

SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

Amendment No. 2  
 to  
 FORM S-4  
 REGISTRATION STATEMENT  
 Under  
 THE SECURITIES ACT OF 1933

VIACOM INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) Viacom Inc. 1515 Broadway New York, New York 10036 (212) 258-6000 (Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)	4841 (Primary Standard Industrial Classification Code Number)	04-2949533 (I.R.S. Employer Identification Number) Michael D. Fricklas, Esq. Senior Vice President, General Counsel and Secretary Viacom Inc. 1515 Broadway New York, NY 10036 (212) 258-6000 (Name, address, including zip code, and telephone number, including area code, of agent for service)
---	---	---

Copies To:

Creighton O'M. Condon, Esq. Stephen T. Giove, Esq. Shearman & Sterling 599 Lexington Avenue New York, NY 10022 (212) 848-4000	Louis J. Briskman, Esq. Executive Vice President and General Counsel CBS Corporation 51 West 52nd Street New York, NY 10019 (212) 975-4321	Scott A. Barshay, Esq. Cravath, Swaine & Moore 825 Eighth Avenue New York, NY 10019 (212) 474-1000
--	---	--

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and the conditions to consummation of the offer described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class B Common Stock, par value \$.01 per share.....	907,746,991(1)	Not Applicable	\$38,386,428,800(2)	\$10,671,428(2)
Series C Convertible Preferred Stock, par value \$.01 per share.....	11,003(3)	Not Applicable	\$ 485,000,000(4)	\$134,830(4)
Total.....			\$ 38,871,428,800	\$10,806,258(5)

- 
- (1) Based on the maximum number of shares of Viacom Class B Common Stock that may be required to be issued in connection with the merger, calculated as the product of (a) 826,492,158, which is the sum of (i) the number of shares of CBS Corporation common stock, par value \$1.00 per share ("CBS Common Stock") outstanding on August 31, 1999, (ii) the number of shares of CBS Common Stock issuable pursuant to outstanding stock options through the date the merger is expected to be consummated, and (iii) the number of shares of CBS Common Stock otherwise expected to be issued prior to the date the merger is expected to be consummated and (b) the exchange ratio for the merger of 1.085 shares of Viacom Class B Common Stock for each outstanding share of CBS Common Stock. This number also includes 11,003,000 shares of Viacom Class B Common Stock issuable upon conversion of the Viacom Series C Preferred Stock being registered hereunder.
  - (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the "Securities Act") (the "Registration Fee"), and computed pursuant to Rule 457(f)(1) and Rule 457(c) thereunder on the basis of the market value of the CBS Common Stock to be exchanged in the merger, as the product of (a) \$46.445 (the average of the high and low sales prices per share of CBS Common Stock as reported on the New York Stock Exchange Transactions Tape on September 30, 1999) and (b) 826,492,158, which is the sum of (i) the number of shares of CBS Common Stock outstanding on August 31, 1999, (ii) the number of shares of CBS Common Stock issuable pursuant to outstanding stock options through the date the merger is expected to be consummated and (iii) the number of shares of CBS Common Stock otherwise expected to be issued prior to the date the merger is expected to be consummated. This number does not account for shares issuable upon conversion of the Viacom Series C Preferred Stock being registered hereunder.
  - (3) Based on the product of (a) the total number of outstanding shares of Series B Participating Preferred Stock, par value \$1.00 per share, of CBS Corporation ("CBS Series B Preferred Stock") on November 9, 1999, and (b) the exchange ratio for the merger of 1.085 shares of Viacom Series C Preferred Stock for each outstanding share of CBS Series B Preferred Stock.
  - (4) Estimated solely for the purpose of calculating the Registration Fee, and computed pursuant to Rule 475(f)(2) under the Securities Act as the book value of the outstanding shares of CBS Series B Preferred Stock.
  - (5) Pursuant to Rule 457 under the Securities Act, the registration fee is \$10,671,428 plus \$134,830. \$10,671,428 of the Registration Fee was paid on October 7, 1999 in connection with the initial filing of this Registration Statement on Form S-4 and the remainder was paid on November 10, 1999 in connection with the filing of Amendment No. 1 to this Registration Statement.

-----

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

-----

+++++  
+The information in this prospectus is not complete and may be changed. We may +  
+not sell these securities until the registration statement filed with the +  
+Securities and Exchange Commission is effective. This prospectus is not an +  
+offer to sell these securities and it is not soliciting an offer to buy these +  
+securities in any state where the offer or sale is not permitted. +  
+++++

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

[VIACOM LOGO]

1515 Broadway  
New York, New York 10036

November 24, 1999

Dear Viacom Shareholder,

As you no doubt have heard, Viacom and CBS have agreed to a merger. The new company, which will retain the Viacom name, will be the largest seller of advertising across the media landscape, with extraordinary assets in broadcast and cable television, a leading radio and outdoor media company, a preeminent motion picture studio, a world-class consumer publishing group, a leading regional theme park operation and a growing portfolio of Internet ventures. This merger advances the vision we share with CBS of building the preeminent global media and entertainment company. The new Viacom will have exceptional content and a portfolio of some of the world's most powerful brands.

Viacom is soliciting consents from holders of Viacom Class A common stock in connection with this merger.

Under the terms of the merger, holders of CBS common stock will have the right to receive 1.085 shares of Viacom Class B common stock for each share of CBS common stock that they own and holders of CBS Series B preferred stock will have the right to receive 1.085 shares of newly created Viacom Series C preferred stock for each share of CBS Series B preferred stock that they own. Both Viacom Class A and Class B common stock and CBS common stock are primarily traded on the New York Stock Exchange.

National Amusements, Inc., which owns approximately 68% of Viacom's Class A common stock, has agreed to consent to the merger and the other proposals described in this joint proxy statement/prospectus. Therefore, approval of these proposals by the shareholders of Viacom is assured.

If you hold Viacom Class A common stock, please complete, sign, date and mail your signed written consent card in the enclosed return envelope. Approval of these matters by Viacom's shareholders will occur when the holders of a majority of the outstanding Viacom Class A common stock deliver dated and properly executed consents to Viacom. National Amusements is expected to deliver its consent at 12:00 noon, New York City time, on December . , 1999. Therefore, for your consent to be counted, we must receive it, dated and properly executed, no later than 12:00 noon, New York City time, on December . , 1999. You may revoke your written consent in the manner described in this document at any time prior to the time that sufficient consents are delivered to Viacom.

Detailed information concerning the merger, the merger agreement, related agreements, Viacom's proposed new Restated Certificate of Incorporation and other important information is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

Sincerely,

Sumner M. Redstone  
Chairman and Chief Executive Officer

For a discussion of risk factors which you should consider in evaluating the merger, see "Risk Factors" beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated November 24, 1999, and is first being mailed to shareholders on or about November 24, 1999.

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

[VIACOM LOGO]

1515 Broadway  
New York, New York 10036

NOTICE OF CONSENT SOLICITATION

To the Shareholders of Viacom:

The enclosed materials seek your consent in connection with the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom, CBS Corporation, a Pennsylvania corporation, and Viacom/CBS LLC, a Delaware limited liability company, a copy of which is attached as Annex A to the joint proxy statement/prospectus that accompanies this notice. The merger agreement provides for the merger of CBS with and into Viacom or, under specified circumstances, with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom, the issuance of shares of Viacom Class B common stock, par value \$.01 per share, and shares of Viacom Series C preferred stock, par value \$.01 per share, in the merger, and the adoption of the proposed new Restated Certificate of Incorporation for Viacom. If the merger agreement is adopted and the merger is consummated, each issued and outstanding share of CBS common stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Class B common stock and each issued and outstanding share of CBS Series B preferred stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock.

Viacom's Class A shareholders are requested to take action by written consent to approve all of the following:

1. if the merger is structured as a merger of CBS into Viacom, the adoption of the merger agreement;
2. if the merger is structured as a merger of CBS into Viacom/CBS LLC, the adoption of the proposed new Restated Certificate of Incorporation of Viacom;
3. if the merger is structured as a merger of CBS into Viacom/CBS LLC, the issuance of up to 907,746,991 shares of Viacom Class B common stock to the holders of CBS common stock and up to 11,003 shares of Viacom Series C preferred stock to the holders of CBS Series B preferred stock in the merger, in accordance with the terms set forth in the merger agreement; and
4. the amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan by an additional 10 million shares.

Holders of record of Viacom Class A common stock at the close of business on November 12, 1999 will be entitled to take action by written consent concerning these proposals.

The Board of Directors of Viacom has declared that the merger agreement is advisable and has unanimously approved the merger agreement and unanimously recommends that shareholders approve the adoption of the merger agreement. The Board of Directors of Viacom has also unanimously approved the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and declared advisable and approved the proposed new Restated Certificate of Incorporation, and unanimously recommends that you approve the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and the adoption of the proposed new Restated Certificate of Incorporation. In addition, the Board of Directors has approved the amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan and unanimously recommends that you approve the amendment.

Detailed information concerning the merger, the merger agreement, related agreements, Viacom's proposed new Restated Certificate of Incorporation and other important information is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

If you hold Viacom Class A common stock, please complete, sign, date and mail your signed written consent card in the enclosed return envelope. Approval of these matters by Viacom's shareholders will occur when the holders of a majority of the outstanding Viacom Class A common stock deliver dated and properly executed consents to Viacom. National Amusements is expected to deliver its consent at 12:00 noon, New York City time, on December . , 1999. Therefore, for your consent to count, we must receive it, dated and properly executed, no later than 12:00 noon, New York City time, on December . , 1999. You may revoke your written consent in the manner described in this document at any time prior to the time that sufficient consents are delivered to Viacom.

By Order of the Board of Directors,

Michael D. Fricklas  
Secretary

November 24, 1999

YOUR CONSENT IS IMPORTANT.

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR CONSENT CARD.

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

[LOGO]

CBS CORPORATION  
51 West 52nd Street  
New York, New York 10019

November 24, 1999

Dear CBS Shareholder,

You are cordially invited to attend a special meeting of shareholders of CBS Corporation to be held on December . , 1999 at . , New York, New York, commencing at 10:00 a.m., eastern standard time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among CBS, Viacom Inc. and Viacom/CBS LLC, which provides for the merger of CBS and Viacom or, under specified circumstances, Viacom/CBS LLC, a wholly owned subsidiary of Viacom. Under the terms of the merger agreement, each issued and outstanding share of CBS common stock will be converted into the right to receive 1.085 shares of Viacom non-voting Class B common stock and each issued and outstanding share of CBS Series B preferred stock will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock. Both Viacom's Class B common stock and CBS' common stock are listed and traded on the New York Stock Exchange.

The merger agreement advances the vision we share with Viacom of building the preeminent global media and entertainment company. The combination of our companies, our powerful brands and our highly complementary businesses will create a company we believe is uniquely qualified to capitalize on new opportunities domestically and around the world.

Your participation in the special meeting, in person or by proxy, is important. Even if you anticipate attending in person, we urge you to mark, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope to ensure that your shares of CBS common stock and CBS Series B preferred stock will be represented at the special meeting. If you do attend in person, you will be entitled to vote your shares in person.

The joint proxy statement/prospectus that accompanies this letter contains information about Viacom and CBS and describes in detail the merger and related matters. Attached to the joint proxy statement/prospectus is a copy of the merger agreement, related agreements and other important information.

Thank you, and we look forward to seeing you at the special meeting.

Very truly yours,

David T. McLaughlin  
Chairman of the Board

Mel Karmazin  
President and Chief Executive Officer

For a discussion of risk factors which you should consider in evaluating the merger, see "Risk Factors" beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated November 24, 1999, and is first being mailed to shareholders on or about November 24, 1999.

PRELIMINARY PROXY STATEMENT -- SUBJECT TO COMPLETION

[LOGO]

CBS CORPORATION  
51 West 52nd Street  
New York, New York 10019

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held December . , 1999

To the Shareholders of CBS:

A special meeting of shareholders of CBS Corporation, a Pennsylvania corporation, will be held on December . , 1999 at 10:00, a.m., eastern standard time, at . , New York, New York to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among CBS, Viacom Inc., a Delaware corporation, and Viacom/CBS LLC, a Delaware limited liability company, a copy of which is attached as Annex A to the joint proxy statement/prospectus that accompanies this notice. The merger agreement provides for the merger of CBS with and into Viacom or, under specified circumstances, with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom. If the merger agreement is adopted and the merger is consummated each issued and outstanding share of CBS common stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom non-voting Class B common stock, par value \$.01 per share, and each issued and outstanding share of CBS Series B preferred stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock, par value \$.01 per share.

Holders of record of CBS common stock and CBS Series B preferred stock at the close of business on November 17, 1999, will be entitled to vote at the special meeting or any adjournments or postponements of the special meeting.

The Board of Directors of CBS has determined that the merger is in the best interests of CBS and its shareholders, has unanimously approved the merger and the merger agreement and unanimously recommends that shareholders vote to adopt the merger agreement.

Detailed information concerning the merger, the merger agreement, related agreements and other related matters is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

The vote of each CBS shareholder is important. We urge you to mark, sign and return your proxy card promptly in the enclosed postage-paid envelope to ensure that your shares of CBS common stock and CBS Series B preferred stock will be represented at the special meeting. If you attend the special meeting in person, you will be entitled to vote your shares in person.

If you plan to attend the special meeting, please keep the admission ticket that is attached to your proxy card, and also check the appropriate box on your proxy card. Shareholders who own shares through banks or brokers and who plan to attend must send a written notification, along with proof of ownership, such as a bank or brokerage firm account statement, to the Secretary's Office, CBS Corporation, 51 West 52nd Street, New York, New York 10019. The names of those shareholders indicating they plan to attend will be placed on an admission list held at the entrance to the meeting. Admission tickets will not be mailed in advance of the meeting.

On behalf of the Board of Directors,

Angeline C. Straka  
Secretary  
New York, New York

YOUR VOTE IS IMPORTANT.  
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.

HOLDERS OF CBS COMMON STOCK AND CBS SERIES B PREFERRED STOCK  
SHOULD NOT SEND STOCK CERTIFICATES WITH THEIR PROXY CARDS.



PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

TABLE OF CONTENTS

	Page
	----
QUESTIONS AND ANSWERS ABOUT THE MERGER.....	1
SUMMARY.....	5
The Companies.....	5
Terms of the Merger.....	5
Ownership of the Combined Company Following the Merger.....	6
Shareholders Entitled to Consent or Vote; Vote Required; Voting	
Agreements.....	6
Quorum at CBS Special Meeting.....	6
Interests of Directors and Executive Officers of Viacom and CBS.....	6
Fairness Opinions of Financial Advisors.....	8
The Merger.....	8
Viacom Summary Historical Financial Data.....	11
CBS Summary Historical Financial Data.....	12
Summary Unaudited Viacom/CBS Pro Forma Combined Financial Information...	14
Unaudited Viacom/CBS Comparative Per Share Data.....	15
Comparative Market Prices and Dividends.....	16
RISK FACTORS.....	18
Risks Relating to the Merger.....	18
Fixed Exchange Ratio May Result in Lower Value of Merger	
Consideration.....	18
The Merger Is Subject to Review and Approval by the Federal	
Communications Commission Which May Delay the Completion of the	
Merger and/or Lessen the Anticipated Benefits of the Merger.....	18
Antitrust Regulatory Agencies May Oppose or Impose Conditions on the	
Merger Which May Delay the Completion of the Merger and/or Lessen the	
Anticipated Benefits of the Merger.....	18
Mr. Redstone, Chairman and Chief Executive Officer of Viacom, Will Be	
the Controlling Shareholder and May Therefore Determine the Outcome	
of Most Shareholder Votes.....	19
The Combined Company's Corporate Governance Structure Will Be Unusual	
and May Not be a Successful Model for Managing the Combined Company..	19
The Split-off of Blockbuster from Viacom May Not Occur, Which May	
Hinder the Operations of Viacom's Different Businesses.....	19
Viacom May Incur a Significant Loss Resulting from the Split-off of	
Blockbuster.....	20
Potentially Significant Increases in Depreciation and Amortization	
Expense May Result from Amortization Periods Which Are Shorter than	
Preliminary Estimates Reflected in the Pro Forma Financial Statements	
Which Would Cause Net Earnings to Decrease.....	20
Risks Relating to the Combined Company.....	20
Competitive Developments and Technologies May Adversely Affect the	
Combined Company's Future Market Share of Entertainment Audiences and	
Customers, Which in Turn May Affect the Combined Company's	
Advertising Revenues and Profitability.....	20
Expenditures by Advertisers Tend to Be Cyclical and Dependent on the	
Economic Prospects of Advertisers and the Economy in General Which	
Could Cause Revenues of the Combined Company from Advertisements to	
Decline Significantly in any Given Period Generally or in Specific	
Markets.....	21
Acceptance of the Combined Company's Programming by the Public is	
Difficult to Predict, Which Could Lead to Fluctuations in Revenues...	21
The Combined Company's Revenues are Dependent upon the Maintenance of	
Affiliation Agreements.....	22
Changes in Federal Communications Laws and Regulations May Have an	
Adverse Effect on the Combined Company's Business.....	22
The Combined Company Has Environmental, Asbestos and Other Contingent	
Liabilities That Could Have a Significant Impact on the Combined	
Company.....	22

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

	Page
	----
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS.....	24
UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION.....	25
Unaudited Viacom/CBS Pro Forma Combined Condensed Financial Information.....	25
Unaudited CBS/King World Pro Forma Combined Condensed Financial Information.....	34
THE MERGER.....	46
Background to the Merger.....	46
Reasons for the Merger and Board Recommendations.....	49
Opinions of Financial Advisors.....	53
Directors, Management and Corporate Governance of the Combined Company..	67
Accounting Treatment.....	70
Federal Income Tax Consequences.....	71
Merger Consideration.....	73
Conversion of Shares; Procedures for Exchange of Certificates; Fractional Shares.....	73
Litigation.....	74
Effective Time of the Merger.....	74
Federal Securities Laws Consequences.....	74
Stock Exchange Quotation.....	74
Dissenters' Rights of Appraisal.....	75
Delisting and Deregistration of CBS Common Stock.....	75
THE MERGER AGREEMENT AND RELATED AGREEMENTS.....	76
The Merger Agreement.....	76
The Voting Agreements.....	83
The Stockholder Agreement.....	84
INTERESTS OF PERSONS IN THE MERGER--SENIOR MANAGEMENT ARRANGEMENTS.....	85
Viacom.....	85
CBS.....	87
THE COMPANIES.....	89
Viacom's Business.....	89
CBS' Business.....	91
REGULATORY MATTERS AND THIRD-PARTY APPROVALS.....	93
Antitrust.....	93
Federal Regulation of Television and Radio Broadcasting.....	93
Other Regulations, Legislation and Recent Developments Affecting Broadcast Stations.....	97
Internet.....	98
DESCRIPTION OF VIACOM CAPITAL STOCK FOLLOWING THE MERGER.....	99
Viacom Class A Common Stock.....	99
Viacom Class B Common Stock.....	99
Voting and Other Rights of Viacom Common Stock.....	99
Viacom Series C Preferred Stock.....	100
Other Viacom Preferred Stock.....	102
COMPARISON OF RIGHTS OF HOLDERS OF VIACOM STOCK AND CBS STOCK.....	103

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

	Page
	----
ADOPTION OF NEW RESTATED CERTIFICATE OF INCORPORATION.....	132
AMENDMENT TO THE VIACOM 1997 LONG-TERM MANAGEMENT INCENTIVE PLAN.....	133
SOLICITATION OF CONSENTS AND PROXIES.....	135
SHAREHOLDER PROPOSALS.....	136
LEGAL MATTERS.....	137
EXPERTS.....	137
WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION OF DOCUMENTS BY REFERENCE.....	137
Viacom.....	138
CBS.....	138

ANNEXES

Annex A Amended and Restated Agreement and Plan of Merger  
Annex B Restated Certificate of Incorporation  
Annex C Amended and Restated By-laws  
Annex D Voting Agreement  
Annex E Stockholder Agreement  
Annex F Sumner Redstone's Employment Agreement  
Annex G Mel Karmazin's Employment Agreement  
Annex H Opinion of Morgan Stanley & Co. Incorporated  
Annex I Opinion of Evercore Group Inc.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are the two companies proposing to merge?

