

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 14, 2005

VIACOM INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

001-09553

04-2949533

-----  
(State or other jurisdiction  
of incorporation)

-----  
(Commission File  
Number)

-----  
(I.R.S. Employer  
Identification Number)

1515 Broadway, New York, NY

10036

-----  
(Address of principal executive offices) (Zip Code)

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

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

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

Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On June 14, 2005, Viacom Inc. (the "Company") entered into letter agreements (the "Amendments") with each of Thomas E. Freston and Leslie Moonves, Co-Presidents and Co-Chief Operating Officers of the Company, amending the terms of their respective employment agreements dated July 1, 2004. The Amendments provide that, upon the date of the Company's proposed spin-off transaction by which the Company's businesses would be separated into two publicly-traded companies, each of their agreements will be assigned to the companies that acquire, at a minimum, certain identified businesses, and that such assignment will not constitute "Good Reason" to terminate their respective employment agreements.

The Amendments also provide, among other things, that in the event of such an assignment (i) Mr. Freston's and Mr. Moonves' outstanding stock options will be adjusted in the same manner as outstanding stock options held by other employees of their respective companies and in a manner that the Compensation Committee of the Company's Board of Directors determines in good faith would eliminate any reduction in value; (ii) the number of restricted share units ("RSUs") to be awarded to each of Mr. Freston and Mr. Moonves will be adjusted

using a specified formula; and (iii) grants of RSUs scheduled to be awarded during the first calendar quarter of 2006 may be rescheduled if the spin-off has not occurred by that date.

Except as expressly provided for in the Amendments, Mr. Freston's and Mr. Moonves' existing employment agreements have not been otherwise modified and will continue in full force and effect.

The foregoing description is qualified in its entirety by reference to the Amendments which are attached hereto as Exhibits 10.1 and 10.2, the terms of which agreements are incorporated herein by reference. A copy of the Employment Agreement, dated July 1, 2004, between the Company and Thomas E. Freston has been filed with the Securities and Exchange Commission as Exhibit 10.2 to the Company's Current Report on Form 8-K filed July 22, 2004 and a copy of the Employment Agreement, dated July 1, 2004, between the Company and Leslie Moonves has been filed with the Securities and Exchange Commission as Exhibit 10.3 to the Company's Current Report on Form 8-K filed July 22, 2004.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description of Exhibit
10.1	Letter Agreement, dated June 14, 2005, amending the Employment Agreement, dated July 1, 2004, between Viacom Inc. and Thomas E. Freston.
10.2	Letter Agreement, dated June 14, 2005, amending the Employment Agreement, dated July 1, 2004, between Viacom Inc. and Leslie Moonves.

SIGNATURE

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

VIACOM INC.  
(Registrant)

By: /s/ MICHAEL D. FRICKLAS

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

Date: June 17, 2005

Exhibit Index

Exhibit Number -----	Description of Exhibit -----
10.1	Letter Agreement, dated June 14, 2005, amending the Employment Agreement, dated July 1, 2004, between Viacom Inc. and Thomas E. Freston.
10.2	Letter Agreement, dated June 14, 2005, amending the Employment Agreement, dated July 1, 2004, between Viacom Inc. and Leslie Moonves.

## [VIACOM LETTERHEAD]

June 14, 2005

Thomas E. Freston  
 c/o Viacom Inc.  
 1515 Broadway  
 New York, NY 10036

Dear Mr. Freston:

Reference is made to your employment agreement with Viacom Inc. ("Viacom" or the "Company"), dated July 1, 2004 (your "Employment Agreement"). This letter expresses our agreement concerning the assignment of your Employment Agreement to NEWCO (as defined below) on the following terms:

