respects.

(c) This Amendment shall be a Loan Document for the purposes of the Credit Agreement.

(d) This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

(e) THIS AMENDMENT 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.

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

VIACOM INTERNATIONAL INC.,
as Subsidiary Borrower

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

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

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/ R. Parr

M.D.

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

By: /s/ Dennis Wilczek

Name: Dennis Wilczek
Title: Associate

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

By: /s/ James T. Gilland

Name: James T. Gilland
Title: Managing Director

THE CHASE MANHATTAN BANK, as
Managing Agent and a Bank

By: /s/ Bruce Langenkamp

Title: VP

Syndication Agents

JP MORGAN SECURITIES INC., as
Syndication Agent

By: /s/ Anne M. Kelly

Name: Anne Kelly
Title: Vice President

BANCAMERICA SECURITIES, INC.
(formerly known as THE BANK OF
AMERICA NT&SA), as Syndication Agent

By: /s/ James T. Gilland

Name: James T. Gilland
Title: Managing Director

EXHIBIT 10.3

April 28, 2000

Philippe P. Dauman
Deputy Chairman
Viacom Inc.
1515 Broadway
New York, New York 10036

Dear Philippe:

This letter is intended to confirm certain of our understandings relating to the Agreement between you and Viacom Inc. (the "Company"), dated as of September 6, 1999 (the "Agreement").

You have agreed to resign your employment as an employee of the Company and any of the Company's direct or indirect subsidiaries and your position as an officer of the Company as Deputy Chairman and Executive Vice President. You further have agreed to resign as an officer and member of the boards of directors of the Company's direct and indirect subsidiaries (except as noted in the following sentence). It is our mutual intention that you shall continue as a member of the boards of directors of the Company, Blockbuster Inc. and The MTVi Group, Inc. for the remainder of your current term. All resignations shall be effective as of the day immediately prior to the Effective Time of the closing of the transactions contemplated by the Agreement and Plan of Merger between CBS Corporation and the Company, dated as of September 6, 1999. The Company acknowledges that such resignation is at the request, and for the benefit, of the Company, shall be deemed to constitute termination of your employment for "Good Reason" (and for this purpose the Company waives any written notice from you or any period within which to cure) and the Resignation Date for purposes of the Agreement shall be deemed to include the date of such resignation thereby qualifying you for all the payments and benefits attendant to a resignation for Good Reason or a resignation on the Resignation Date, under the Agreement, and the Restricted Period for purposes of Section 4.1 of the Agreement shall commence on such Resignation Date.

Please acknowledge your assent to the foregoing by executing the attached copy of this letter agreement where indicated and returning it to the Company.

Very truly yours,

/s/ Michael D. Fricklas

ACCEPTED AND AGREED:

/s/ Philippe P. Dauman

- -----------------------------

Philippe P. Dauman

EXHIBIT 10.4

April 28, 2000

Thomas E. Dooley
Deputy Chairman
Viacom Inc.
1515 Broadway
New York, New York 10036

Dear Tom:

This letter is intended to confirm certain of our understandings relating to the Agreement between you and Viacom Inc. (the "Company"), dated as of September 6, 1999 (the "Agreement").

You have agreed to resign your employment as an employee of the Company and any of the Company's direct or indirect subsidiaries and your position as an officer of the Company as Deputy Chairman and Executive Vice President. You further have agreed to resign as an officer and member of the boards of directors of the Company's direct and indirect subsidiaries (except as noted in the following sentence). It is our mutual intention that you shall continue as a member of the boards of directors of the Company, Blockbuster Inc. and The MTVi Group, Inc. for the remainder of your current term. All resignations shall be effective as of the day immediately prior to the Effective Time of the closing of the transactions contemplated by the Agreement and Plan of Merger between CBS Corporation and the Company, dated as of September 6, 1999. The Company acknowledges that such resignation is at the request, and for the benefit, of the Company, shall be deemed to constitute termination of your employment for "Good Reason" (and for this purpose the Company waives any written notice from you or any period within which to cure) and the Resignation Date for purposes of the Agreement shall be deemed to include the date of such resignation thereby qualifying you for all the payments and benefits attendant to a resignation for Good Reason or a resignation on the Resignation Date, under the Agreement, and the Restricted Period for purposes of Section 4.1 of the Agreement shall commence on such Resignation Date.

Please acknowledge your assent to the foregoing by executing the attached copy of this letter agreement where indicated and returning it to the Company.

Very truly yours,

/s/ Michael D. Fricklas

ACCEPTED AND AGREED:

/s/ Thomas E. Dooley

- --------------------------------

Thomas E. Dooley

May 3, 2000

Mr. George S. Smith, Jr.
Senior Vice President
Chief Financial Officer
Viacom Inc.
1515 Broadway
New York, NY 10003

Dear George:

This will confirm our understanding that, upon the completion of the merger between Viacom and CBS, you will resign your position as Senior Vice President, Chief Financial Officer and all related positions. From that point through December 15, 2000, you shall continue as an employee in the position of Financial Consultant at a salary of $2,000 per month. Effective December 15, 2000, you shall resign your position as Financial Consultant and you (or your estate) shall receive the severance package for Senior Vice Presidents terminated as a result of the merger, a copy of the plan is attached. For each day during your exclusive employment as a Financial Consultant that you are asked to travel to our offices, you shall receive a per diem payment of $1,500, plus reimbursement of expenses.

Very truly yours,

/s/ William A. Roskin

William A. Roskin

AGREED AND ACCEPTED

/s/ George S. Smith, Jr.

George S. Smith, Jr.

Dated: 5/4/00

(attachment)

Exhibit 11

Viacom Inc. and Subsidiaries
Computation of Net Earnings (Loss) Per Share

	Three months ended March 31, 2000	1999
	(In millions, except per share amounts)	
Earnings (loss):		
Earnings from continuing operations	$ 76.0	$ 68.4
Cumulative convertible preferred stock dividend requirement	--	(0.4)
Premium on redemption of preferred stock	--	(12.0)
Earnings from continuing operations attributable to common stock	76.0	56.0
Extraordinary loss, net of tax	--	(23.5)
Net earnings attributable to common stock	$ 76.0	$ 32.5
Basic computation:		
Shares:		
Weighted average number of common shares	694.8	696.1
Net earnings (loss) per common share:		
Earnings from continuing operations	$ 0.11	$ 0.08
Extraordinary loss, net of tax	--	(0.03)
Net earnings	$ 0.11	$ 0.05
Diluted computation:		
Shares:		
Weighted average number of common shares (basic)	694.8	696.1
Common shares potentially issuable in connection with stock options and warrants	16.7	15.0
Weighted average number of common shares (diluted)	711.5	711.1
Net earnings (loss) per common share:		
Earnings from continuing operations	$ 0.11	$ 0.08
Extraordinary loss, net of tax	--	(0.03)
Net earnings	$ 0.11	$ 0.05

THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF VIACOM INC. FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. EARNINGS PER SHARE ARE PRESENTED IN ACCORDANCE WITH SFAS 128.

1,000,000

3-MOS
DEC-31-2000
MAR-31-2000
698
0
1,674
144
1,806
4,952
5,378
1,978
24,324
3,988
6,547
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0
8
10,425
24,324
3,026
3,026
1,981
2,771
0
0
123
144
65
76
0
0
0
76
.11
.11