A: Viacom and CBS believe that the merger advances the vision we share of building the preeminent global media and entertainment company. The combination of our companies, our powerful brands and our highly complementary businesses will create a company we believe is uniquely qualified to capitalize on new opportunities domestically and around the world.

To review the reasons for the merger in greater detail, see pages 49 through 52.

Q: What will I receive in the merger?

A: Viacom Shareholders: You will retain the shares of Viacom common stock you currently own.

CBS Holders of Common Stock: You will be entitled to receive 1.085 shares of Viacom non-voting Class B common stock in exchange for each share of CBS common stock you own. Viacom will not issue fractional shares. Instead, you will receive a payment equal to the market value of the fractional share.

For example:

- . If you currently own 1,000 shares of CBS common stock, then after the merger you will be entitled to receive 1,085 shares of Viacom non-voting Class B common stock.
- . If you currently own 100 shares of CBS common stock, then after the merger you will be entitled to receive 108 shares of Viacom non-voting Class B common stock and a check for the market value of the 0.5 fractional share of Viacom non-voting Class B common stock.

CBS Holders of Preferred Stock: You will be entitled to receive 1.085 shares of Viacom Series C preferred stock in exchange for each share of CBS Series B preferred stock you own. Viacom will not issue fractional shares. Instead, you will receive a payment equal to the market value of the Viacom Class B common stock into which the fractional share would be convertible. Each share of Viacom Series C preferred stock has the voting power of 100 shares of Viacom Class A common stock and is convertible at the option of the holder into 1,000 shares of Viacom non-voting Class B common stock.

On November 19, 1999, the closing price per share on the NYSE of Viacom Class B common stock was \$52.4375 and of CBS common stock was \$53.8125.

Q: As a shareholder, how will the merger affect me?

A: Viacom Shareholders: After the merger, each share of Viacom common stock that you own will represent a smaller ownership percentage of a significantly larger company.

CBS Holders of Common Stock and Preferred Stock: After the merger, you will own shares of a combined company that will own the assets of both Viacom and CBS. The name of the combined company will be Viacom Inc. Holders of CBS common stock will receive shares of Viacom non-voting Class B common stock. Holders of CBS Series B preferred stock will receive shares of Viacom Series C preferred stock. The holders of Viacom Class A common stock and the holders of Viacom Series C preferred stock will have all the voting rights of Viacom's capital stock. A majority of the Viacom Class A common stock is held by National Amusements, Inc. which, in turn, is controlled by Sumner Redstone, the Chairman and Chief Executive Officer of Viacom.

Q: Who will manage the combined company after the merger?

A: Following the merger, the Board of Directors of the combined company will be expanded from ten to 18 directors. The eight additional directors will initially be selected from and designated by the Board of Directors of CBS and vacancies in this group will be filled during the initial three-year term by independent directors designated by the remaining CBS directors.

Mr. Redstone will continue to serve as Chairman and Chief Executive Officer of the combined company and will be responsible, in consultation with the President and Chief Operating Officer, for corporate policy and strategy.

Mel Karmazin, the current President and Chief Executive Officer of CBS, will serve as President and Chief Operating Officer of the combined company, will report directly to the CEO of the combined company and consult with the CEO on all major decisions and will supervise, coordinate and manage the combined company's business.

In a number of areas, such as approving larger transactions, Mr. Karmazin may not act without the approval of, and the combined company's board may act by, a majority of the directors. Ten of the 18 directors of the combined company are expected to be designees of Viacom or their successors and could therefore control actions which may be taken by a majority of the combined company's directors. In all other areas, Mr. Karmazin's authority to manage the combined company may be limited only through action by a supermajority of at least 14 directors. As a result, Mr. Karmazin will have an unusual degree of autonomy for a President and COO of a large corporation.

The governance arrangements described above will be in effect for a period of three years from the closing of the merger, unless 14 of the 18 directors determine to modify these arrangements or Mr. Karmazin is not the COO or CEO of the combined company.

The governing structure of the combined company during this three year period is an important part of the merger. We recommend that you read the complete explanation of this structure on pages 67 through 70 carefully, as well as the complete text of the proposed new Restated Certificate of Incorporation attached as Annex B to this joint proxy statement/prospectus.

Q: What do I need to do now?

A: Viacom Class A Shareholders: After carefully reading and considering the information contained in this joint proxy statement/prospectus, complete the enclosed consent card and sign and submit it in the enclosed return envelope as soon as possible. If you sign and submit your consent card but do not indicate whether you consent to any individual proposal, your consent card will be counted as a consent to the adoption of the merger agreement and the proposed new Viacom Restated Certificate of Incorporation, and the issuance of shares of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and the amendment to Viacom's incentive plan. If you do not submit a properly executed consent card or if you abstain, it will have the effect of a vote against the adoption of the merger agreement and the proposed new Viacom Restated Certificate of Incorporation and the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and the amendment to Viacom's incentive plan.

CBS Holders of Common Stock and Preferred Stock: After carefully reading and considering the information contained in this joint proxy statement/prospectus,

indicate on the enclosed proxy card how you want to vote, and sign and submit it in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. If you sign and submit your proxy card but do not indicate how you want to vote, your shares will be voted in favor of the adoption of the merger agreement. If you do not vote or you abstain, it will have no effect on whether the proposal is passed. The CBS Board is not aware of any matter other than that set forth in this joint proxy statement/prospectus that will be brought before the CBS special meeting. If, however, other matters are properly presented at the CBS special meeting, proxies will be voted in accordance with the discretion of the holders of such proxies.

Q: If my shares are held in the name of my broker, will my broker give consent or vote for me?

A: Viacom Class A Shareholders: Your broker will execute a consent card for your shares only if you provide instructions to do so. Without instructions, your broker will not execute a consent card for your shares.

CBS Holders of Common Stock and Preferred Stock: Your broker will vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares according to your directions. Without instructions, your shares will not be voted.

Q: Can I revoke my consent card or change my vote after I have submitted my signed consent card or proxy card?

A: Viacom Class A Shareholders: You can revoke your consent or, if you have previously revoked your consent, submit a new consent card at any time prior to the time that consents from the holders of a majority of the outstanding Viacom Class A common stock are delivered to Viacom, which is expected to occur at 12:00 noon on December 23, 1999, by sending your revocation or new consent card to Viacom at the address indicated below.

CBS Holders of Common Stock and Preferred Stock: You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of the following three ways:

- . First, you can send a written notice stating that you would like to revoke your proxy to the appropriate company at the address indicated below.
- . Second, you can complete and submit a new proxy card.
- . Third, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must vote at the special meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: Should I send in my stock certificates now?

A: Viacom Shareholders: No. You will keep the stock certificates you currently own.

CBS Holders of Common Stock and Preferred Stock: No. After the merger is completed, Viacom will appoint an exchange agent to coordinate the exchange of your shares of CBS common stock or preferred stock for shares of Viacom non-voting Class B common stock or Viacom Series C preferred stock. The exchange agent will send you written instructions on how to exchange your stock certificates.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as soon as possible. In addition to shareholder approvals, we must also obtain regulatory approvals and satisfy other conditions set forth in the merger agreement. We hope to complete the merger in the first half of 2000.

Q: What are the tax consequences of the merger to me?

A: Viacom Shareholders: There will be no tax consequences to you as a result of the merger.

CBS Holders of Common Stock and Preferred Stock: The exchange of CBS common stock for Viacom non-voting Class B common stock and the exchange of CBS Series B preferred stock for Viacom Series C preferred stock will be tax-free for federal income tax purposes. However, you will have to pay taxes on the payments received for fractional shares. We recommend that you read the complete explanation of the tax consequences on pages 71 through 72 carefully.

Q: Who can help answer my questions?

A: If you would like additional copies of this joint proxy statement/prospectus, or if you have questions about the merger, you should contact:

VIACOM SHAREHOLDERS:  
Viacom Inc.  
1515 Broadway  
53rd Floor  
New York, New York 10036  
Attention: Investor Relations  
Phone Number: (212) 258-6700

CBS SHAREHOLDERS:  
CBS Corporation  
40 West 57th Street  
New York, New York 10019  
Attention: Investor Relations  
Phone Number: (212) 314-9209

## SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus, and may not contain all of the information that is important to you. To understand the merger fully and for a complete description of the legal terms of the merger, you should read carefully this entire joint proxy statement/prospectus and the documents to which we have referred you. See "Where You Can Find More Information and Incorporation of Documents by Reference" on page 137. The merger agreement is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the merger agreement, as it is the legal document that governs the merger.

### The Companies

Viacom Inc.  
1515 Broadway  
New York, NY 10036  
(212) 258-6000

Viacom Inc. is a diversified entertainment company with operations in six segments: (1) Networks, (2) Entertainment, (3) Video, (4) Parks, (5) Publishing and (6) Online. The Networks segment operates MTV: Music Television(R), Showtime(R), Nickelodeon(R), Nick at Nite(R), VH1 Music First(R) and TV Land(R), among other program services. The Entertainment segment, which includes Paramount Pictures(R), Paramount Television(R), Paramount Stations Group and Spelling Entertainment Group Inc., produces and distributes theatrical motion pictures and television programming and operates or programs 19 broadcast television stations. The Video segment consists of an approximately 82% interest in Blockbuster Inc. (NYSE: BBI) which operates and franchises Blockbuster Video(R) stores worldwide. The Parks segment, through Paramount Parks(R), owns and operates five theme parks and a themed attraction in the U.S. and Canada. The Publishing segment publishes and distributes consumer books and related multimedia products under such imprints as Simon & Schuster(R). The Online segment provides online music and children destinations featuring entertainment, information, community tools and e-commerce.

CBS Corporation  
51 West 52nd Street  
New York, NY 10019  
(212) 975-4321

CBS is one of the largest radio and television broadcasters in the United States. CBS operates its business through its Television, Cable and Infinity segments. The Television segment consists of CBS' 16 owned and operated television stations and the CBS television network, which includes CBS' Internet businesses. CBS acquired television broadcast station KTVT-TV Dallas-Fort Worth, Texas on October 12, 1999. CBS acquired King World Productions, Inc., the distributor of a number of shows, including "The Oprah Winfrey Show", on November 15, 1999. The Cable segment includes CBS' cable networks, consisting of The Nashville Network, Country Music Television and two regional sports networks. The Infinity segment corresponds to Infinity Broadcasting Corporation (NYSE: INF), which conducts CBS' radio and outdoor advertising business.

CBS' Internet businesses include its operation of the Internet sites CBS.com and Country.com, as well as its investments in SportsLine.com Inc., MarketWatch.com, Inc. and other Internet businesses.

CBS, through Infinity, has entered into a definitive agreement to acquire Outdoor Systems, Inc., a leading outdoor advertising company in North America. CBS believes that this transaction will be completed during November 1999.

### Terms of the Merger

Either CBS will be merged with and into Viacom and Viacom will be the surviving corporation or CBS will merge with and into Viacom/CBS LLC and Viacom/CBS LLC will be the surviving entity and wholly owned by Viacom. The merger of CBS into Viacom/CBS LLC will occur only if guidance is received from the IRS or another appropriate governmental authority that the merger of CBS into Viacom/CBS LLC will not adversely affect the tax treatment of the merger and if the merger would not result in an adverse tax effect to Viacom, CBS or their respective shareholders.



The alternative structure for the proposed merger results in the formation of a subsidiary of Viacom which will only contain the assets and liabilities of CBS, thereby providing Viacom with insulation from CBS' contingent liabilities, such as CBS' environmental liabilities.

#### Ownership of the Combined Company Following the Merger

We anticipate that holders of CBS common stock will receive approximately 812 million shares of Viacom non-voting Class B common stock in the merger and that holders of CBS Series B preferred stock will receive Viacom Series C preferred stock convertible into approximately 11 million shares of Viacom Class B common stock. Based on those numbers, immediately following the merger, the former CBS shareholders will hold an aggregate equity interest in Viacom of approximately 54%. The Viacom voting Class A common stock will continue to be controlled by National Amusements which, in turn, is controlled by Mr. Redstone.

#### Shareholders Entitled to Consent or Vote; Vote Required; Voting Agreements

Viacom Class A Shareholders: Only shareholders of record at the close of business on the record date of November 12, 1999 will be entitled to take action by written consent concerning these proposals. On the record date, there were 139,690,499 shares of Viacom Class A common stock outstanding. Approval of the adoption of the merger agreement and the proposed new Restated Certificate of Incorporation, the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and the amendment to the Viacom incentive plan will occur when the holders of a majority of the outstanding Viacom Class A common stock delivers properly dated and executed consents to Viacom.

CBS Holders of Common Stock and Preferred Stock: Only shareholders of record at the close of business on the record date of November 17, 1999 will be entitled to vote at the special meeting. On the record date, there were approximately 764.2 million shares of CBS common stock outstanding and approximately 10,142 shares of CBS Series B preferred stock outstanding. Each holder of CBS common stock will have one vote at the special meeting for each share of CBS common stock owned on the record date. Each holder of CBS Series B preferred stock will have 1,000 votes at the special meeting for each share of CBS Series B preferred stock owned on the record date. A majority of votes cast by all shareholders entitled to vote at the CBS special meeting is required to adopt the merger agreement. On the record date, directors and executive officers of CBS and their affiliates were entitled to vote 4,630,080 shares of CBS common stock, or approximately 0.6% of the shares of CBS common stock outstanding on the record date, and no shares of CBS Series B preferred stock.

#### Quorum at CBS Special Meeting

CBS. The presence at the CBS special meeting, either in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast is required in order for a quorum to be present for purposes of voting on the adoption of the merger agreement. In the event that a quorum is not present at the CBS special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies.

Shares of CBS common stock or CBS Series B preferred stock represented at the applicable special meeting but not voting, including shares of CBS common stock or CBS Series B preferred stock for which proxy cards have been received, but with respect to which holders of shares have abstained on any matter, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. The persons named as proxies by a CBS shareholder may propose and vote for one or more adjournments of the applicable special meeting, including, without limitation, adjournments to permit further solicitations of proxies in favor of a proposal; provided, however, that a proxy that is voted against the proposal to adopt the merger agreement may not be voted in favor of any such adjournment or postponement.

#### Interests of Directors and Executive Officers of Viacom and CBS

A number of directors and executive officers of CBS and Viacom have interests in the merger as employees and/or directors that are different from,

or in addition to, your interests as a shareholder. If the merger is completed, several of the directors and members of the existing senior management of each of CBS and Viacom will be designated as members of the initial Board of Directors and senior management of the combined company after the merger. Indemnification arrangements for existing directors and officers of CBS and Viacom will be continued.

In particular, the following executives have entered into compensation arrangements in connection with the Merger:

Mr. Redstone:

Viacom entered into an employment agreement with Mr. Redstone to serve as its Chairman and CEO following the effective time of the merger. Mr. Redstone will receive an annual base salary of \$1 million and an annual bonus, with an established target bonus of \$5 million and a maximum bonus of \$10 million for calendar year 2000, prorated to reflect the actual number of days that the agreement is in effect during the year 2000. The target and maximum bonus amounts increase by 10% annually through 2003. Mr. Redstone will also receive deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days the agreement is in effect during the year 2000, thereafter to be increased annually by 10% of his salary and deferred compensation for the preceding year. He will also receive a grant of options to purchase 2,000,000 shares of Viacom Class B common stock, vesting in three equal annual installments.

Mr. Karmazin:

In contemplation of the merger, Viacom entered into an employment agreement with Mr. Karmazin that becomes effective only upon the consummation of the merger, except for a stock "lock-up" provision which became effective upon the signing of the employment agreement, and continues through December 31, 2003. Pursuant to the agreement, Mr. Karmazin will serve as the President and COO of Viacom.

Mr. Karmazin will receive an annual base salary of \$1 million and an annual bonus, with an established target bonus of \$5 million and a maximum bonus of \$10 million for calendar year 2000, prorated to reflect the actual number of days that the agreement is in effect during the year 2000, which target and maximum amounts will increase by 10% annually. Mr. Karmazin will also receive deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days that the agreement is in effect during the year 2000, thereafter to be increased annually during the remainder of his employment in an amount equal to 10% of his salary and deferred compensation for the preceding year. The agreement provides for a grant of options to purchase 2,000,000 shares of Viacom Class B common stock, vesting in three equal annual installments. During his employment term, Mr. Karmazin will be provided with \$5 million of life insurance. Mr. Karmazin will also be entitled to a gross-up for any "golden parachute" excise tax that may be imposed on him under the Internal Revenue Code as a result of any payment or benefit he receives under his agreement or otherwise.

Messrs. Dauman and Dooley:

Pursuant to agreements entered into with Viacom on September 6, 1999, Messrs. Dauman and Dooley, the Deputy Chairmen and Executive Vice Presidents of Viacom, have agreed to resign from Viacom effective at the effective time of the merger and will each receive the following payments:

(1) as soon as practicable after their resignations:

- . a one-time cash payment equal to the amount that would have been payable under their current employment agreements through their original terms, or December 31, 2003,
- . payouts of all deferred compensation accounts and the balance of their accounts under the Viacom Excess Investment Plan, and
- . a transaction bonus in the amount of \$5,000,000;

(2) on the earlier of the effective time of the merger and the date on which Viacom pays 1999 bonuses to its executive officers generally, the greatest of:

- . 110% of their respective bonuses received for 1998,

- . amounts which, when added to their salary and deferred compensation payable for 1999, would produce the highest 1999 total cash compensation paid to any other executive officer of Viacom or any of its affiliates, and
  - . an amount the Viacom Board determines is appropriate to compensate each executive for his contribution to Viacom in 1999; and
- (3) All equity-based compensation awards previously granted to Messrs. Dauman and Dooley will vest on the effective date of their resignation and each stock option will continue to be exercisable in accordance with its terms until December 31, 2003, subject to their compliance with the provisions of their resignation agreements.