1. Viacom has announced that its Board of Directors has approved the separation of the Company into two separate businesses (the "Business Separation"). The date on which NEWCO becomes a separate, publicly-held company is referred to herein as the "Effective Date".
2. You agree that, notwithstanding any other provision of your Employment Agreement but subject to the provisions contained herein, Viacom will assign your Employment Agreement to the publicly held parent corporation ("NEWCO") that acquires, at a minimum, the assets (including associated contract and intellectual property rights) of MTV Networks, BET, Famous Music, the motion picture operations of the Paramount Motion Picture Group and Paramount Home Entertainment (as defined below), and NEWCO will unconditionally assume all obligations under your Employment Agreement. Upon such assignment and assumption, NEWCO will be responsible for all obligations of Viacom under your Employment Agreement and Viacom will be released from all obligations under your Employment Agreement. You agree that such assignment shall not constitute a breach of your Employment Agreement or provide you with "Good Reason" to terminate your employment pursuant to paragraph 8(b) of your Employment Agreement, based on the fact that NEWCO will not acquire all of the assets of the business units currently managed by you under your Employment Agreement. "Paramount Home Entertainment" refers to the Paramount unit that handles

Thomas E. Freston  
 June 14, 2005  
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the physical distribution of all forms of home video for (i) MTV Networks, BET and the motion picture operations of the Paramount Motion Picture Group, and (ii) other entities pursuant to agreements with such entities.

3. In the event of an assignment of your Employment Agreement in accordance with the terms and conditions set forth herein, it is further agreed that each reference to Viacom in your Employment Agreement will, as of the Effective Date, refer to NEWCO and that your Employment Agreement will, as of the Effective Date, be deemed to be amended as follows:
  - A. Paragraph 8(b) of your Employment Agreement will be amended to replace clauses (v) through (ix) and the last paragraph of paragraph 8(b) with the following:
    - "(v) your removal from or any failure to re-elect you as the sole President and Chief Operating Officer of NEWCO (if you commenced serving in that position as of the Effective Date) or, if you are the Chief Executive Officer of NEWCO, as the sole Chief Executive Officer of NEWCO;
    - (vi) the failure to appoint you as the sole Chief Executive

Officer of NEWCO on the earlier to occur of: (A) the date on which Sumner Redstone resigns from the position of Chief Executive Officer (or ceases to hold such position for any reason); and (B) December 31, 2007;

- (vii) a change in reporting such that you do not report solely and directly to Sumner Redstone in his capacity as the Chairman and Chief Executive Officer of NEWCO or to NEWCO's Board of Directors before December 31, 2007 or, if earlier, the date on which Sumner Redstone resigns from the position of Chief Executive Officer of NEWCO (or ceases to hold such position for any reason), and, thereafter, a change in reporting such as you do not report to the Chairman of NEWCO or to NEWCO's Board of Directors; or
- (viii) any other material breach by NEWCO of its material obligations hereunder.

Notwithstanding anything to the contrary in this Agreement, NEWCO may sell or otherwise dispose of any New Business Unit (as defined below); provided, that the aggregate revenues of all New Business Units sold or otherwise disposed of within any six (6) month period during the Employment Term do not constitute more than 50% of the aggregate revenues of the New Business Units at such time, based on the NEWCO's

most recent quarterly financial statements. In making the calculation described in the proviso in the preceding sentence, NEWCO may include, on a pro forma basis, the revenues of any Potential New Business Unit (as defined below); provided, that, if NEWCO formally abandons (or it receives notification that the other party has formally abandoned) the negotiations relating to NEWCO's acquisition of a Potential New Business Unit whose revenues were included in the calculation referred to in the preceding sentence, NEWCO will promptly notify you of such abandonment and you can, by written notice to NEWCO within thirty (30) business days after NEWCO's notification to you, require the calculation to be made as of the date of such notification without including the revenues of such company. A "New Business Unit" shall mean any business unit of NEWCO including any business unit acquired after the Effective Date but excluding (i) any business unit which was a business unit managed by you prior to the date that you entered into this Agreement (e.g. MTV), and (ii) the motion picture operations of the Paramount Motion Picture Group. A "Potential New Business Unit" shall mean any business unit for which NEWCO is actively negotiating the acquisition under authorization from the NEWCO Board of Directors. "Effective Date" shall have the meaning set forth in that certain letter agreement dated June 14, 2005 between the parties to this Agreement. It is agreed that any sale of a New Business Unit by NEWCO shall be made only after the Board of Directors of NEWCO has meaningfully consulted with you regarding such transaction."