Assuming the merger is consummated on January 1, 2000 and the 1999 bonuses are paid at 110%, it is estimated that each of Messrs. Dauman and Dooley will receive aggregate payments under (1) and (2) above (excluding any payouts of deferred compensation accounts and Viacom Excess Investment Plan balances) of approximately \$41 million. In addition, under (3) above, each of Messrs. Dauman and Dooley's unexercised stock options have a value of approximately \$114, assuming such options were exercised on November 19, 1999 at their applicable exercise price.

For a more complete description of these arrangements, please read the section "Interests of Persons in the Merger--Senior Management Arrangements."

#### Fairness Opinions of Financial Advisors

In deciding to approve the merger, each Board considered the opinion of its financial advisor. Viacom received an opinion from its financial advisor, Morgan Stanley & Co. Incorporated, as to the fairness of the merger to Viacom from a financial point of view, and CBS received an opinion from its financial advisor, Evercore Group Inc., an affiliate of Evercore Partners Inc., as to the fairness of the merger to its shareholders from a financial point of view. These opinions are attached as Annexes H and I, respectively, to this joint proxy statement/prospectus. The opinions are not a recommendation as to how you should vote your shares. We encourage you to read these opinions carefully.

#### The Merger

##### Conditions to the Merger

We will complete the merger only if various conditions are satisfied or waived, including the following:

- . CBS shareholders vote to adopt the merger agreement;
- . Viacom shareholders approve:
  - the adoption of the merger agreement if CBS merges into Viacom;
  - the adoption of the proposed new Restated Certificate of Incorporation and the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger, if CBS merges into Viacom/CBS LLC;
- . no law or court order prohibits the merger or makes the merger illegal;
- . the registration statement of which this joint proxy statement/prospectus forms a part has been declared effective and no stop order suspending its effectiveness is in effect;
- . the shares of Viacom Class B common stock to be issued to shareholders of CBS in the merger have been authorized for listing by the NYSE, subject to official notice of issuance;
- . Viacom and CBS obtain all regulatory approvals necessary to complete the merger;
- . each of Viacom and CBS has certified to the other that its representations and warranties are true and correct except as would not have a material adverse effect and that its material obligations under the merger agreement have been complied with in all material respects; and

- . Viacom and CBS have each obtained an opinion from their respective tax counsel that the merger will be tax-free.

In the event the CBS shareholders do not vote to adopt the merger agreement, both Viacom and CBS have the right to terminate the merger agreement. Neither company has determined whether its termination right would be exercised if shareholders vote against adoption of the merger agreement or the merger agreement is otherwise terminable for any reason.

#### No Solicitation of Competing Transactions

The merger agreement prohibits CBS from soliciting any proposal from, or providing information to or negotiating with, another party for the sale or transfer of more than 35% of the voting power or assets of CBS.

However, until the CBS shareholders adopt the merger agreement, CBS may consider an unsolicited proposal for a competing transaction from another party which CBS' Board of Directors determines in good faith reasonably can be expected to result in a superior proposal, and CBS may furnish information to that party. A superior proposal is a proposal to acquire more than 50% of the voting power or all or substantially all of the assets of CBS for consideration which the CBS Board determines in good faith is more favorable than that to be received by CBS shareholders in the merger. CBS must notify Viacom if it begins to negotiate a competing transaction.

#### Termination of the Merger Agreement

The Boards of Directors of both our companies can jointly agree to terminate the merger agreement at any time without completing the merger. In addition, the merger agreement may also be terminated:

- . by either company, if the merger is not completed by August 31, 2000;
- . by either company, if the shareholders of CBS do not approve the merger;
- . by either company, if a governmental authority has issued a final and nonappealable order permanently prohibiting the merger;
- . by either company, if the other company breaches any of the representations or warranties it made in the merger agreement in a manner so as to have a material adverse effect on that company, or the other company, including, in Viacom's case, Viacom/CBS LLC, materially fails to comply with any of the material obligations it has under the merger agreement, in either case such that the conditions to closing relating to the representations and warranties or covenants would not be satisfied; or
- . by CBS, if prior to the adoption of the merger agreement by the CBS shareholders CBS gives notice to Viacom of the existence of a superior proposal.

#### Termination Fees

CBS is required to pay Viacom a termination fee of \$1 billion if:

- . (1) Viacom or CBS terminates the merger agreement because the CBS shareholders fail to adopt the merger agreement at the CBS special meeting, (2) a competing proposal to acquire more than 50% of the voting power or assets of CBS has been made public at or prior to the failure to adopt the merger agreement and (3) within 12 months after termination, a binding agreement to enter into a competing transaction is entered into by CBS or a competing transaction is consummated; or
- . CBS terminates the merger agreement because, prior to the adoption of the merger agreement by CBS shareholders, CBS gives notice to Viacom of the existence of a superior proposal.

#### Regulatory Approvals

Under U.S. antitrust laws, we may not complete the merger until we have notified the Antitrust Division of the Department of Justice and the Federal Trade Commission of the merger and filed the necessary report forms and until a required waiting period has ended. Viacom made its notification on September 20, 1999 and CBS made its notification on September 23, 1999. On October 22, 1999, the Antitrust Division of the DOJ issued to the parties a Request for Additional Information and Documentary Material, which extends the waiting period until 20 calendar days after the parties substantially comply with the request. However, the Antitrust Division of the Department of Justice and the Federal Trade Commission continue to have the authority to challenge the merger on antitrust grounds before and after the merger is completed.

Under U.S. federal communications laws, the merger will result in a transfer of control to Viacom of licenses held by CBS, and, therefore, the merger requires the prior review and approval of the Federal Communications Commission. Both Viacom and CBS have requested the required approval in an application to the FCC, which was filed November 16, 1999. This application is subject to comments by the public, and any decision may be further reviewed or reconsidered by the FCC or a court. In order to comply with applicable law and to secure the approval of the FCC, Viacom, CBS or both may need to divest some or all of their respective interests in a number of radio and television licenses as well as some or all of Viacom's interest in United Paramount Network. Further, Viacom, CBS or both may be required to divest additional broadcast stations in the event rules recently adopted by the FCC that relax ownership restrictions fail to become effective, or are stayed, reconsidered or modified by the FCC or a court.

Both companies are required to make filings with or obtain approvals from other domestic and international regulatory authorities in connection with the merger.

We cannot predict whether we will obtain all required regulatory approvals to complete the merger, or whether any approvals will include conditions that would be detrimental to CBS or Viacom.

#### Dissenters' Rights of Appraisal

Neither Viacom shareholders nor CBS shareholders have dissenters' rights to an appraisal of the value of their shares in connection with the merger.

#### Accounting Treatment

The merger will be accounted for under the purchase method of accounting in accordance with generally accepted accounting principles. Accordingly, the cost to acquire CBS will be allocated to the assets acquired and liabilities assumed based on their fair values, with any excess being treated as goodwill and amortized over its estimated useful life.

\* \* \*

Viacom Summary Historical Financial Data

The summary consolidated financial data presented below have been derived from, and should be read together with, Viacom's audited consolidated financial statements and the accompanying notes included in Viacom's annual report on Form 10-K for the year ended December 31, 1998 and the unaudited interim consolidated financial statements and the accompanying notes included in Viacom's quarterly report on Form 10-Q for the quarterly period ended September 30, 1999, both of which are incorporated by reference into this joint proxy statement/prospectus. The historical financial data presented below include the results of Paramount Communications Inc. after its acquisition by Viacom on March 11, 1994 and the results of Blockbuster Entertainment Corporation after its acquisition by Viacom on September 29, 1994.

Statement of Operations Data  
(in millions, except per share amounts)

	Nine Months Ended September 30,		Year Ended December 31,				
	1999	1998	1998	1997	1996	1995	1994
	-----						
	(Unaudited)						
Revenues.....	\$ 9,286	\$ 8,754	\$12,096	\$10,685	\$9,684	\$8,700	\$4,486
Operating income.....	\$ 881	\$ 455	\$ 752	\$ 685	\$1,197	\$1,247	\$ 354
Earnings (loss) from continuing operations..	\$ 239	\$ (133)	\$ (44)	\$ 374	\$ 152	\$ 88	\$ 19
Net earnings (loss)....	\$ 201	\$ (141)	\$ (122)	\$ 794	\$1,248	\$ 223	\$ 90
Net earnings (loss) attributable to common stock.....	\$ 189	\$ (186)	\$ (150)	\$ 734	\$1,188	\$ 163	\$ 15
Earnings (loss) per common share:							
Basic:							
Earnings (loss) from continuing operations.....	\$ .33	\$ (.25)	\$ (.10)	\$ .44	\$ .13	\$ .04	\$ (.14)
Net earnings (loss)...	\$ .27	\$ (.26)	\$ (.21)	\$ 1.04	\$ 1.63	\$ .22	\$ .04
Diluted:							
Earnings (loss) from continuing operations.....	\$ .32	\$ (.25)	\$ (.10)	\$ .44	\$ .13	\$ .04	\$ (.13)
Net earnings (loss)...	\$ .27	\$ (.26)	\$ (.21)	\$ 1.04	\$ 1.62	\$ .22	\$ .03

Balance Sheet Data  
(in millions)

	As of	As of December 31,				
	September 30, 1999	1998	1997	1996	1995	1994
		-----				
	(Unaudited)					
Total assets.....	\$24,268	\$23,613	\$28,289	\$28,834	\$28,991	\$28,274
Total long-term debt, net of current portion.....	\$ 6,142	\$ 3,813	\$ 7,423	\$ 9,856	\$10,712	\$10,402
Shareholders' equity....	\$10,918	\$12,050	\$13,384	\$12,587	\$12,094	\$11,792

CBS Summary Historical Financial Data

The selected consolidated historical financial data presented below have been derived from, and should be read together with, the CBS audited consolidated financial statements and the accompanying notes included in CBS' Annual Report on Form 10-K for the year ended December 31, 1998 and the unaudited interim consolidated financial statements and the accompanying notes included in CBS' quarterly report on Form 10-Q for the nine months ended September 30, 1999, which are incorporated by reference in this joint proxy statement/prospectus. The historical financial data presented below include the results of CBS Radio Inc., formerly American Radio Systems Corporation, after its acquisition by CBS on June 4, 1998, the results of The Nashville Network and Country Music Television, Gaylord Entertainment Company's two major cable networks, after their acquisition by CBS on September 30, 1997, the results of Infinity Media Corporation, formerly known as Infinity Broadcasting Corporation, after its acquisition by CBS on December 31, 1996 and the results of CBS Inc. after its acquisition by CBS, formerly Westinghouse Electric Corporation, on November 24, 1995.

Statement of Operations Data  
(in millions, except per share amounts)

	Nine Months Ended September 30,		Year Ended December 31,				
	1999	1998	1998	1997	1996	1995	1994
	-----						
	(Unaudited)						
Revenues.....	\$ 5,154	\$ 5,014	\$6,805	\$5,367	\$4,143	\$1,074	\$ 744
Operating profit.....	658	365	482	253	54	160	151
Interest expense.....	(143)	(272)	(370)	(386)	(401)	(184)	(26)
Income (loss) from Continuing Operations before income taxes, minority interest and equity losses of unconsolidated affiliated companies...	519	122	155	(59)	(292)	128	(6)
Income tax (expense) benefit.....	(302)	(134)	(161)	(73)	71	(75)	1
Income (loss) from Continuing Operations..	138	(15)	(12)	(131)	(221)	47	(10)
Income (loss) from Discontinued Operations.....	396	--	--	680	409	(57)	58
Extraordinary item, net of income taxes.....	(5)	(5)	(9)	--	(93)	--	--
Net income (loss).....	529	(20)	(21)	549	95	(10)	48
Basic earnings (loss) per common share:							
Continuing Operations..	\$ .20	\$ (.02)	\$ (.02)	\$ (.24)	\$ (.67)	\$ (.09)	\$ (.27)
Discontinued Operations.....	.57	--	--	1.08	1.02	(.16)	.16
Extraordinary item.....	(.01)	(.01)	(.01)	--	(.23)	--	--
	-----	-----	-----	-----	-----	-----	-----
Basic earnings (loss) per common share.....	\$ .76	\$ (.03)	\$ (.03)	\$ .84	\$ .12	\$ (.25)	\$ (.11)
	=====	=====	=====	=====	=====	=====	=====
Diluted earnings (loss) per common share:							
Continuing Operations..	\$ .19	\$ (.02)	\$ (.02)	\$ (.24)	\$ (.67)	\$ (.09)	\$ (.27)
Discontinued Operations.....	.56	--	--	1.08	1.02	(.16)	.16
Extraordinary item.....	(.01)	(.01)	(.01)	--	(.23)	--	--
	-----	-----	-----	-----	-----	-----	-----
Diluted earnings (loss) per common share.....	\$ .74	\$ (.03)	\$ (.03)	\$ .84	\$ .12	\$ (.25)	\$ (.11)
	=====	=====	=====	=====	=====	=====	=====
Dividends per common share.....	\$ --	\$ .05	\$ .05	\$ .20	\$ .20	\$ .20	\$ .20
	=====	=====	=====	=====	=====	=====	=====

Balance Sheet Data  
(in millions)

	As of September 30, 1999	As of December 31,				
	----- 1998	1997	1996	1995	1994	-----
	(Unaudited)					
Total assets--Continuing Operations.....	\$20,723	\$20,139	\$16,503	\$15,406	\$10,391	\$ 2,524
Total assets-- Discontinued Operations.....	811	1,919	4,101	5,710	8,157	9,273
Total assets.....	\$21,534 =====	\$22,058 =====	\$20,604 =====	\$21,116 =====	\$18,548 =====	\$11,797 =====
Long-term debt-- Continuing Operations..	\$ 2,346	\$ 2,506	\$ 3,236	\$ 5,147	\$ 7,222	\$ 1,865
Long-term debt-- Discontinued Operations.....	407	382	440	419	161	589
Total long-term debt....	\$ 2,753 =====	\$ 2,888 =====	\$ 3,676 =====	\$ 5,566 =====	\$ 7,383 =====	\$ 2,454 =====
Total debt--Continuing Operations.....	\$ 2,352	\$ 2,665	\$ 3,387	\$ 5,635	\$ 7,840	\$ 2,471
Total debt--Discontinued Operations.....	418	428	543	439	528	1,266
Total debt.....	\$ 2,770 =====	\$ 3,093 =====	\$ 3,930 =====	\$ 6,074 =====	\$ 8,368 =====	\$ 3,737 =====
Shareholders' equity....	\$ 9,630 =====	\$ 9,054 =====	\$ 8,080 =====	\$ 5,731 =====	\$ 1,453 =====	\$ 1,789 =====



Summary Unaudited Viacom/CBS Pro Forma Combined Financial Information

The following summary unaudited pro forma combined financial information is derived from and should be read together with the information provided in the section, "Unaudited Viacom/CBS Pro Forma Combined Condensed Financial Information" and the notes thereto. The summary unaudited pro forma combined financial information is based upon the historical financial statements of Viacom, adjusted for the initial public offering of Blockbuster and other related transactions, and the historical financial statements of CBS, adjusted for the acquisitions of American Radio and King World and the pending acquisition of Outdoor Systems, Inc. The acquisition of King World by CBS was completed on November 15, 1999. The unaudited pro forma combined condensed statement of operations data for the nine months ended September 30, 1999 and the year ended December 31, 1998 is presented as if the merger of Viacom and CBS and all other aforementioned transactions had occurred on January 1, 1998. The unaudited pro forma combined balance sheet data at September 30, 1999 is presented as if the merger of Viacom and CBS and all other aforementioned transactions had occurred on September 30, 1999.

The summary unaudited pro forma combined financial data is for illustrative purposes only and does not necessarily indicate the operating results or financial position that would have been achieved had the merger of Viacom and CBS and all other aforementioned transactions been completed as of the dates indicated or of the results that may be obtained in the future. In addition, the data does not reflect synergies that might be achieved from combining these operations.

Unaudited Pro Forma Combined Statement of Operations Data  
(in millions, except per share amounts)

	Nine Months Ended September 30, 1999	Year Ended December 31, 1998
	-----	-----
Revenues.....	\$15,583	\$20,457
Operating income.....	\$ 1,171	\$ 695
Earnings (loss) from continuing operations before income taxes and minority interest.....	\$ 594	\$ (369)
Loss from continuing operations.....	\$ (200)	\$ (776)
Net loss from continuing operations attributable to common stock.....	\$ (213)	\$ (803)
Basic and diluted loss from continuing operations per share.....	\$ (.14)	\$ (.53)
Weighted average shares outstanding:		
Basic.....	1,507	1,521
Diluted.....	1,507	1,521

Unaudited Pro Forma Combined Balance Sheet Data  
(in millions)

	At September 30, 1999
	-----
Total assets.....	\$78,871
Total long-term debt, net of current portion.....	\$10,686
Shareholders' equity.....	\$47,895

Unaudited Viacom/CBS Comparative Per Share Data

The following tables present the Viacom and CBS historical and pro forma combined and CBS pro forma equivalent comparative per share data for the nine months ended or at September 30, 1999 and the twelve months ended or at December 31, 1998.

Nine Months Ended or at September 30, 1999	Viacom Historical	CBS Historical	Pro Forma Combined as Adjusted for Other Viacom Events	CBS Pro Forma Equivalent(/3/)
Earnings (loss) per common share from continuing operations(/1/):				
Basic.....	\$ .33	\$ .20	\$ (.14)	\$ (.15)
Diluted.....	.32	.19	(.14)	(.15)
Book value per common share(/2/):				
Basic.....	\$15.67	\$13.93	\$31.74	\$34.44
Diluted.....	15.40	13.60	31.49	34.17
Cash dividends per common share.....				
	--	--	--	--

Twelve Months Ended or at December 31, 1998	Viacom Historical	CBS Historical	Pro Forma Combined as Adjusted for Other Viacom Events	CBS Pro Forma Equivalent(/3/)
Earnings (loss) per common share from continuing operations(/1/):				
Basic.....	\$ (.10)	\$ (.02)	\$ (.53)	\$ (.57)
Diluted.....	(.10)	(.02)	(.53)	(.57)
Book value per common share(/2/):				
Basic.....	\$17.34	\$13.12	\$32.09	\$34.82
Diluted.....	17.07	12.85	31.86	34.57
Cash dividends per common share.....				
	--	\$ .05	--	--

(/1/) The weighted average common shares outstanding used in calculating pro forma combined basic and diluted earnings (loss) from continuing operations per common share, as adjusted for all transactions, are calculated assuming that the estimated number of shares of Viacom common stock to be issued in the merger were outstanding from January 1, 1998. For both periods presented, the weighted average common shares outstanding used in calculating pro forma combined diluted earnings (loss) from continuing operations per common share do not include the impact of Viacom stock options, as they are antidilutive.

(/2/) The book value per common share amounts of Viacom and CBS were calculated by dividing shareholders' equity by the number of common shares outstanding at the end of the period. The common shares outstanding used in calculating basic pro forma combined book value per share include approximately 697 million and approximately 695 million of Viacom common shares outstanding at September 30, 1999 and December 31, 1998, respectively, plus approximately 812 million shares representing the estimated number of common shares to be issued in the merger. (See Note 2 to the Unaudited Viacom/CBS Pro Forma Combined Condensed Financial Statements.) The common shares outstanding used in calculating diluted pro forma combined book value per common share as of September 30, 1999 and December 31, 1998 include the Viacom common shares, plus the estimated number of common shares to be issued in the merger, as well as the dilutive impact of Viacom options to purchase shares of common stock, and totaled approximately 1.5 billion for both periods.

(/3/) CBS pro forma equivalent amounts are calculated by multiplying the respective pro forma combined per common share amounts by the exchange ratio of 1.085.

Comparative Market Prices and Dividends

Viacom Class A common stock and Class B common stock are listed and traded on the NYSE under the symbols "VIA" and "VIA.B," respectively. CBS common stock is listed and traded on the NYSE under the symbol "CBS."

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

The following tables set forth, for the calendar periods indicated, the per share range of high and low sales prices for Viacom Class A common stock, Viacom non-voting Class B common stock and CBS common stock as reported on the NYSE or by the American Stock Exchange, together with the dividend declaration history of Viacom and CBS. Only shares of Viacom non-voting Class B common stock will be issued to shareholders of CBS in the merger in exchange for their shares of CBS common stock.

	Viacom Class A Common Stock(/1/)		Viacom Class B Common Stock(/1/)	
	High	Low	High	Low
1997				
1st Quarter.....	\$18 9/16	\$16	\$18 15/16	\$16
2nd Quarter.....	17 23/32	12 5/8	18	12 5/8
3rd Quarter.....	17 3/8	13 3/4	17 9/16	13 5/8
4th Quarter.....	20 7/8	13	21 1/8	13 1/4
1998				
1st Quarter.....	\$27 1/8	\$19 15/16	\$27 17/32	\$20 1/4
2nd Quarter.....	30 1/2	26 1/8	30 5/8	26 13/32
3rd Quarter.....	34 11/16	24 5/8	35	24 3/4
4th Quarter.....	36 29/32	25 7/16	37 1/8	25 163/512
1999				
1st Quarter.....	\$45 1/2	\$35 5/16	\$45 15/16	\$35 3/8
2nd Quarter(/2/)	48 3/4	36 11/16	49 3/16	36 5/8
3rd Quarter.....	49 5/8	38 7/16	48 3/4	38 9/16
4th Quarter (through November 19, 1999).....	54 1/4	40 5/16	53 15/16	39 13/16

(/1/) Viacom has not declared cash dividends on its Class A or Class B common stock and has no present intention of doing so.  
(/2/) As of April 8, 1999, Viacom Class A and Class B common stock ceased trading on the American Stock Exchange and commenced trading on the NYSE.

CBS Common Stock

	High	Low	Dividends per Share(/1/)
-----			
1997			
1st Quarter.....	\$20 3/8	\$16 3/4	\$.05
2nd Quarter.....	23 13/16	16	.05
3rd Quarter.....	27 15/16	22 3/4	.05
4th Quarter.....	32 1/16	23 3/8	.05
1998			
1st Quarter.....	\$34 3/16	\$26 3/4	\$.05
2nd Quarter.....	36 5/8	29 11/16	--
3rd Quarter.....	35 1/2	21 7/8	--
4th Quarter.....	33 1/8	18	--
1999			
1st Quarter.....	\$41 5/8	\$31 11/16	--
2nd Quarter.....	47 5/16	39 3/16	--
3rd Quarter.....	51 15/16	43 5/8	--
4th Quarter (through November 19, 1999)...	55 1/8	43 3/16	--

(/1/) CBS suspended payments of dividends after it commenced its stock buy-back program in March 1998.

On September 3, 1999, the last trading day prior to the announcement of the execution of the merger agreement, the last reported closing sale prices per share of Viacom Class A common stock and Class B common stock were \$45 5/16 and \$45 1/16, respectively, and the last reported sale price per share of CBS common stock was \$48 15/16. On November 23, 1999, the last trading day prior to the printing of this joint proxy statement/ prospectus, the last reported sale prices per share of Viacom Class A common stock and Class B common stock were \$ . and \$ . , respectively, and the last reported sale price per share of CBS common stock was \$ . .

The market prices of shares of Viacom Class A common stock, Viacom Class B common stock and CBS common stock are subject to fluctuations. As a result, Viacom and CBS shareholders are urged to obtain current market quotations.

At the close of business on each company's record date, there were approximately 9,136 holders of record of Viacom Class A common stock, approximately 18,186 holders of record of Viacom Class B common stock, approximately 103,135 holders of record of CBS common stock and one holder of record of CBS Series B preferred stock.

## RISK FACTORS

You should consider the following risks in deciding whether to adopt the merger agreement and approve the related proposals. These matters should be considered along with the other information included or incorporated by reference in this joint proxy statement/prospectus. We have separated the risks into two groups:

- . risks relating to the merger; and
- . risks relating to the combined company.

### Risks Relating to the Merger

#### Fixed Exchange Ratio May Result in Lower Value of Merger Consideration

Upon completion of the merger, each share of CBS common stock will be exchanged for 1.085 shares of Viacom non-voting Class B common stock and each share of CBS Series B preferred stock will be exchanged for 1.085 shares of Viacom Series C preferred stock, which are convertible into Viacom non-voting Class B common stock. These exchange ratios are fixed and will not be adjusted as a result of any increase or decrease in the price of either Viacom non-voting Class B common stock or CBS common stock. Any change in the price of Viacom non-voting Class B common stock will affect the value the CBS shareholders receive in the merger. In addition, because the merger will be completed only after all the conditions to the merger are satisfied or waived, including the receipt of regulatory approvals, there is no way to be sure that the price of Viacom non-voting Class B common stock or CBS common stock at the time the merger is completed will be the same as their prices on the date of the special meeting and the end of the consent solicitation period. Changes in the business, operations or prospects of Viacom or CBS, regulatory considerations, general market and economic conditions and other factors may affect the prices of Viacom non-voting Class B common stock, CBS common stock or both. Many of those factors are beyond our control. You are encouraged to obtain current market quotations for both Viacom non-voting Class B common stock and CBS common stock.

#### The Merger Is Subject to Review and Approval by the Federal Communications Commission Which May Delay the Completion of the Merger and/or Lessen the Anticipated Benefits of the Merger

Approval by the FCC is required for the transfer of control to Viacom of the television and radio station licenses currently held by CBS. An application was filed on November 16, 1999 requesting such approval of the transfer of control to Viacom. This application is subject to public comment. FCC approval will be predicated, in part, on the effectiveness of new FCC rules permitting a single company to hold two television stations in a single market and upon the effectiveness of modifications to the former "one-to-a-market" rule, now called the "radio-television cross-ownership" rule, which governs the degree of common ownership of television and radio stations in one market. In addition, the combined company may be required under current law to divest some of its broadcasting assets in order to receive FCC approval.

In order to consummate the merger on an orderly and timely basis, Viacom and CBS have requested deferred enforcement of applicable FCC rules. There can be no assurance that such requests for deferred enforcement will be granted or other relief obtained or that consummation of the merger will not be delayed pending receipt of FCC approval of the merger. Further, there can be no assurance that no action will be brought challenging such approvals or actions, or, if such challenge is made, as to the result thereof. See "Federal Regulation of Television and Radio Broadcasting."

#### Antitrust Regulatory Agencies May Oppose or Impose Conditions on the Merger Which May Delay the Completion of the Merger and/or Lessen the Anticipated Benefits of the Merger

Viacom and CBS have filed Premerger Notification and Report Forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission and are providing additional information in response to a request made by the Department of Justice, which has been assigned to review the merger. A 20 calendar day waiting period must expire or terminate following the provision of additional information before the merger

may be completed. We do not know whether the federal antitrust authorities will permit the HSR Act waiting period to expire without challenging the merger. We also do not know whether a third party will challenge the merger on antitrust grounds or what the result of a third party challenge might be.

In addition, it is possible that one or more individual states could investigate and challenge the merger under either federal law or their own state law, although states have no notification and waiting period requirements. Depending on the nature of any of these challenges, and any conditions imposed as a result, these challenges and conditions could delay completion of the merger or lessen the anticipated benefits of the merger.

The merger agreement requires the parties to use their respective best efforts, and to take all actions necessary, to satisfy the conditions to the merger, and to do so in a manner designed to obtain all regulatory clearances and the satisfaction of the conditions as expeditiously as possible. This includes agreeing to the sale or other disposition of assets or businesses and taking all steps necessary to vacate or lift any order, judgment or injunction that would prohibit or materially delay consummation of the merger.

Mr. Redstone, Chairman and Chief Executive Officer of Viacom, Will Be the Controlling Shareholder and May Therefore Determine the Outcome of Most Shareholder Votes

Immediately after completion of the merger, National Amusements, which is controlled by Mr. Redstone, will own approximately 68% of the voting stock of the combined company. The former CBS holders of common stock will hold only Viacom non-voting Class B common stock and the former holders of CBS Series B preferred stock will hold only Viacom Series C preferred stock. Mr. Redstone, through his control of National Amusements, and not the former CBS shareholders, will be able to determine the outcome of all corporate actions requiring shareholder approval except actions that under Delaware law require a class vote of the Viacom Class B common stock or Viacom Series C preferred stock. However, in connection with the merger, National Amusements has entered into a stockholder agreement pursuant to which it has agreed for a three-year period to ensure, among other things, that eight of the 18 members of the Board of Directors of the combined company will be directors of CBS or replacements they may designate. In addition, the proposed new Restated Certificate of Incorporation of Viacom, which will become effective at the time of the merger, will provide that Board action will require the approval of 14 of the 18 directors of the combined company, except for a number of areas where the directors of the combined company may act by a majority vote of the Board. Such arrangements will be in place for a three-year period unless 14 of 18 directors determine to modify these arrangements or Mr. Karmazin is not the COO or the CEO of the combined company. For a more detailed discussion of the corporate governance of the combined company, see "The Merger--Directors, Management and Corporate Governance of the Combined Company."

The Combined Company's Corporate Governance Structure Will Be Unusual and May Not be a Successful Model for Managing the Combined Company

This structure is unusual because, compared to other large U.S. corporations, the Chief Operating Officer will have more autonomy and this autonomy cannot easily be limited, even if a majority of the Board disagrees with the COO. In the merger agreement, CBS and Viacom have agreed to a variety of unusual corporate governance arrangements that will differ significantly from the manner in which the two companies are currently managed. There can be no assurance that these arrangements will prove to be a successful model for managing the combined company. For a detailed description of the corporate governance arrangements, see "The Merger--Directors, Management and Corporate Governance of the Combined Company."

The Split-off of Blockbuster from Viacom May Not Occur, Which May Hinder the Operations of Viacom's Different Businesses

Viacom has announced that, subject to Viacom Board approval, which will be based on an assessment of market conditions, and the receipt of a supplemental tax ruling from the Internal Revenue Service reflecting the proposed merger between Viacom and CBS, it intends to split-off Blockbuster by offering to exchange all of its

shares of Blockbuster for shares of Viacom's common stock. The split-off is intended to establish Blockbuster as a stand-alone entity with objectives separate from those of Viacom's other businesses. Viacom believes that the split-off will resolve management, systemic, competitive and other problems that have arisen from the operation of various different businesses under a common parent corporation. For example, the split-off will resolve perceived conflicts of interest between Blockbuster and Paramount. These conflicts are perceived both by the movie studio competitors of Paramount and the video retail competitors of Blockbuster. In addition, Viacom believes the split-off will allow Blockbuster to facilitate the expansion of Blockbuster's business by issuing its stock to make acquisitions. The split-off will also allow Blockbuster to modify its compensation structure to provide incentives to its employees that are more closely linked to its performance. Viacom has no obligation to effect the split-off either before or after the merger. Viacom and CBS 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.

#### Viacom May Incur a Significant Loss Resulting from the Split-off of Blockbuster

If the split-off of Blockbuster occurs, any difference between the fair market value and net book value of Blockbuster at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the November 19, 1999 closing price of Blockbuster common stock, a split-off would have resulted in a pre-tax pro forma loss from discontinued operations of approximately \$2.9 billion.

#### Potentially Significant Increases in Depreciation and Amortization Expense May Result from Amortization Periods Which Are Shorter than Preliminary Estimates Reflected in the Pro Forma Financial Statements Which Would Cause Net Earnings to Decrease

Pro forma results of operations reflect adjustments, which are based upon preliminary estimates, to reflect the allocation of purchase consideration to the acquired assets and liabilities of CBS. The final allocation of the purchase consideration will be determined after the completion of the Viacom/CBS merger and will be based on appraisals and a comprehensive final evaluation of the fair value of CBS' tangible assets acquired, liabilities assumed, identifiable intangible assets and goodwill at the time of the merger. Accordingly, the final determination of tangible and intangible assets may result in depreciation and amortization expense that is significantly higher than the preliminary estimates of these amounts, which would cause net earnings to be lower. See note 3 of Notes to unaudited Viacom/CBS pro forma combined condensed financial statements.

#### Risks Relating to the Combined Company

##### Competitive Developments and Technologies May Adversely Affect the Combined Company's Future Market Share of Entertainment Audiences and Customers, Which in Turn May Affect the Combined Company's Advertising Revenues and Profitability

Film and Television Production. The television and motion picture industry has experienced cycles in which increased costs of talent and other factors have resulted in higher production costs and increased competition. In addition, television and movie producers are indirectly affected by changes in viewership of broadcast and cable networks, the amount of broadcast time available on local stations for syndicated television programs and, for movies, the relative success of different forms of distribution, such as home video, pay television and network television, each of which have different profitability to producers. There can be no assurance that developments in these areas will not adversely affect the profitability of the combined company.

Television and Cable Television Networks. The combined company will directly compete for viewers in general, as well as for viewers in specific demographic categories, and for programming with other cable and broadcast television networks. The recently expanded availability of digital cable television and the introduction of direct-to-home satellite distribution has greatly increased the amount of channel capacity available for new networks, resulting in the launch of a number of new cable television networks by both our companies and

their competitors. In addition, digital broadcast television, which has recently become available in major markets, may allow a single television station to broadcast several channels simultaneously. Increasing audience fragmentation could have an adverse effect on advertising revenue and subscription revenues. Broadcast television has experienced a decline in total audience viewership in recent years. Among the major networks, CBS delivers an audience that has an older demographic. An older demographic may result in lower revenue for an advertising spot. There can be no assurance that this audience decline will not continue or that CBS network programming will appeal to an audience having a younger demographic.

Television and Radio Broadcast Stations. New technologies, such as digital radio services, direct-to-home satellite, wireless and wired cable television and Internet radio and video programming, compete for programming, audiences and advertising revenues. Each of these technologies are different from traditional broadcasting and there can be no assurance that these or other new technologies will not have an adverse effect on the combined company's business in the future.

Video. Videocassette rental competes with other forms of distribution of movies, including theatrical distribution, cable, satellite and broadcast television. In particular, direct broadcast satellite and digital cable providers who are able to offer an expanded number of channels and expanded programming could have a material adverse effect on the business if these services become more widely available and accepted by consumers. In addition, some digital cable providers have begun testing technology designed to transmit movies on demand with interactive capabilities such as start, stop and rewind. This "video-on-demand" technology could have a material adverse effect on the videocassette rental market if it could be provided profitably at a reasonable price and if video-on-demand rights were to be provided with a favorable window by the movie studios. Movie studios make available videocassettes for rental during a distribution "window" of time which is in advance of, and exclusive against, distribution through most other forms of non-theatrical movie distribution. Although the studios have a significant interest in maintaining a viable home video rental industry, changes in the videocassette exclusive window in relation to other windows could have an adverse effect upon the video rental business. In addition, if the revenue-sharing agreements pursuant to which video rental revenues are shared with the studios are materially adversely changed or discontinued, it will have a material adverse effect upon the video rental business.

Internet. While the amount of advertising on the Internet is currently small, the Internet is a rapidly growing competitor for advertising spending and viewership, the full impact of which cannot be predicted.

Expenditures by Advertisers Tend to Be Cyclical and Dependent on the Economic Prospects of Advertisers and the Economy in General Which Could Cause Revenues of the Combined Company from Advertisements to Decline Significantly in any Given Period Generally or in Specific Markets

The combined company will derive a substantial portion of its revenues from the sale of advertising on its television stations, cable networks, radio stations and outdoor displays. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities or increase the time it takes to close a sale with our advertisers. This could cause revenues of the combined company from advertisements to decline significantly in any given period. In addition, because a substantial portion of the combined company's revenues will be derived from local advertisers, the combined company's ability to generate advertising revenues in specific markets could be adversely affected by local or regional economic downturns.

Acceptance of the Combined Company's Programming by the Public is Difficult to Predict, Which Could Lead to Fluctuations in Revenues

Revenues derived from the production and distribution of a feature film, television series or radio show depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a feature film, television series or radio show also depends upon the quality and acceptance of other competing



films, television series or radio shows released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television series are generally key factors in generating revenues from other distribution channels, such as home video, free television and premium pay television.

#### The Combined Company's Revenues are Dependent upon the Maintenance of Affiliation Agreements

Much of the combined company's broadcast network programming will be provided to its broadcast affiliates pursuant to affiliation agreements which are generally long-term agreements with staggered expirations. The combined company will be dependent upon the maintenance of affiliation agreements with third-party owned television stations, and there can be no assurance that such affiliation agreements will be renewed in the future on terms acceptable to the combined company. The loss of a significant number of such affiliation arrangements could reduce the distribution of the combined company's programming, thereby adversely affecting the combined company's ability to sell national advertising time.

Similarly, the basic cable networks in which the combined company will hold interests, including MTV, VH1, Nickelodeon, The Nashville Network, Country Music Television and other cable networks maintain affiliation arrangements that enable them to reach a large percentage of cable and direct broadcast satellite households across the United States. These arrangements are generally long-term arrangements with staggered expirations. Such cable networks also depend on achieving and maintaining carriage within the most widely distributed cable programming tiers to maximize their subscriber base and revenues. The loss of a significant number of affiliation arrangements on basic programming tiers could reduce the distribution of such cable networks, thereby adversely affecting such networks' revenues from subscriber fees and the ability to sell advertising time. The combined company's non-advertiser supported pay television networks, such as Showtime, are similarly dependent for their distribution on the maintenance of affiliation agreements with cable and direct broadcast satellite distributors on acceptable terms. The loss of carriage on cable systems or direct broadcast satellite platforms, or continued carriage on less favorable terms, could adversely affect such networks' subscriber fee revenues.