- B. Paragraph 8(g) of your Employment Agreement will be deleted in its entirety.
- 4. Your outstanding stock options will be adjusted (a) in the same manner as other outstanding stock options held by employees of NEWCO are adjusted in connection with the Business Separation, and (b) in a manner that the Compensation Committee of the Viacom Board of Directors determines in good faith would eliminate any reduction in the value of your outstanding stock options that might otherwise be caused by the Business Separation.
- 5. A. The number of restricted share units to be awarded to you after the Business Separation will be determined by (a) multiplying the closing price of a share of Viacom Class B Common Stock on the last trading day on the New York Stock Exchange before the Effective Date by 115,000, and (b) dividing this amount by the closing price of a share of Class B Common Stock of NEWCO on the Effective Date or, if the Effective Date is not a trading date, on the first trading day after the Effective Date, on the principal stock exchange on which the stock of NEWCO is traded.

- B. Your Employment Agreement provides that your next grant of restricted share units will be awarded during the first calendar quarter of 2006. It would be desirable for your next grant of restricted share units to be awarded by NEWCO. Accordingly, you agree that, if the Business Separation occurs after the end of the first calendar quarter of 2006 but before the end of the second calendar quarter of 2006, your next award of restricted share units could be granted during the second calendar quarter of 2006; if the Business Separation has not occurred by the end of the second calendar quarter of 2006, you will receive your next award of restricted share units from Viacom by the end of the second calendar quarter of 2006 and it is expected that such restricted share units will be adjusted by the Compensation Committee in the same manner that the restricted share units to be awarded to you after the Business Separation are adjusted pursuant to paragraph A above. It is acknowledged and agreed that the foregoing will in no way delay the vesting of such restricted share units, as provided for in your Employment Agreement.
6. Subject to obtaining required approvals of the Board of Directors and the stockholders of NEWCO, any adjustment or change to, or adoption of a new, Senior Executive STIP will preserve the potential maximum bonus that could be paid under the current Senior Executive STIP.
7. It is our current expectation that NEWCO will adopt benefits plans, retirement plans and other similar plans in order to provide you with benefits comparable to the benefits currently available to you; adoption of such plans would, among other things, be subject to obtaining required approvals of the Board of Directors and stockholders of NEWCO. The foregoing shall in no way limit any specific benefits provided to you pursuant to your Employment Agreement.
8. Except as expressly provided for herein, your Employment Agreement will not be modified and will continue in full force and effect in accordance with its terms and nothing contained herein will in any way preclude you from disputing any actions taken by the Company in violation of this letter agreement or your Employment Agreement. In addition, this letter agreement will not be deemed to be a waiver of any term or condition of your Employment Agreement except as expressly provided for herein.



Please sign, date and return all four (4) copies of this letter agreement to the undersigned for execution on behalf of Viacom; after this letter agreement has been executed by Viacom and a fully executed copy returned to you, it will constitute a binding amendment to your Employment Agreement.

Very truly yours,

VIACOM INC.