#### Changes in Federal Communications Laws and Regulations May Have an Adverse Effect on the Combined Company's Business

The television and radio broadcasting industries are subject to regulation by the FCC under the Communications Act of 1934. The FCC generally regulates, among other things, the ownership of media, including ownership by non-U.S. citizens, broadcast programming and technical operations. Further, the U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes, which could, directly or indirectly, affect the operations and ownership of the combined company's broadcast properties.

#### The Combined Company Has Environmental, Asbestos and Other Contingent Liabilities That Could Have a Significant Impact on the Combined Company

Primarily as a result of Viacom's mergers with Paramount Communications, formerly Gulf & Western and Blockbuster, which owned a controlling interest in Spelling Entertainment Group Inc., formerly the Charter Company, in 1994 and the operations of Westinghouse Electric Corporation which merged with CBS Inc. in 1995, the combined company will have significant environmental liabilities. Both Paramount and Westinghouse were diversified, global companies with portfolios including a wide variety of industrial businesses. The Charter Company was in various businesses related to petroleum products. As a result, Viacom and CBS have contingent liabilities related to discontinued operations, including environmental liabilities, and have in some instances indemnified others against those liabilities, and in other instances have received indemnities from third parties for those liabilities.

Under federal and state Superfund and other environmental laws, Viacom and CBS each have been named as a potentially responsible party at numerous sites located throughout the country. At many of these sites,

Viacom and CBS are either not responsible parties or their site involvement is very limited or de minimis. However, Viacom or CBS, as the case may be, may have varying degrees of cleanup responsibilities at a number of sites. Viacom and CBS believe that any liability incurred for cleanup at these sites will be satisfied over a number of years, and in many cases, the costs will be shared with other potentially responsible parties. These sites include locations for which Viacom or CBS, as the case may be, as part of an agreement for sale, may have retained obligations for remediation of possible environmental contamination or may have continuing obligations under applicable environmental laws.

In addition, CBS and Viacom are parties to various lawsuits and have received claims relating to their continuing and discontinued operations. Some of these lawsuits and claims, including those related to asbestos liabilities, seek substantial monetary damages.

The combined company will have access to insurance in substantial amounts and management believes it has sufficient reserves. Accordingly, while there can be no assurance in this regard, the pending or potential litigation, environmental and other liabilities should not have a material adverse effect on the financial condition of the combined company.

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference into this joint proxy statement/prospectus contain both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect Viacom's and CBS' current expectations concerning future results and events. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe 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 Viacom or CBS to be different from any future results, performance and achievements expressed or implied by these statements. You should review carefully all information, including the financial statements and the notes to the financial statements, included or incorporated by reference into this joint proxy statement/prospectus.

In addition to the risk factors described in the previous section, the following important factors could affect future results, causing these results to differ materially from those expressed in our forward-looking statements:

- . the timing, impact and other uncertainties related to pending acquisitions by CBS or Viacom and future acquisitions and dispositions by the combined company;
- . the ability of the combined company to renew existing programming, licensing and distribution agreements and to enter into new agreements;
- . the success of CBS and Viacom and their suppliers and customers in achieving year 2000 compliance;
- . the impact of new technologies including the magnitude of equity losses and other uncertainties related to CBS' Internet based investments;
- . changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations; and
- . interest rate fluctuations and other capital market conditions.

These factors and the risk factors described in the previous section are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements included in this joint proxy statement/prospectus are made only as of the date of this joint proxy statement/prospectus 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. We cannot assure you that projected results or events will be achieved.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

Unaudited Viacom/CBS Pro Forma Combined Condensed Financial Information

General

The merger will be accounted for by the purchase method of accounting. Consideration provided by Viacom in this merger includes: approximately \$36.7 billion through the issuance of approximately 812 million shares of Viacom non-voting Class B common stock plus, approximately \$833 million of cash consideration, net of approximately \$556 million of deferred taxes, for the assumed settlement of a portion of the historical CBS stock options and the assumption of approximately \$200 million of CBS stock options by Viacom, both of which were granted prior to the date of the merger agreement, and approximately \$4.1 billion for the assumption of debt. This consideration will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed according to their respective fair values, with the excess purchase consideration being allocated to goodwill. The merger is contingent upon, among other things, regulatory and Viacom and CBS shareholder approval.

The following unaudited pro forma combined condensed balance sheet as of September 30, 1999, is presented as if the merger and other CBS transactions described in the notes to the unaudited Viacom/CBS and CBS/King World pro forma combined condensed financial statements had occurred on September 30, 1999. The unaudited pro forma combined condensed statements of operations for the nine months ended September 30, 1999, and for the year ended December 31, 1998, are presented as if the merger and the other Viacom and other CBS transactions had occurred on January 1, 1998. In the opinion of Viacom and CBS management, all adjustments and/or disclosures necessary for a fair presentation of the pro forma data have been made. These unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or the financial position that would have been achieved had the merger, or the other Viacom and other CBS transactions had been consummated as of the dates indicated or of the results that may be obtained in the future.

These unaudited pro forma combined condensed financial statements and notes thereto should be read in conjunction with the unaudited CBS/King World pro forma combined condensed financial information included herein, and:

- . CBS' consolidated financial statements and the notes thereto as of and for the year ended December 31, 1998, and Management's Discussion and Analysis included in CBS' Annual Report on Form 10-K for the year ended December 31, 1998, as amended by Form 10-K/A, which is incorporated by reference in this joint proxy statement/prospectus;
- . King World's consolidated financial statements and the notes thereto as of August 31, 1999 and 1998 and for the three years ended August 31, 1999, which are included in CBS' Current Report on Form 8-K filed on November 22, 1999 which is incorporated by reference in this joint proxy statement/prospectus;
- . CBS' Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1999, as amended by Form 10-Q/A, June 30, 1999 and September 30, 1999 which are incorporated by reference in this joint proxy statement/prospectus;
- . Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 1998, and Management's Discussion and Analysis included in Viacom's Annual Report on Form 10-K for the year ended December 31, 1998 which is incorporated by reference in this joint proxy statement/prospectus; and
- . Viacom's consolidated financial statements and the notes thereto as of and for the nine-month period ended September 30, 1999, on Form 10-Q which is incorporated by reference in this joint proxy statement/prospectus.

UNAUDITED VIACOM/CBS PRO FORMA

COMBINED CONDENSED BALANCE SHEET

As of September 30, 1999

(in millions)

	Viacom Historical	CBS Pro Forma Combined	Pro Forma Adjustments	Pro Forma Combined Viacom/CBS
	-----	-----	-----	-----
<b>ASSETS:</b>				
Cash and cash equivalents.....	\$ 674	\$ 524	\$ (474) (/3/)	\$ 724
Customer receivables, net.....	1,677	1,477	--	3,154
Other current assets.....	2,631	1,245	450 (/3/)	4,326
	-----	-----	-----	-----
Total current assets.....	4,982	3,246	(24)	8,204
Property and equipment, net...	3,316	3,055	--	6,371
Goodwill and other intangibles, net.....	11,424	23,951	22,596 (/3/)	57,971
Other noncurrent assets.....	4,546	2,027	(340) (/3/)	6,325
			92 (/3/)	
	-----	-----	-----	-----
Total assets.....	\$24,268	\$32,279	\$22,324	\$78,871
	=====	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>				
Current portion of long-term debt.....	\$ 131	\$ 189	\$ --	\$ 320
Accounts payable, accrued expenses and other.....	4,054	2,078	(106) (/3/)	6,001
			(25) (/3/)	
	-----	-----	-----	-----
Total current liabilities.....	4,185	2,267	(131)	6,321
Long-term debt.....	6,142	3,904	575 (/3/)	10,686
			65 (/3/)	
Net liabilities of discontinued operations.....	--	966	--	966
Other noncurrent liabilities..	1,924	4,581	8 (/3/)	6,513
	-----	-----	-----	-----
Total liabilities.....	12,251	11,718	517	24,486
	-----	-----	-----	-----
Minority interest in equity of consolidated subsidiaries....	1,099	5,391	--	6,490
Shareholders' Equity:				
Common Stock.....	7	802	8 (/2/)	15
			(802) (/3/)	
Additional paid-in capital....	10,260	14,759	36,725 (/2/)	47,408
			200 (/2/)	
			223 (/3/)	
			(14,759) (/3/)	
Common stock held in treasury, at cost.....	(1,432)	(1,683)	1,683 (/3/)	(1,432)
Retained earnings.....	2,115	1,957	(1,957) (/3/)	1,936
			(179) (/3/)	
Accumulated other comprehensive loss.....	(32)	(665)	665 (/3/)	(32)
	-----	-----	-----	-----
Total shareholders' equity....	10,918	15,170	21,807	47,895
	-----	-----	-----	-----
Total liabilities and shareholders' equity.....	\$24,268	\$32,279	\$22,324	\$78,871
	=====	=====	=====	=====

See accompanying notes to unaudited Viacom/CBS  
pro forma combined condensed financial statements.

UNAUDITED VIACOM/CBS PRO FORMA  
COMBINED CONDENSED STATEMENTS OF OPERATIONS

For the Nine Months Ended September 30, 1999

(in millions, except per share amounts)

	Viacom Historical	CBS Pro Forma Combined	Pro Forma Adjustments for Viacom/CBS Merger	Pro Forma Combined Viacom/CBS	Adjustments For Other Viacom Events	Pro Forma Combined as Adjusted For Other Viacom Events
Revenues.....	\$ 9,286	\$ 6,297	\$ --	\$15,583	\$--	\$15,583
Operating expenses.....	(6,007)	(3,605)	--	(9,612)	--	(9,612)
Selling, general and administrative.....	(1,712)	(1,009)	--	(2,721)	--	(2,721)
Depreciation and amortization.....	(616)	(839)	(424) (/3/)	(1,879)	--	(1,879)
Restructuring charge....	(70)	--	--	(70)	--	(70)
Residual costs of discontinued businesses.....	--	(130)	--	(130)	--	(130)
Operating income (loss).....	881	714	(424)	1,171	--	1,171
Other income and expense, net.....	3	5	--	8	--	8
Interest expense, net...	(311)	(217)	(61) (/3/)	(589)	4 (/4/)	(585)
Earnings from continuing operations before income taxes.....	573	502	(485)	590	4	594
Income tax (expense) benefit.....	(295)	(393)	24 (/5/)	(664)	(2) (/5/)	(666)
Equity in loss of affiliated companies, net of tax.....	(38)	(28)	--	(66)	--	(66)
Minority interest.....	(1)	(66)	--	(67)	5 (/4/)	(62)
Earnings (loss) from continuing operations..	239	15	(461)	(207)	7	(200)
Cumulative convertible preferred stock dividend requirement and premium on repurchase of preferred stock.....	(13)	--	--	(13)	--	(13)
Net earnings (loss) from continuing operations attributable to common stock.....	\$ 226 =====	\$ 15 =====	\$ (461) =====	\$ (220) =====	\$ 7 =====	\$ (213) =====
Earnings (loss) from continuing operations per common share:						
Basic.....	\$ .33			\$ (.15)		\$ (.14)
Diluted.....	\$ .32			\$ (.15)		\$ (.14)
Weighted average shares outstanding:						
Basic.....	695		812 (/2/)	1,507		1,507
Diluted.....	709		812 (/2/)	1,507		1,507

See accompanying notes to unaudited Viacom/CBS  
pro forma combined condensed financial statements.

UNAUDITED VIACOM/CBS PRO FORMA  
 COMBINED CONDENSED STATEMENTS OF OPERATIONS  
 For the Year Ended December 31, 1998

(in millions, except per share amounts)

	Viacom Historical	CBS Pro Forma Combined	Pro Forma Adjustments for Viacom/CBS Merger	Pro Forma Combined Viacom/CBS	Adjustments For Other Viacom Events	Pro Forma Combined as Adjusted For Other Viacom Events
Revenues.....	\$12,096	\$ 8,361	\$ --	\$ 20,457	\$--	\$ 20,457
Operating expenses.....	(8,506)	(5,242)	--	(13,748)	--	(13,748)
Selling, general and administrative.....	(2,061)	(1,335)	--	(3,396)	--	(3,396)
Depreciation and amortization.....	(777)	(1,113)	(565) (/3/)	(2,455)	--	(2,455)
Residual costs of discontinued businesses.....	--	(163)	--	(163)	--	(163)
Operating income (loss).....	752	508	(565)	695	--	695
Other income and expense, net.....	(57)	38	--	(19)	--	(19)
Interest expense, net...	(599)	(363)	(89) (/3/)	(1,051)	6 (/4/)	(1,045)
Earnings (loss) from continuing operations before income taxes....	96	183	(654)	(375)	6	(369)
Income tax (expense) benefit.....	(139)	(320)	36 (/5/)	(423)	(2) (/5/)	(425)
Minority interest.....	(1)	(35)	--	(36)	54 (/4/)	18
Earnings (loss) from continuing operations..	(44)	(172)	(618)	(834)	58	(776)
Cumulative convertible preferred stock dividend requirement and discount on repurchase of preferred stock.....	(27)	--	--	(27)	--	(27)
Net earnings (loss) from continuing operations attributable to common stock.....	\$ (71)	\$ (172)	\$ (618)	\$ (861)	\$ 58	\$ (803)
Loss from continuing operations per common share:						
Basic.....	\$(.10)			\$(.57)		\$(.53)
Diluted.....	\$(.10)			\$(.57)		\$(.53)
Weighted average shares outstanding:						
Basic.....	709		812	1,521		1,521
Diluted.....	709		812	1,521		1,521

See accompanying notes to unaudited Viacom/CBS  
 pro forma combined condensed financial statements.

NOTES TO UNAUDITED VIACOM/CBS PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS

(tables in millions, except per share amounts)

(1) Basis of Presentation

The purchase method of accounting has been used in the preparation of the accompanying unaudited pro forma combined condensed financial statements. Under this method of accounting, the purchase consideration is allocated to tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values, with the excess purchase consideration being allocated to goodwill. For purposes of the unaudited pro forma combined condensed financial statements, the preliminary fair values of CBS' assets and liabilities were estimated by CBS and Viacom management. The final allocation of the purchase price will be determined after the completion of the merger and will be based on appraisals and a comprehensive final evaluation of tangible and identifiable intangible assets acquired (including their estimated useful lives) and liabilities assumed.

(2) Consideration

Pursuant to the merger agreement, holders of CBS common stock will receive 1.085 shares of Viacom non-voting Class B common stock for each CBS share of common stock issued and outstanding at the completion of the merger. The total number of CBS shares issued and outstanding during the period subsequent to the merger announcement but prior to its completion is not anticipated to fluctuate from the ordinary course. For purposes of the unaudited pro forma combined condensed financial statements, the \$45.225 per share value of Viacom non-voting Class B common stock to be issued was calculated based on its average market price per share from September 2, 1999 through September 9, 1999.

Total estimated CBS common shares outstanding (including shares to be issued to King World shareholders).....	748.6
Exchange Ratio.....	1.085
	-----
Estimated Viacom Class B common shares to be issued.....	812.2
	=====
Purchase Consideration:	
Estimated value of Viacom Class B common stock to be issued (812.2 shares at \$45.225 per share):	
Common stock, \$.01 par value.....	\$      8
Additional paid-in capital.....	36,725
Estimated fair value of CBS stock options to be assumed by Viacom (note 3).....	200
	-----
Estimated net increase in Viacom equity.....	\$36,933
	=====



NOTES TO UNAUDITED VIACOM/CBS PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share amounts)

(3) Merger

To record the excess purchase price over the net tangible and identifiable intangible assets acquired in connection with the merger as described in notes 1 and 2 above:

Estimated net increase in Viacom equity.....	\$ 36,933
Less: Shareholders' equity of CBS Pro Forma Combined at September 30, 1999	
Common stock.....	(802)
Additional paid-in capital.....	(14,759)
Common stock held in treasury.....	1,683
Retained earnings/Accumulated other comprehensive loss.....	(1,292)
Adjustments:	
Add: Liability for conversion of CBS stock options, net of deferred taxes.....	833
	-----
Excess purchase price over net tangible and identifiable intangible assets acquired.....	22,596
Identifiable intangible assets acquired.....	23,951
	-----
Excess purchase price over net tangible assets acquired.....	\$ 46,547
	=====
Incremental amortization expense of excess purchase price over net tangible and identifiable intangible assets acquired:	
Twelve month amortization.....	\$ 565
	=====
Nine month amortization.....	\$ 424
	=====

The above pro forma adjustments are based on preliminary estimates. The final allocation of the purchase price will be determined after the completion of the merger and will be based on appraisals and a comprehensive final evaluation of the fair value of CBS' tangible and identifiable intangible assets acquired and liabilities assumed at the time of the merger. For the purpose of these unaudited pro forma combined condensed financial statements, amortization of the excess purchase price over tangible net assets acquired of approximately \$46.5 billion is computed on a straight-line basis using useful lives as follows: \$37.5 billion (40 years), \$6.6 billion (30 years) and \$2.4 billion (10 years).

Generally accepted accounting principles currently require that acquired intangible assets be amortized over periods not to exceed 40 years. Viacom believes that the intangible assets acquired from CBS included in the 40-year category are comprised principally of the franchises, FCC licenses, and trademarks of CBS-assets with indefinite lives, which have historically appreciated in value over time. In addition, Viacom intends to continue to expand the combined company's existing lines of business, develop new businesses by leveraging the well known franchises, trademarks and products of Viacom and CBS, and take advantage of synergies that exist between Viacom and CBS to further strengthen existing lines of business. Viacom believes that it will benefit from the merger for an indeterminable period of time of at least 40 years and, therefore, a 40-year amortization period for the \$37.5 billion portion of the excess purchase consideration is appropriate. After the completion of the merger, Viacom will complete valuations and other studies of the significant assets, liabilities and business operations of CBS as of the time of the merger. Using this information, Viacom will make a final allocation of the purchase consideration, including allocation to tangible assets and liabilities, identifiable intangible assets and goodwill. Accordingly, depreciation and amortization, as presented in the pro forma combined condensed statements of operations for the year and nine months ended December 31, 1998 and September 30, 1999, may fluctuate significantly from the preliminary estimate when the final appraisals of tangible and intangible assets are completed.

NOTES TO UNAUDITED VIACOM/CBS PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share amounts)

The following table presents the incremental reduction to pro forma net income (loss) from continuing operations attributable to common stock and pro forma net income (loss) from continuing operations per common share resulting from the allocation of each \$1 billion of purchase consideration to assets with useful lives of thirty, twenty, or ten years rather than the forty year life reflected in the pro forma financial statements.