By: /s/ William A. Roskin

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

ACCEPTED AND AGREED:

/s/ Thomas E. Freston

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Thomas E. Freston

Dated: 6/14/05

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## [VIACOM LETTERHEAD]

June 14, 2005

Leslie Moonves  
 c/o Viacom Inc.  
 1515 Broadway  
 New York, NY 10036

Dear Mr. Moonves:

Reference is made to your employment agreement with Viacom Inc. ("Viacom" or the "Company"), dated July 1, 2004 (your "Employment Agreement"). This letter expresses our agreement concerning the assignment of your Employment Agreement to CBSCO (as defined below) on the following terms:

1. Viacom has announced that its Board of Directors has approved the separation of the Company into two separate businesses (the "Business Separation"). The date on which CBSCO becomes a separate, publicly-held company is referred to herein as the "Effective Date".
2. You agree that, notwithstanding any other provision of your Employment Agreement but subject to the provisions contained herein, Viacom will assign your Employment Agreement to the publicly held parent corporation ("CBSCO") if different from Viacom, that acquires, at a minimum, the assets (including associated contract and intellectual property rights) of (i) CBS, CBS Enterprises, the Viacom Station Group, UPN, Infinity Radio and Viacom Outdoor, (ii) the worldwide television operations of Paramount Pictures Corporation (including Spelling Productions Inc.), including, but not limited to, all network and syndicated broadcast and cable television production and distribution activities now performed by the television operations of Paramount Pictures Corporation (collectively, the "Paramount Television Operations"), (iii) any other business units managed by you on July 1, 2004, and (iv) Showtime Networks, Simon & Schuster and Paramount Parks; and CBSCO will unconditionally assume all obligations under your Employment Agreement. Upon such assignment and assumption, CBSCO will be responsible for all obligations of Viacom under your Employment Agreement and Viacom will be released from all obligations under your

Leslie Moonves  
 June 14, 2005  
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Employment Agreement. You agree that such assignment shall not constitute a breach of your Employment Agreement or provide you with "Good Reason" to terminate your employment pursuant to paragraph 8(b) of your Employment Agreement.

3. In the event of an assignment of your Employment Agreement in accordance with the terms and conditions contained herein, it is further agreed that each reference to Viacom in your Employment Agreement will, as of the Effective Date, refer to CBSCO and that your Employment Agreement will, as of the Effective Date, be deemed to be amended as follows:
  - A. Paragraph 8(b) of your Employment Agreement will be amended to replace clauses (v) through (ix) and the last paragraph of paragraph 8(b) with the following:

"(v) your removal from or any failure to re-elect you as the sole President and Chief Operating Officer of CBSCO (if you commenced serving in that position as of the Effective Date) or, if you are the Chief Executive Officer of CBSCO, as the sole Chief Executive Officer of CBSCO;

- (vi) the failure to appoint you as the sole Chief Executive Officer of CBSCO on the earlier to occur of: (A) the date on which Sumner Redstone resigns from the position of Chief Executive Officer (or ceases to hold such position for any reason); and (B) December 31, 2007;
- (vii) a change in reporting such that you do not report solely and directly to Sumner Redstone in his capacity as the Chairman and Chief Executive Officer of CBSCO or to CBSCO's Board of Directors before December 31, 2007 or, if earlier, the date on which Sumner Redstone resigns from the position of Chief Executive Officer of CBSCO (or ceases to hold such position for any reason), and, thereafter, a change in reporting such as you do not report to the Chairman of CBSCO or to CBSCO's Board of Directors; or
- (viii) any other material breach by CBSCO of its material obligations hereunder.

Notwithstanding anything to the contrary in this Agreement, CBSCO may sell or otherwise dispose of any New Business Unit (as defined below); provided, that the aggregate revenues of all New Business Units sold or otherwise disposed of within any six (6) month period during the