	30 years	20 years	10 years
	-----	-----	-----
Impact on pro forma net income (loss) from continuing operations attributable to common stock:			
For the twelve month period.....	\$ (8)	\$ (25)	\$ (75)
	=====	=====	=====
For the nine month period.....	\$ (6)	\$ (19)	\$ (56)
	=====	=====	=====
Impact on pro forma net income (loss) from continuing operations per common share:			
For the year ended December 31, 1998.....	\$(0.01)	\$(0.02)	\$(0.05)
	=====	=====	=====
For the nine months ended September 30, 1999....	\$ --	\$(0.01)	\$(0.04)
	=====	=====	=====

Limited rights to receive cash in lieu of Viacom options exist for the majority of the historical CBS stock options outstanding prior to the announcement of the merger. To reflect the liability associated with these stock options, these unaudited pro forma combined condensed financial statements assume that the options will be settled in cash for approximately \$1.4 billion. Accordingly, the issuance of long-term debt of \$575 million and adjustments to reflect the use of cash and investments, classified as other noncurrent assets, of \$474 million and \$340 million, respectively, have been recorded in the pro forma balance sheet to reflect the financing and funding of such obligations at the effective time of the merger. In addition, related interest expense of \$58 million and \$85 million for the nine months of 1999 and the twelve months of 1998, respectively, have been recorded in the unaudited pro forma combined condensed statements of operations. Deferred taxes have been provided for on the respective book and tax basis differences at a 40 percent marginal tax rate. Additional options with a fair value of \$200 million either do not contain these limited rights or are options related to underlying shares which cannot be disposed of for some designated period of time, and, as such, have been reflected as an adjustment to additional paid-in capital within shareholders' equity.

Viacom has entered into agreements with the two Deputy Chairmen of Viacom regarding the terms of their resignations upon the effective time of the merger. Accordingly, the pro forma balance sheet includes a charge as a reduction to retained earnings of \$179 million, net of tax benefit of \$119 million, which principally reflects the stock options granted to them over the life of their employment with Viacom as well as cash payments in accordance with their resignation agreements. The tax benefit assumes a 40 percent marginal tax rate. The pro forma statement of operations includes a charge for the incremental interest expense associated with the increase in long-term debt.

(4) Other Viacom Events

On August 10, 1999, Blockbuster Inc., a subsidiary of Viacom, completed the initial public offering of 31 million shares of its Class A common stock at \$15 per share. Viacom owns 100% of the outstanding shares of Blockbuster Class B common stock, which represents approximately 82.3% of Blockbuster's equity value after the initial public offering. As a result of the issuance of subsidiary stock, Viacom recorded a reduction to additional paid-in capital of approximately \$662 million.

NOTES TO UNAUDITED VIACOM/CBS PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share amounts)

The net decrease in interest expense of \$4 million and \$6 million for the nine months ended September 30, 1999 and the twelve months ended December 31, 1998, respectively, is attributable to the repayment of debt with the Blockbuster initial public offering net proceeds of \$437 million, partially offset by the increase in interest expense due to the higher interest rate attributable to the Blockbuster debt and the amortization of deferred debt issue costs incurred in connection with the Blockbuster debt.

The adjustment to minority interest in the unaudited pro forma combined condensed statements of operations reflects the interest in the net loss of Blockbuster attributable to holders of Blockbuster's Class A Common Stock.

(5) Income Tax Expense

Income tax expense on the pro forma results of operations and the pro forma adjustments, excluding non-deductible goodwill amortization, is calculated at a 40 percent marginal tax rate.

(6) Items not included in the Unaudited Pro Forma Combined Condensed Financial Statements

The preceding unaudited pro forma combined condensed financial statements do not include any pro forma adjustments for the following:

- . Any operating efficiencies and cost savings that may be achieved with respect to the combined companies.
- . Upon closing of the merger, the combined companies may incur integration related expenses as a result of the elimination of duplicate facilities and functions, operational realignment and related workforce reductions. Such CBS costs would generally be recognized as a liability assumed as of the merger date resulting in additional goodwill while Viacom related costs would be recognized as an expense through the statements of operations.
- . Transactions between Viacom and CBS, including transactions between Viacom and companies proposed to be acquired by CBS, have not been eliminated in the unaudited pro forma combined condensed financial statements, as the amounts are not material for the periods presented.
- . Transaction costs related to the merger are not expected to have a material impact on these unaudited pro forma combined condensed financial statements.
- . In connection with the merger, some radio and television stations may have to be divested in order to comply with current FCC regulations. Also, Viacom may be required to reduce or divest its interest in the United Paramount Network to comply with FCC rules limiting the common ownership of some television networks. Generally, any gains or losses associated with disposition of historical Viacom assets would be recognized through the statements of operations while the gain or loss on the disposition of historical CBS assets would likely be recognized as an adjustment to goodwill.
- . Viacom has announced that, subject to Viacom Board approval, which will be based on an assessment of market conditions, and the receipt of a supplemental tax ruling from the Internal Revenue Service reflecting the merger, it intends to split off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of Viacom's common stock. The aggregate market value of the shares of Blockbuster common stock based on the November 19, 1999 closing price of \$15.375 per share of Blockbuster common stock was approximately \$2.7 billion. The net book value of Viacom's investment in Blockbuster at September 30, 1999, after giving effect to the initial public offering, was approximately

NOTES TO UNAUDITED VIACOM/CBS PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share amounts)

\$5.1 billion. If Viacom 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 November 19, 1999 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax pro forma loss on discontinued operations of approximately \$2.9 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. In addition, in a tax-free split-off, Viacom/CBS pro forma shareholders' equity will be reduced by an amount no greater than the net book value of Blockbuster at the time of the split-off. Viacom has no obligation to effect the split-off either before or after the merger. Viacom and CBS 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.

(7) Reclassifications

Some reclassifications have been made from the historical Viacom financial statements to conform to the unaudited pro forma combined condensed financial statements presentation.

Unaudited CBS/King World Pro Forma Combined Condensed Financial Information

General

The following unaudited pro forma combined condensed financial statements are presented using the purchase method of accounting for the merger of CBS and King World, the June 4, 1998 acquisition of CBS Radio, Inc., formerly American Radio Systems Corporation, by CBS and the probable acquisition of Outdoor Systems, Inc. by Infinity Broadcasting Corporation which was announced on May 27, 1999. These financial statements also reflect the combination of consolidated historical financial data of CBS, King World, American Radio, and Outdoor Systems.

The unaudited pro forma combined condensed balance sheet as of September 30, 1999 is presented as if the merger of CBS and King World, and the Outdoor Systems acquisition had occurred on September 30, 1999. The unaudited pro forma combined condensed statement of operations for the nine months ended September 30, 1999 and the year ended December 31, 1998 is presented as if the merger of CBS and King World, the acquisition of American Radio by CBS, the probable acquisition of Outdoor Systems by Infinity, and the Infinity initial public offering had occurred on January 1, 1998. In the opinion of CBS management, all adjustments and/or disclosures considered necessary for a fair presentation of the pro forma data have been made.

These unaudited pro forma combined condensed financial statements should be read in conjunction with:

- . CBS' consolidated financial statements and the notes thereto as of and for the year ended December 31, 1998 and Management's Discussion and Analysis included in CBS' Annual Report on Form 10-K for the year ended December 31, 1998, as amended by Form 10-K/A, which is incorporated by reference in this joint proxy statement/prospectus;
- . King World's consolidated financial statements and the notes thereto as of August 31, 1999 and 1998 and for the three years ended August 31, 1999, which are included in CBS' Current Report on Form 8-K filed on November 22, 1999, which is incorporated by reference in this joint proxy statement/prospectus; and
- . CBS' Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 1999, June 30, 1999 and March 31, 1999, as amended by Form 10-Q/A, which are incorporated by reference in this joint proxy statement/prospectus.

These unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have been achieved had the CBS and King World merger, the acquisition of American Radio by CBS, the probable acquisition of Outdoor Systems by Infinity, or the Infinity initial public offering been consummated as of the dates indicated, or of the results that may be obtained in the future.

UNAUDITED CBS/KING WORLD PRO FORMA  
COMBINED CONDENSED BALANCE SHEET

As of September 30, 1999

(in millions)

	CBS Historical	King World August 31, 1999	Pro Forma Adjustments for CBS/King World Merger	Pro Forma Combined CBS/King World	Adjustments For Other CBS Events (8)	CBS Pro Forma Combined
<b>ASSETS:</b>						
Cash and cash equivalents.....	\$ 185	\$ 468	\$ --	\$ 653	\$ (129)	\$ 524
Short-term investments..	--	38	--	38	--	38
Customer receivables, net.....	1,227	81	(6)(/4/)	1,302	175	1,477
Program rights.....	568	--	--	568	--	568
Deferred income taxes...	243	--	--	243	13	256
Prepaid and other current assets.....	178	110	--	288	95	383
<b>Total current assets....</b>	<b>2,401</b>	<b>697</b>	<b>(6)</b>	<b>3,092</b>	<b>154</b>	<b>3,246</b>
Long-term investments...	--	340	--	340	--	340
Property and equipment, net.....	1,138	19	--	1,157	1,898	3,055
FCC licenses, net.....	4,282	--	--	4,282	--	4,282
Goodwill, net.....	10,637	--	1,694 (/3/)	12,331	6,596	18,927
Other intangible and noncurrent assets.....	2,265	96	--	2,361	68	2,429
<b>Total assets.....</b>	<b>\$20,723</b>	<b>\$1,152</b>	<b>\$1,688</b>	<b>\$23,563</b>	<b>\$8,716</b>	<b>\$32,279</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>						
Current maturities of long-term debt.....	\$ 6	\$ --	\$ --	\$ 6	\$ 183	\$ 189
Liabilities for talent and program rights.....	426	--	--	426	--	426
Accounts payable, accrued and other liabilities.....	1,377	152	25 (/3/) (6)(/4/)	1,548	104	1,652
<b>Total current liabilities.....</b>	<b>1,809</b>	<b>152</b>	<b>19</b>	<b>1,980</b>	<b>287</b>	<b>2,267</b>
Long-term debt.....	2,346	--	--	2,346	1,558	3,904
Net liabilities of discontinued operations.....	966	--	--	966	--	966
Pension liability.....	761	--	--	761	--	761
Postretirement benefit liability.....	1,008	--	--	1,008	--	1,008
Other noncurrent liabilities.....	2,713	--	--	2,713	99	2,812
<b>Total liabilities.....</b>	<b>9,603</b>	<b>152</b>	<b>19</b>	<b>9,774</b>	<b>1,944</b>	<b>11,718</b>
Minority interest in equity of consolidated subsidiaries.....	1,490	--	--	1,490	3,901	5,391
Shareholders' equity:						
Preferred stock.....	--	--	--	--	--	--
Common stock.....	745	1	57 (/2/) (1)(/3/)	802	--	802
Capital in excess of par value.....	9,276	153	2,282 (/2/) 330 (/2/) (153)(/3/)	11,888	2,871	14,759
Common stock held in treasury, at cost.....	(1,683)	(446)	446 (/3/)	(1,683)	--	(1,683)
Retained earnings.....	1,957	1,292	(1,292)(/3/)	1,957	--	1,957
Accumulated other comprehensive loss.....	(665)	--	--	(665)	--	(665)
<b>Total shareholders' equity.....</b>	<b>9,630</b>	<b>1,000</b>	<b>1,669</b>	<b>12,299</b>	<b>2,871</b>	<b>15,170</b>
<b>Total liabilities and shareholders' equity...</b>	<b>\$20,723</b>	<b>\$1,152</b>	<b>\$1,688</b>	<b>\$23,563</b>	<b>\$8,716</b>	<b>\$32,279</b>

=====

See accompanying notes to unaudited CBS/King World pro forma  
combined condensed financial statements.

UNAUDITED CBS/KING WORLD PRO FORMA  
COMBINED CONDENSED STATEMENT OF OPERATIONS

For the nine months ended September 30, 1999

(in millions, except per share amounts)

	CBS Historical	King World Nine months ended August 31, 1999(/7/)	Pro Forma Adjustments for CBS/King World Merger	Pro Forma Combined CBS/King World	Adjustments For Other CBS Events (/8/)	CBS Pro Forma Combined
Revenues.....	\$ 5,154	\$ 582	\$ (30)(/4/)	\$ 5,706	\$ 591	\$ 6,297
Operating expenses.....	(3,000)	(364)	30 (/4/)	(3,334)	(271)	(3,605)
Marketing, general and administrative.....	(915)	(66)	--	(981)	(28)	(1,009)
Depreciation and amortization.....	(451)	(2)	(127)(/5/)	(580)	(259)	(839)
Residual costs of discontinued businesses.....	(130)	--	--	(130)	--	(130)
Operating profit (loss).....	658	150	(127)	681	33	714
Other income and expense, net.....	4	--	--	4	1	5
Interest expense, net...	(143)	24	--	(119)	(98)	(217)
Income (loss) from continuing operations before income taxes, minority interest in income of consolidated subsidiaries and equity losses of unconsolidated affiliated companies...	519	174	(127)	566	(64)	502
Income tax expense.....	(302)	(61)	--	(363)	(30)	(393)
Minority interest in income of consolidated subsidiaries.....	(51)	--	--	(51)	(15)	(66)
Equity losses of unconsolidated affiliated companies, net of income taxes....	(28)	--	--	(28)	--	(28)
Income (loss) from continuing operations..	\$ 138 =====	\$ 113 =====	\$(127) =====	\$ 124 =====	\$(109) =====	\$ 15 =====
Income from continuing operations per share:						
Basic.....	\$ .20			\$ .17		\$ .02
Diluted.....	\$ .19			\$ .16		\$ .02
Weighted average shares outstanding						
Basic.....	693		57 (/2/)	750		750
Diluted.....	710		60 (/6/)	770		770

See accompanying notes to unaudited CBS/King World pro forma  
combined condensed financial statements.



UNAUDITED CBS/KING WORLD PRO FORMA  
COMBINED CONDENSED STATEMENT OF OPERATIONS

For the Year Ended December 31, 1998

(in millions, except per share amounts)

	CBS Historical	King World Twelve months ended November 30, 1998(/7/)	Pro Forma Adjustments for CBS/King World Merger	Pro Forma Combined CBS/King World	Adjustments For Other CBS Events(/8/)	CBS Pro Forma Combined
Revenues.....	\$ 6,805	\$ 705	\$ (23)(/4/)	\$ 7,487	\$ 874	\$ 8,361
Operating expenses.....	(4,373)	(442)	23 (/4/)	(4,792)	(450)	(5,242)
Marketing, general and administrative.....	(1,216)	(78)	--	(1,294)	(41)	(1,335)
Depreciation and amortization.....	(571)	(2)	(177)(/5/)	(750)	(363)	(1,113)
Residual costs of discontinued businesses.....	(163)	--	--	(163)	--	(163)
Operating profit (loss).....	482	183	(177)	488	20	508
Other income and expense, net.....	43	--	--	43	(5)	38
Interest expense, net...	(370)	34	--	(336)	(27)	(363)
Income (loss) from continuing operations before income taxes and minority interest in income of consolidated subsidiaries.....	155	217	(177)	195	(12)	183
Income tax expense.....	(161)	(74)	--	(235)	(85)	(320)
Minority interest in income of consolidated subsidiaries.....	(6)	--	--	(6)	(29)	(35)
Income (loss) from continuing operations..	\$ (12)	\$ 143	\$(177)	\$ (46)	\$(126)	\$ (172)
Basic and diluted loss from continuing operations per share...	\$ (.02)			\$ (.06)		\$ (.23)
Weighted average Basic and Diluted shares outstanding.....	696		57 (/2/)(/6/)	753		753

See accompanying notes to unaudited CBS/King World pro forma  
combined condensed financial statements.

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS

(tables in millions, except per share data)

(1) Basis of Presentation

The purchase method of accounting has been used in the preparation of the accompanying unaudited pro forma combined condensed financial statements. Under this method of accounting, the purchase price is allocated to assets acquired and liabilities assumed based on their respective fair values as of the effective time of the CBS/King World merger. The excess of consideration paid over the estimated fair value of net assets acquired will be recorded as goodwill and amortized as a charge to earnings. For purposes of the unaudited pro forma combined condensed financial statements, the preliminary fair values of King World's assets and liabilities were estimated by CBS management based primarily on information furnished by the management of King World. The final allocation of the purchase price will be determined after the consummation of the CBS/King World merger and will be based on appraisals and a comprehensive final evaluation of the fair value of assets acquired and liabilities assumed of King World. The acquisition of King World by CBS was completed on November 15, 1999.

(2) Purchase Price Information

Pursuant to the merger agreement, shareholders of King World will receive .81 of a share of CBS common stock for each share of King World common stock issued and outstanding at the consummation of the CBS/King World merger. The total number of King World shares issued and outstanding during the period subsequent to the CBS/King World merger announcement but prior to its consummation is not anticipated to fluctuate from the ordinary course. For the purpose of the pro forma combined condensed financial statements, the \$40.8125 per share value of CBS common stock to be issued was calculated based upon the market price per share at the close of business on March 31, 1999.

Total estimated King World common shares outstanding.....	70.8
Exchange Ratio.....	.81
	-----
Estimated CBS common shares to be issued.....	57.3
	=====
Purchase Price:	
Estimated value of CBS common stock to be issued in connection with CBS/King World merger (57.3 shares at \$40.8125 per share):	
Common Stock, \$1.00 par value.....	\$ 57
Capital in excess of par value.....	2,282
Estimated fair value of stock options assumed.....	330
	-----
Estimated net increase in CBS equity.....	\$2,669
	=====

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

(3) Purchase Price and Elimination of Historical Balances

To record the purchase price paid in connection with the CBS/King World merger as described in Note 1 and Note 2 above:

Estimated net increase in CBS equity (see Note 2).....	\$2,669
Less: Shareholders' equity of King World at September 30, 1999	
Common stock.....	(1)
Capital in excess of par value.....	(153)
Common stock held in treasury.....	446
Retained earnings.....	(1,292)
Adjustments:	
Add: Estimated accrued transaction costs.....	25
	-----
Excess purchase price over fair value of net assets acquired.....	\$1,694
	=====

The above pro forma adjustments are based on preliminary estimates. The final allocation of the purchase price will be determined after the consummation of the CBS/King World merger and will be based on appraisals and a comprehensive final evaluation of the fair value of assets acquired and liabilities assumed of King World. As further analysis is performed, these estimates may be revised at a later date.

(4) Existing Relationship Between CBS and King World

Through an existing agreement with King World, CBS' owned-and-operated television stations pay for some of King World's programming. The following adjustments have been made to eliminate the balances associated with the transactions between CBS and King World:

Balance Sheet	
Customer receivables/Accounts payable at September 30, 1999.....	\$ 6
Statements of Operations	
Revenue/operating expenses for the nine months ended September 30, 1999.....	\$30
Revenue/operating expenses for the year ended December 31, 1998.....	\$23

(5) Amortization of Goodwill

The pro forma adjustments are based on preliminary estimates. The final allocation of the purchase price will be determined after the consummation of the CBS/King World merger and will be based on appraisals and a comprehensive final evaluation of the fair value of assets acquired and liabilities assumed of King World. As further analysis is performed, including obtaining appraisals for identifiable intangible assets and programming commitments acquired, these estimates may be significantly revised, including the estimated amortization periods. Estimated goodwill amortization is computed on a straight-line basis over a 10-year period. If goodwill amortization had been computed assuming a 20-year period, pro forma operating results for the nine months ended September 30, 1999 and for the year ended December 31, 1998 on a pre- and post-tax basis would have improved by \$63 million and \$89 million, respectively, or approximately \$.08 and \$.12 per share, respectively, on both a basic and diluted basis.