Employment Term do not constitute more than 50% of the aggregate revenues of the New Business Units at such time, based on the CBSCO's most recent quarterly financial statements. In making the calculation described in the proviso in the preceding sentence, CBSCO may include, on a pro forma basis, the revenues of any Potential New Business Unit (as defined below); provided, that, if CBSCO formally abandons (or it receives notification that the other party has formally abandoned) the negotiations relating to CBSCO's acquisition of a Potential New Business Unit whose revenues were included in the calculation referred to in the preceding sentence, CBSCO will promptly notify you of such abandonment and you can, by written notice to CBSCO within thirty (30) business days after CBSCO's notification to you, require the calculation to be made as of the date of such notification without including the revenues of such company. A "New Business Unit" shall mean any business unit of CBSCO including any business unit acquired after the Effective Date but excluding (i) any business unit which was a business unit managed by you prior to the date that you entered into this Agreement, and (ii) the Paramount Television Operations (as defined in paragraph 2 above). A "Potential New Business Unit" shall mean any business unit for which CBSCO is actively negotiating the acquisition under authorization from the CBSCO Board of Directors. "Effective Date" shall have the meaning set forth in that certain letter agreement dated June 14, 2005 between the parties to this Agreement. It is agreed that any sale of a New Business Unit by CBSCO shall be made only after the Board of Directors of CBSCO has meaningfully consulted with you regarding such transaction."

- B. Paragraph 8(g) of your Employment Agreement will be deleted in its entirety.
- 4. Your outstanding stock options will be adjusted (a) in the same manner as other outstanding stock options held by employees of CBSCO are adjusted in connection with the Business Separation, and (b) in a manner that the Compensation Committee of the Viacom Board of Directors determines in good faith would eliminate any reduction in the value of your outstanding stock options that might otherwise be caused by the Business Separation.
- 5. A. The number of restricted share units to be awarded to you after the Business Separation will be determined by (a) multiplying the closing price of a share of Viacom Class B Common Stock on the last trading day on the New York Stock Exchange before the Effective Date by 115,000, and (b) dividing this amount by the closing price of a share of Class B Common Stock of CBSCO on the Effective Date or, if the Effective Date is not a trading date, on the first trading day after the Effective Date, on the principal stock exchange on which the stock of CBSCO is traded.

- B. Your Employment Agreement provides that your next grant of restricted share units will be awarded during the first calendar quarter of 2006. It would be desirable for your next grant of restricted share units to be awarded by CBSCO. Accordingly, you agree that, if the Business Separation occurs after the end of the first calendar quarter of 2006 but before the end of the second calendar quarter of 2006, your next award of restricted share units could be granted during the second calendar quarter of 2006; if the Business Separation has not occurred by the end of the second calendar quarter of 2006, you will receive your next award of restricted share units from Viacom by the end of the second calendar quarter of 2006 and it is expected that such restricted share units will be adjusted by the Compensation Committee in the same manner that the restricted share units to be awarded to you after the Business Separation are adjusted pursuant to paragraph A above. It is acknowledged and agreed that the foregoing will in no way delay the vesting of such restricted share units, as provided for in your Employment Agreement.
6. Subject to obtaining required approvals of the Board of Directors and the stockholders of CBSCO, any adjustment or change to, or adoption of a new, Senior Executive STIP will preserve the potential maximum bonus that could be paid under the current Senior Executive STIP.
7. It is our current expectation that CBSCO will adopt benefits plans, retirement plans and other similar plans in order to provide you with benefits comparable to the benefits currently available to you; adoption of such plans would, among other things, be subject to obtaining required approvals of the Board of Directors and stockholders of CBSCO. The foregoing shall in no way limit any specific benefits provided to you pursuant to your Employment Agreement.
8. Except as expressly provided for herein, your Employment Agreement will not be modified and will continue in full force and effect in accordance with its terms and nothing contained herein will in any way preclude you from disputing any actions taken by the Company in violation of this letter agreement or your Employment Agreement. In addition, this letter agreement will not be deemed to be a waiver of any term or condition of your Employment Agreement except as expressly provided for herein.

Please sign, date and return all four (4) copies of this letter agreement to the undersigned for execution on behalf of Viacom; after this letter agreement has been executed by Viacom and a fully executed copy returned to you, it will constitute a binding amendment to your Employment Agreement.

Very truly yours,

VIACOM INC.

By: /s/ William A. Roskin

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

ACCEPTED AND AGREED:

/s/ Leslie Moonves

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Leslie Moonves

Dated: June 14, 2005