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

(6) Average Shares Outstanding

The average CBS common shares outstanding used in calculating pro forma income (loss) per common share from continuing operations, as adjusted for Other CBS Events, are calculated assuming that the estimated number of shares of CBS common stock to be issued in connection with the CBS/King World merger were outstanding from January 1, 1998. For the nine months ended September 30, 1999, the average common shares outstanding used in calculating pro forma combined diluted income per share include the impact of options to purchase shares of common stock. Shares of common stock issuable under deferred compensation arrangements were not included in computing pro forma diluted income per common share for the nine months ended September 30, 1999, because their inclusion would result in increased income per common share. Shares of common stock issuable under deferred compensation arrangements approximated 3 million for the nine months ended September 30, 1999. For the year ended December 31, 1998, options to purchase shares of common stock as well as shares issuable under deferred compensation arrangements were not included in computing pro forma diluted income per common share because their inclusion would result in a smaller loss per common share. For the year ended December 31, 1998, the options to purchase shares of common stock as well as the common stock issuable under deferred compensation arrangements approximated 21 million shares.

(7) King World Condensed Statements of Operations

The King World condensed statement of operations for the nine months ended August 31, 1999 is calculated by subtracting the King World first quarter statement of operations as filed in its Quarterly Report on Form 10-Q for the three month period ended November 30, 1998 from its total year 1999 statement of operations which is included in CBS' Current Report on Form 8-K filed on November 22, 1999.

The King World condensed statement of operations for the twelve month period ended November 30, 1998 is calculated by adding the King World first quarter statement of operations as filed in its Quarterly Report on Form 10-Q for the three month period ended November 30, 1998, and subtracting the prior year first quarter statement of operations as filed in their Quarterly Report on Form 10-Q for the period ended November 30, 1997, from its total year 1998 statement of operations as filed in its Annual Report on Form 10-K for the fiscal year ended August 31, 1998.

(8) Other CBS Events

The unaudited pro forma combined condensed financial statements are presented after giving effect to the following Other CBS Events:

Acquisition of American Radio by CBS

On June 4, 1998, CBS acquired the radio operations of American Radio for \$1.4 billion in cash plus the assumption of debt with a fair value of approximately \$1.3 billion. This acquisition has been accounted for under the purchase method of accounting.

Probable Acquisition of Outdoor Systems by Infinity

On May 27, 1999, Infinity signed a definitive agreement to acquire Outdoor Systems for approximately \$8.7 billion which includes the assumption of debt with a fair value of approximately \$1.9 billion. This acquisition will be accounted for under the purchase method of accounting. In connection with this acquisition Infinity will issue approximately 231 million shares of its Class A common stock which will dilute CBS' equity

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

ownership in Infinity to approximately 65 percent. On November 4, 1999 the Outdoor Systems and Infinity Broadcasting shareholders approved the transaction which is expected to close during November 1999 subject to certain closing conditions as set forth in the merger agreement.

#### Infinity Initial Public Offering

In 1998, CBS formed a new company, named Infinity, comprising the radio and outdoor advertising operations of CBS. In December 1998, Infinity sold 18.2 percent of its common stock in an initial public offering, generating proceeds of approximately \$3 billion. These proceeds were used to pay down an intercompany note payable to CBS. CBS used the proceeds of the payment on the note to pay down existing debt under the CBS revolving credit facility and other debt of CBS and made investments in short-term marketable securities.

The following table sets forth the estimated adjustments affecting CBS' consolidated financial statements for the inclusion of the probable acquisition of Outdoor Systems by Infinity. In that regard, the historical statement of position at September 30, 1999, has been incorporated into the pro forma financial information and is adjusted to reflect the acquisition purchase price as well as other items such as: the repayment of long-term debt; the step up in value of long-term debt instruments; the elimination of existing debt financing costs; the accrual for the estimated transaction costs; and the recognition of the estimated excess purchase price over the fair value of assets acquired as goodwill. As further analysis is performed, including appraisals on identifiable tangible and intangible assets acquired and liabilities assumed, these estimates may be significantly revised including the estimated amortization periods. Minority interest in equity of consolidated subsidiaries has also been adjusted to reflect Infinity's distribution of its stock in connection with the acquisition of Outdoor Systems and thus the reduction of CBS' equity interest in Infinity from approximately 83 percent at September 30, 1999 to approximately 65 percent.

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

	Outdoor Systems September 30, 1999	Pro Forma Adjustments	Adjustments For Other CBS Events
	-----	-----	-----
<b>ASSETS:</b>			
Cash and cash equivalents.....	\$ 16	\$ (145)	\$ (129)
Customer receivables, net.....	175	--	175
Deferred income taxes.....	13	--	13
Prepaid and other current assets.....	95	--	95
	-----	-----	-----
Total current assets.....	299	(145)	154
Property and equipment, net.....	1,898	--	1,898
Goodwill, net.....	605	5,991	6,596
Other intangible and noncurrent assets.....	48	20	68
	-----	-----	-----
Total assets.....	\$2,850	\$5,866	\$8,716
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS'</b>			
<b>EQUITY:</b>			
Current maturities of long-term debt.....	\$ 183	\$ --	\$ 183
Accounts payable, accrued and other liabilities.....	89	15	104
	-----	-----	-----
Total current liabilities.....	272	15	287
Long-term debt.....	1,628	(70)	1,558
Other noncurrent liabilities.....	109	(10)	99
	-----	-----	-----
Total liabilities.....	2,009	(65)	1,944
	-----	-----	-----
Minority interest in equity of consolidated subsidiaries.....	--	3,901	3,901
Shareholders' equity:			
Common stock.....	2	(2)	--
Capital in excess of par value...	764	2,107	2,871
Common stock held in treasury, at cost.....	(4)	4	--
Retained earnings.....	80	(80)	--
Accumulated other comprehensive loss.....	(1)	1	--
	-----	-----	-----
Total shareholders' equity.....	841	2,030	2,871
	-----	-----	-----
Total liabilities and shareholders' equity.....	\$2,850	\$5,866	\$8,716
	=====	=====	=====

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

The following table combines the above mentioned Other CBS Events as if these transactions had occurred as of January 1, 1999 and were reflected in CBS' results of operations for the nine-month period ended September 30, 1999:

	Outdoor Systems September 30, 1999	Pro Forma Adjustments	Adjustments For Other CBS Events
	-----	-----	-----
Revenues.....	\$ 591	\$ --	\$ 591
Operating expenses.....	(271)	--	(271)
Marketing, general and administrative.....	(28)	--	(28)
Depreciation and amortization....	(109)	(150)(/d/)	(259)
	-----	-----	-----
Operating profit (loss).....	183	(150)	33
Other income and expense, net....	1	--	1
Interest expense, net.....	(111)	13 (/e/)	(98)
	-----	-----	-----
Income (loss) from continuing operations before income taxes and minority interest in income of consolidated subsidiaries....	73	(137)	(64)
Income tax expense.....	(25)	(5)(/c/)	(30)
Minority interest in income of consolidated subsidiaries.....	--	(15)(/f/)	(15)
	-----	-----	-----
Income (loss) from continuing operations.....	\$ 48	\$(157)	\$(109)
	=====	=====	=====

NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

The following table combines the above mentioned Other CBS Events as if these transactions had occurred as of January 1, 1998 and were reflected in CBS' results of operations for the year ended December 31, 1998:

	American Radio Acquisition				Outdoor Systems Acquisition			Adjustments For Other CBS Events
	American Radio through June 4, 1998	Pro Forma Adjustments	American Radio Pro Forma Combined	Infinity IPO	Outdoor Systems December 31, 1998	Pro Forma Adjustments	Outdoor Systems Pro Forma Combined	
Revenues.....	\$168	\$ --	\$ 168	\$ --	\$706	\$ --	\$ 706	\$ 874
Operating expenses.....	(119)	--	(119)	--	(331)	--	(331)	(450)
Marketing, general and administrative.....	(4)	--	(4)	--	(37)	--	(37)	(41)
Depreciation and amortization.....	(28)	(10)(a)	(38)	--	(123)	(202)(d)	(325)	(363)
Operating profit (loss).....	17	(10)	7	--	215	(202)	13	20
Other income and expense, net.....	--	--	--	--	(5)	--	(5)	(5)
Interest expense, net...	(30)	(45)(b)	(75)	169 (g)	(138)	17 (e)	(121)	(27)
Income (loss) from continuing operations before income taxes and minority interest in income of consolidated subsidiaries.....	(13)	(55)	(68)	169	72	(185)	(113)	(12)
Income tax expense.....	9	10 (c)	19	(67)(c)	(31)	(6)(c)	(37)	(85)
Minority interest in income of consolidated subsidiaries.....	--	--	--	(13)(f)	--	(16)(f)	(16)	(29)
Income (loss) from continuing operations..	<u>\$ (4)</u>	<u>\$ (45)</u>	<u>\$ (49)</u>	<u>\$ 89</u>	<u>\$ 41</u>	<u>\$(207)</u>	<u>\$(166)</u>	<u>\$(126)</u>

Pro forma adjustments giving effect to the Other CBS Events in the unaudited pro forma combined condensed financial statements reflect the following:

- American Radio acquisition--amortization of goodwill and identifiable intangible assets, including FCC licenses on a straight-line basis over 40 years.
- Increase in interest expense resulting from borrowings under CBS' credit facility to finance the acquisition of American Radio including the repayment of a portion of American Radio revolver borrowings in conjunction with the consummation of the acquisition.
- Income tax expense on the pro forma results of operations and the pro forma adjustments, excluding non-deductible goodwill amortization, is calculated at a 40 percent marginal tax rate.



NOTES TO UNAUDITED CBS/KING WORLD PRO FORMA COMBINED  
CONDENSED FINANCIAL STATEMENTS (continued)

(tables in millions, except per share data)

- (d) Outdoor Systems acquisition--amortization of goodwill and identifiable intangible assets on a straight-line basis over 30 years.
- (e) Reduction in interest expense resulting from the repayment of Outdoor Systems' credit facility with credit facility borrowings of Infinity where average borrowing rates are more favorable than previously experienced by Outdoor Systems. In addition, the reduction of interest expense reflects the recording of all debt instruments assumed at fair value within the pro forma financial statements. These reductions were partially offset by incremental interest expense recognized as a result of the assumed deconsolidation of Infinity from the CBS consolidated income tax return.
- (f) The adjustment to minority interest in income of consolidated subsidiaries reflects CBS' ownership interest dilution resulting from Infinity's assumed issuance of common stock to acquire Outdoor Systems. In addition, for the year ended December 31, 1998 the adjustment reflects the impact of Infinity's initial public offering. As a result of the December 1998 initial public offering CBS' equity ownership in Infinity was reduced to approximately 81.8 percent and will be further reduced to approximately 65 percent after Infinity's probable acquisition of Outdoor Systems.
- (g) Reduction in the interest expense represents savings resulting from the assumed repayment of debt with the proceeds received from the Infinity public offering.

## THE MERGER

The discussion in this joint proxy statement/prospectus of the merger and the principal terms of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A and is incorporated herein by reference.

### Background to the Merger

On August 5, 1999, the FCC announced that it had adopted new regulations that, for the first time, would permit a single person to own two television stations in a single market, subject to limitations. Since that date, it has been widely reported that numerous owners of television stations have been seeking opportunities to acquire or sell stations in reliance on the new rules.

On August 11, at the request of Mr. Karmazin, Mr. Karmazin and Mr. Redstone met at the offices of Viacom. Mr. Karmazin reviewed with Mr. Redstone the businesses of CBS and discussed with Mr. Redstone various possible transactions between the two companies, including an exchange of assets in the television and cable television businesses and ways in which various businesses of the two companies could be combined.

On August 12, Mr. Redstone called Mr. Karmazin and suggested that they meet again, together with Philippe Dauman and Thomas Dooley, Viacom's Deputy Chairmen and Executive Vice Presidents, to discuss further the possible transactions discussed at their August 11 meeting.

On August 16, Messrs. Redstone, Dauman and Dooley met with Mr. Karmazin. Mr. Karmazin proposed various alternative transactions involving the two companies, including swapping Viacom's television stations for the cable television networks of CBS and combining the entire businesses of Viacom and CBS. Mr. Karmazin emphasized the complementary nature of the assets of the two companies. Mr. Redstone indicated interest in the swap transaction, but did not express a conclusion regarding a possible merger. Mr. Karmazin said that he would like to make a more detailed presentation regarding the businesses of CBS to Messrs. Redstone, Dauman and Dooley. The parties agreed to meet again on August 24.

On August 24, Mr. Karmazin again met with Messrs. Redstone, Dauman and Dooley. Mr. Karmazin presented information regarding CBS, describing the performance of its assets, strategies for growth and the benefits of selling advertising across different advertising media. At the conclusion of the presentation, Mr. Karmazin again suggested a merger involving the two companies, proposing that CBS acquire Viacom at a premium to market value. Mr. Redstone indicated that he would not be interested in selling his stake in Viacom, but indicated that, in light of the strong strategic fit between the two companies, he would consider a merger of equals priced at market value, in which Mr. Redstone's controlling interest in Viacom was preserved in the combined company through the issuance of Viacom's non-voting Class B common stock to the shareholders of CBS. Mr. Redstone indicated that, if such a transaction was pursued, he would recommend a role for Mr. Karmazin in which he would serve as President and Chief Operating Officer of the combined company. Mr. Karmazin indicated his willingness to consider these terms and said that he would like to discuss such a transaction with members of the CBS Board of Directors.

On August 26, the CBS Board held a special meeting at which Mr. Karmazin reviewed for the Board the conversations and contacts he had had with Mr. Redstone to date and the current status of discussions regarding the structure and terms of a possible transaction with Viacom. Mr. Karmazin and Fredric G. Reynolds, CBS' Executive Vice President and Chief Financial Officer, also reviewed for the Board the capital structure and share ownership of Viacom. The CBS Board authorized Mr. Karmazin to continue his discussions with Mr. Redstone. Following the August 26 meeting, detailed publicly available information and analyst reports relating to the share ownership of Viacom were distributed to the CBS Board.

On August 25 and 26, representatives of Shearman & Sterling, counsel to Viacom, held various discussions with representatives of Cravath, Swaine & Moore, legal counsel to CBS, and representatives of

Evercore, financial advisors to CBS, concerning the structure of a possible transaction, exchange ratio mechanisms and related matters.

On August 26, Mr. Redstone and Mr. Karmazin met to continue their discussions regarding management of the combined company and ways to assure the CBS Board of Directors as to the management of the combined company in light of the controlling shareholdings of Mr. Redstone.

On August 27, representatives of Viacom, Morgan Stanley & Co. Incorporated, financial advisors to Viacom, and Shearman & Sterling met with representatives of CBS, Evercore and Cravath, Swaine & Moore to discuss the structure and exchange ratio for a possible transaction, board composition and management issues, the due diligence review process and related matters. The parties also finalized and executed a confidentiality agreement at this meeting.

On August 29, senior executives and professional advisors of each of Viacom and CBS met to exchange financial, legal and business due diligence information. The due diligence process, which included review of documents and interviews with executives and professional advisors of each company, continued through the signing of the merger agreement.

On August 30, Mr. Redstone and Mr. Karmazin discussed further the proposed governance of the combined company. The discussions related to Mr. Karmazin's proposed responsibilities and powers as Chief Operating Officer and Mr. Redstone's responsibilities and powers as Chief Executive Officer as well as whether the proposed responsibilities of the Chief Operating Officer were inconsistent with the continued involvement of Messrs. Dauman and Dooley as senior managers of Viacom following the merger. Mr. Redstone advised Mr. Karmazin that Messrs. Dauman and Dooley had indicated to Mr. Redstone that, in view of the strategic benefits to Viacom of the proposed transaction, they would be willing to resign from their respective management positions at Viacom at the closing of the transaction if that would facilitate the resolution of the governance arrangements for the combined company. Messrs. Redstone and Karmazin also confirmed their understanding that the combined board of directors would consist of a majority of Viacom representatives. These points were discussed further on August 31 between Mr. Redstone and Mr. Karmazin.

On August 30, Shearman & Sterling delivered a draft merger agreement to Cravath, Swaine & Moore.

On August 31, the CBS Board held a special meeting to continue the Board's previous discussions regarding a possible transaction between CBS and Viacom. Mr. Karmazin described in detail the discussions with Mr. Redstone leading up to the current proposal for a merger of CBS with Viacom. Mr. Karmazin and other members of CBS' senior management discussed with the CBS Board their views of various aspects of the proposed transaction. Louis Briskman, CBS' Executive Vice President and General Counsel, and representatives of Cravath, Swaine & Moore discussed with the CBS Board its fiduciary duties with regard to its consideration of the proposed transaction under applicable law. Representatives of Evercore discussed with the CBS Board their views and preliminary analyses of the financial aspects of the proposed transaction. The CBS Board reviewed and considered, among other things, the initial results of the due diligence investigation conducted to date, the proposed terms of the transaction, the impact of the proposed transaction on CBS' other pending transactions and the proposed terms relating to the management, board representation and governance of the combined company. Following extensive discussion of these matters, the CBS Board directed Mr. Karmazin to negotiate further with Viacom on the basis of the CBS Board's recommendations with respect to the matters discussed during the meeting. In particular, the CBS Board directed Mr. Karmazin to negotiate arrangements substantially consistent with the management, board representation and governance arrangements which are described on pages 67 through 70.

Following the CBS Board meeting on August 31, Cravath, Swaine & Moore and Shearman & Sterling reviewed and discussed those areas identified by the CBS Board of Directors as important for Mr. Karmazin to have delegated authority to manage, those areas which a majority of the board of directors of the combined company should have authority over and those areas requiring a supermajority board vote, and the conceptual framework for implementing this arrangement. Representatives of Cravath, Swaine & Moore and Shearman &

Sterling negotiated the terms of these arrangements, including related changes to the Restated Certificate of Incorporation and By-laws of Viacom, together with the terms and conditions of the merger agreement and Mr. Karmazin's employment agreement, throughout the period from August 31 through the signing of definitive documentation on September 6. In addition, Morgan Stanley, on behalf of Viacom, and Evercore on behalf of CBS, continued to negotiate the exchange ratio through September 2. The parties mutually agreed to an at market exchange ratio. The negotiation of the exchange ratio involved discussions concerning the appropriate measurement period for determining the market value of Viacom and CBS without any premium. No financial analysis was performed in determining the exchange ratio. A fixed exchange ratio at market was agreed to on or about September 3, subject to Board approvals.

On September 2, the Board of Directors of Viacom, at a special meeting, received a presentation regarding the proposed terms of the transaction from Viacom's outside counsel, and a presentation from Morgan Stanley regarding the financial terms of the transaction and discussed the proposed terms and the risks and merits of the proposed transaction.

On September 2, the special meeting of the CBS Board reconvened and Mr. Karmazin recounted for the CBS Board the events that had transpired since the meeting recessed on August 31. Mr. Karmazin described in detail the proposed terms that had been negotiated with Viacom with respect to the corporate governance of Viacom following consummation of the proposed transaction, and explained to the CBS Board that such governance arrangements would be reflected in the proposed new Restated Certificate of Incorporation and By-laws of Viacom as well as in a voting agreement between National Amusements, the holder of a majority of Viacom's voting stock, and CBS. Following extensive discussion among the members of the CBS Board, Mr. Karmazin, other members of CBS' senior management, representatives of Cravath, Swaine & Moore and representatives of Evercore, the CBS Board directed Mr. Karmazin to negotiate definitive agreements and related documentation based on the terms outlined by Mr. Karmazin during the meeting.

On September 5, the CBS Board held a special meeting to continue the Board's discussions with respect to the proposed merger and to consider the merger agreement and the transactions contemplated thereby, including the proposed consideration to be issued to CBS shareholders and the proposed terms regarding the powers of the board of directors, the chief executive officer and the chief operating officer of Viacom following the merger. Mr. Karmazin and other members of CBS' senior management, representatives of Cravath, Swaine & Moore and representatives of Evercore made presentations to the CBS Board and discussed with the CBS Board their views and analyses of various aspects of the proposed transaction. Evercore delivered its oral opinion, which was subsequently confirmed in writing, that, based upon the matters presented to the CBS Board and as set forth in its opinion, as of such date, the exchange ratio was fair, from a financial point of view, to the shareholders of CBS.

After further deliberation, the CBS Board unanimously approved the merger and the merger agreement and authorized, among other things, the execution of the merger agreement, the voting agreement and the stockholder agreement and unanimously recommended that CBS shareholders vote to adopt the merger agreement.

On September 5, the Compensation Committee of the Viacom Board met to review and, subject to approval of the merger by the Viacom Board, approved the proposed terms of Mr. Redstone's and Mr. Karmazin's employment agreements, the resignation agreements for Messrs. Dauman and Dooley and the Viacom executive severance plans. For a more complete description of these terms, see the section entitled "Interests of Persons in the Merger--Senior Management Arrangements."

Also on September 5, at a special meeting of the Viacom Board, the Board heard presentations on the results of the due diligence investigation and the status of the negotiation of the merger agreement and related agreements and received an updated presentation from Morgan Stanley. Morgan Stanley also delivered to the Viacom Board its oral opinion that the exchange ratio was fair from a financial point of view to Viacom.

Further, on September 5, the Board also was briefed on and ratified the actions of the Compensation Committee, in the case of the resignation agreements of Messrs. Dauman and Dooley and the employment

agreement of Mr. Redstone, without the participation of such individuals. The Board then discussed the proposed terms and conditions of the transaction extensively, following which the Board adjourned the meeting in order to consider the results of further negotiations.

During the evening of September 5, management of CBS and Viacom and their respective legal advisors continued their negotiations regarding the terms of the merger agreement and, in particular, the proposed terms regarding the respective powers of the board of directors, chief executive officer and chief operating officer.

On the morning of September 6, the Board of Directors of Viacom met and reviewed the finalized terms of the proposed transactions. Following a discussion, the Viacom Board unanimously approved the merger agreement and the transactions contemplated thereby. In the afternoon of September 6, CBS and Viacom executed the merger agreement, National Amusements executed the voting agreement and the stockholder agreement, Viacom and Messrs. Redstone and Karmazin executed their respective employment agreements, and Viacom executed resignation agreements with Messrs. Dauman and Dooley.

On October 8, 1999, the merger agreement was amended and restated to provide for the issuance of Viacom Series C preferred stock in exchange for the CBS Series B preferred stock issued to Gaylord in connection with CBS' acquisition of KTVT-TV Dallas-Fort Worth from Gaylord. On November 23, 1999, the merger agreement was amended and restated again to provide for the alternative structure of the merger as a merger of CBS with and into Viacom/CBS LLC and to provide each company with additional flexibility to compensate its employees.

#### Reasons for the Merger and Board Recommendations

##### Viacom

The Viacom Board carefully considered the terms of the merger and believes that the merger serves the best interests of Viacom and its shareholders. As a result, the Viacom Board declared that the merger agreement was advisable, unanimously approved the merger agreement and unanimously recommends that the Viacom shareholders approve the adoption of the merger agreement and the other proposals described in this joint proxy statement/prospectus.

The Viacom Board considered a number of factors, including those listed below. The Viacom Board did not consider it practical, and did not try, to rank or weigh the importance of each factor, and different members of the Viacom Board may have given different weight to different factors. The Viacom Board also considered presentations by, and consulted with, members of Viacom's management as well as its financial advisors and outside and inside legal counsel. The list of factors set forth below is not exhaustive but is believed to include all material factors considered by Viacom's Board.

**CBS Assets and Relationship with the Existing Businesses of Viacom.** The Viacom Board considered the quality and breadth of the assets of CBS, including the radio and outdoor advertising assets of Infinity, and its financial condition, competitive position and prospects for growth. In particular, the Board considered the complementary nature of the businesses of CBS and Viacom in that Viacom is a leader in the cable television programming, motion picture and television production businesses and CBS is a leader in the television network distribution, television and radio broadcasting and outdoor advertising businesses. The Board recognized the tremendous opportunities for the combined company to reach large audiences and cross-promote and cross-market its assets among various distribution outlets. Similarly, the Board recognized that the combined company would have greater opportunities to increase its advertising, licensing and other revenue than either company would on its own. The Board also considered potential economies of scale by combining these businesses. The Board took into account that the combined company would have an increased dependence on the advertising market, but concluded that the risk of such dependence was outweighed by the strategic benefits of the transaction.

**Financial Terms.** The Viacom Board considered that the merger of equals structure, in which no premium would be paid to the shareholders of either company, would create a company with considerable financial resources. The Viacom Board considered the historical trading ranges of Viacom Class B common stock and CBS common stock as compared with the proposed exchange ratio. The Viacom Board also considered the fact that the merger would be tax-free to Viacom's shareholders. In addition, the Viacom Board considered the pro forma effect of the proposed transaction on the financial condition and results of the combined company and the price of CBS as compared with other comparable companies using various methods of valuation.

**Management and Governance Provisions.** The Viacom Board considered the experience and accomplishments of Mr. Karmazin and other members of CBS management and the benefits of Mr. Karmazin's

service as President and Chief Operating Officer and Mr. Redstone's continuing service as Chairman and Chief Executive Officer to the Viacom shareholders. The Viacom Board weighed these benefits against the limitations the proposed governance structure would impose on its power to manage the combined company by majority vote of the board of the combined company and concluded that these limitations represented an acceptable balance of management responsibilities.

Support of Sumner Redstone. The Viacom Board considered the fact that Viacom's controlling shareholder, National Amusements, which in turn is controlled by Mr. Redstone, supported the proposed transaction and was prepared to sign a voting agreement, in which National Amusements would agree to vote its shares in favor of the proposed transaction.

Presentation and Opinion of Morgan Stanley. At its meeting on September 6, the Viacom Board considered the financial presentation made to the Viacom Board on September 5 and the oral opinion rendered by Morgan Stanley on September 5, subsequently confirmed in writing, that, as of that date, the proposed exchange ratio was fair to Viacom from a financial point of view. Morgan Stanley's opinion as to the fairness of the exchange ratio to Viacom contributed to the Viacom Board's determination that the merger is in the best interests of Viacom's shareholders. The Viacom Board did not request an opinion as to the fairness of the exchange ratio specifically to the shareholders of Viacom because Viacom is the surviving corporation in the merger and its shareholders are not exchanging their shares in the merger. In contrast, the CBS shareholders will be exchanging their shares of CBS stock for shares of Viacom stock.

Regulatory Matters. The Viacom Board considered the fact that Viacom might be required to divest or reduce its interest in United Paramount Network and Viacom and/or CBS would be required to divest a number of television and radio stations in the event that current law and regulations were not amended or waived. The Viacom Board also considered the ability to obtain other necessary regulatory approvals.

Terms, Conditions, Termination Provisions and Termination Fee. The Viacom Board reviewed the representations, warranties, covenants and conditions to consummation of the proposed transaction and the circumstances under which CBS would have the right to terminate the merger agreement. The Viacom Board considered the fact that the vote of the Viacom shareholders was assured by reason of the voting agreement to be entered into by National Amusements and that CBS would have the right to terminate the merger agreement under specified circumstances if there was a superior proposal. The Viacom Board considered the circumstances in which a termination fee would be payable in the event that the merger agreement was terminated. The Viacom Board considered that there could be no assurance that the acquisition of Outdoor Systems by Infinity or King World by CBS would be consummated. The Viacom Board also considered the fact that the merger would not be conditioned on the completion of the pending CBS transactions with King World and Outdoor Systems.

The Viacom Board unanimously recommends that the holders of Viacom Class A common stock approve the adoption of the merger agreement and the other proposals described in this joint proxy statement/prospectus.

CBS

Reasons for the Merger. At its meeting on September 5, 1999, the CBS Board of Directors determined that the merger is in the best interests of CBS and its shareholders, has unanimously approved the merger and the merger agreement and unanimously recommended that CBS shareholders vote to adopt the merger agreement.

In reaching its decision to approve the merger and the merger agreement and to recommend that CBS shareholders vote to adopt the merger agreement, the CBS Board of Directors consulted with senior management and its financial and legal advisors and considered a number of factors, including the following positive factors:

- . recent trends in the entertainment and media industries and that a combination of Viacom, a leading "content provider" in the entertainment and media industries, with CBS, a leading distributor and

- marketer of programming, would create an even stronger global competitor in the entertainment and media industries;
- . the opportunity to create the premier seller of advertising in the media industry, which could result in increased advertising revenue for the combined company;
  - . the opportunity for synergies and revenue generation through cross-promoting and cross-marketing the combined company's film, television, radio, theme park, home video, publishing, outdoor advertising and Internet businesses;
  - . that the merger would benefit the shareholders of CBS because they would participate in the value generated by increases in the opportunities for revenue generation through their equity participation in Viacom;
  - . the management and corporate governance arrangements agreed to between CBS and Viacom that would provide for a strong management team drawn from both companies that would work together to integrate the two companies, to realize growth opportunities, to achieve synergistic benefits, and to successfully implement strategies of the combined company, including that:
    - . the Board of Directors of the combined company would be expanded from ten to eighteen directors. The eight additional directors will initially be selected from and designated by the Board of Directors of CBS and vacancies in this group will be filled during the initial three-year term by independent directors designated by these eight CBS directors;
    - . Mr. Redstone, the current Chairman and Chief Executive Officer of Viacom, would continue to serve as Chairman and Chief Executive Officer of the combined company and would be responsible, in consultation with the President and Chief Operating Officer, for corporate policy and strategy;
    - . Mr. Karmazin, the current President and Chief Executive Officer of CBS, would serve as President and Chief Operating Officer of the combined company, would directly report to the CEO and consult with the CEO on all major decisions and would have responsibility for the supervision, coordination and management of the combined company's business;
    - . Mr. Karmazin, as President and Chief Operating Officer, would be entitled to manage the combined company's business, subject to the ability of the combined company's board of directors to take action with the approval of at least 14 directors. However, in a number of areas the President and Chief Operating Officer would not be entitled to act without the approval of, and the combined company's board would be entitled to act by, a majority of the directors; and
    - . the governance arrangements described above would be in effect for a period of three years from the closing of the merger.
  - . the expected qualification of the merger as a tax-free reorganization;
  - . the oral opinion of Evercore, delivered on September 5, 1999, which was subsequently confirmed in a written opinion, a copy of which is attached as Annex I to this joint proxy statement/prospectus, that, subject to the assumptions and limitations contained in that opinion, as of that date, the exchange ratio was fair, from a financial point of view, to the shareholders of CBS, and the financial presentation made by Evercore to the CBS Board of Directors in connection with delivering that opinion;
  - . the terms and conditions of the merger agreement, including the right of CBS to consider and negotiate superior proposals;
  - . the financial condition, cash flows and results of operations of CBS and Viacom, on both a historical and prospective basis, which indicated that the combined company would enjoy financial strength immediately upon consummation of the merger;

- . the historical market prices and trading information with respect to CBS common stock and Viacom non-voting Class B common stock, including that the Viacom non-voting Class B common stock and the Viacom Class A common stock have historically traded at comparable levels;
- . that the complementary nature of the businesses of CBS and Viacom would enable the combined company to maintain important relationships with customers, suppliers and employees;
- . the fact that CBS as an independent company has not fully participated in aspects of the media and entertainment industry where Viacom had particular strengths, such as MTV Networks and Paramount Pictures;
- . the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations are reasonable;
- . the fact that Viacom might be required to divest or reduce its interest in United Paramount Network and that Viacom and/or CBS would be required to divest a number of television and radio stations in the event that current law and regulations were not amended or waived;
- . the regulatory approvals required to complete the merger and the favorable prospects for receiving those approvals; and
- . satisfactory reports from CBS management and its advisors as to their due diligence investigations of Viacom.

The CBS Board of Directors also identified and considered a number of potentially negative factors in deliberations concerning the merger, including:

- . the status, timing and tax considerations relating to the potential split-off of Blockbuster to the shareholders of Viacom;
- . the existence of a controlling shareholder of the combined company following the merger and the non-voting security to be received by CBS shareholders in the merger;
- . the possible effects of the provisions regarding termination fees on the ability of a third party to make an unsolicited superior proposal;
- . the risk that the operations of CBS and Viacom might not be successfully integrated;
- . the risk that, despite the efforts of CBS and Viacom, key management and other personnel might not remain employed by the combined company after the merger; and
- . the risk that potential benefits of the merger might not be fully realized.

The CBS Board of Directors believed that some of these risks were unlikely to occur, while others could be avoided or mitigated by CBS, and that, overall these risks were outweighed by the potential benefits of the merger.

The discussion of the information and factors considered by the CBS Board of Directors in making its decision is not intended to be exhaustive but is believed to include all material factors considered by the CBS Board of Directors. In view of the variety of material factors considered in connection with its evaluation of the merger, the CBS Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, individual members of the CBS Board of Directors may have given different weight to different factors.

Recommendation of the CBS Board of Directors. After careful consideration, the CBS Board of Directors has determined that the merger is in the best interests of CBS and its shareholders, has unanimously approved the merger and the merger agreement and unanimously recommends that CBS shareholders vote "for" the adoption of the merger agreement.



## Opinions of Financial Advisors

### Viacom

Under a letter agreement dated as of September 2, 1999, Viacom engaged Morgan Stanley to act as its financial advisor in connection with a possible combination with CBS. The Viacom Board of Directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation, as well as its knowledge of the business and affairs of Viacom. On September 5, 1999, Morgan Stanley delivered an oral opinion to the Viacom Board of Directors which was subsequently confirmed in writing, that, as of that date, and based upon and subject to the considerations set forth in the written opinion, the exchange ratio was fair from a financial point of view to Viacom.

The full text of the opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex H to this joint proxy statement/prospectus. Morgan Stanley's written opinion is directed to the Viacom Board of Directors and only addresses the fairness of the exchange ratio to Viacom as of the date of the opinion. Morgan Stanley's written opinion does not address any other aspect of the merger and does not constitute a recommendation to any Viacom shareholder as to how to vote at the Viacom special meeting. The summary of the opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion attached as Annex H hereto. The following is only a summary of the Morgan Stanley opinion. Viacom shareholders are urged to, and should, read the opinion carefully and in its entirety.

In arriving at Morgan Stanley's opinion, Morgan Stanley, among other things:

- . reviewed certain publicly available financial statements and other information of Viacom and CBS;
- . reviewed and analyzed certain internal financial statements and other financial and operating data concerning Viacom and CBS prepared by the respective managements of Viacom and CBS;
- . discussed the past and current operations and financial condition and the prospects of Viacom and CBS with senior executives of Viacom and CBS including their estimates of the strategic operating benefits of the merger and analyzed the pro forma impact of the merger on Viacom's financial ratios;
- . reviewed the reported prices and trading activity for the Class B common stock of Viacom and the common stock of CBS;
- . compared the financial performance of Viacom and CBS and the prices and trading activity of Viacom and CBS with that of certain other comparable publicly traded companies and their securities;
- . participated in discussions and negotiations among representatives of Viacom, CBS and their respective financial and legal advisors;
- . reviewed the merger agreement and certain related documents; and
- . performed such other analyses and considered such other factors that Morgan Stanley deemed appropriate.

Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information it reviewed for the purposes of its opinion. With respect to the financial projections, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Viacom and CBS. Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of Viacom and CBS, nor has Morgan Stanley been furnished with any such appraisals. Morgan Stanley has assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement. Morgan Stanley's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion.

The following is a brief description of all material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter. These summaries of financial analyses include information presented in tabular format. In order to understand the financial analysis used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Historical Public Market Trading Value. Morgan Stanley reviewed the stock price performance of CBS based on an analysis of the historical closing prices and trading volumes for the one year period beginning September 3, 1998 and ending September 3, 1999. The year long time period chosen for the analysis of historical public market trading values is a traditional measurement period for stock prices chosen to reflect the impact of corporate events which might be deemed to have an impact on the current share price performance of two companies which are considering a stock-for-stock merger. The use of incremental measurement periods within the year long review is designed to better capture the progression of each company's share price throughout the year and can better isolate the impact of specific corporate events on share price performance.

The following table lists the low, average and high daily closing prices of shares of CBS common stock for the periods indicated. These prices compare to \$48.89, the price for CBS common stock implied by multiplying the exchange ratio by the price of Viacom Class B common stock on September 3, 1999.

	Historical CBS Common Stock Prices		
	Low	Average	High
Last One Year.....	\$ 18.00	\$ 36.90	\$ 50.44
Last Nine Months.....	26.75	40.93	50.44
Last Six Months.....	35.38	43.98	50.44
Last Three Months.....	40.56	45.07	50.44
Last One Month.....	44.13	46.71	50.44
Last Two Weeks.....	45.88	47.81	50.44

Comparative Stock Price Performance. As part of its analysis, Morgan Stanley reviewed the stock price performance of Viacom Class B common stock and CBS common stock and compared this performance with the following peer groups:

Viacom Peer Group	CBS Peer Group
The Walt Disney Company	A.H. Belo Corporation
Fox Entertainment Group, Inc.	Clear Channel Communications, Inc.
The Seagram Company Ltd.	Hearst-Argyle Television, Inc.
Time Warner Inc.	Sinclair Broadcast Group, Inc.
	Young Broadcasting Inc.

Morgan Stanley observed that over the one year period from September 3, 1998 to September 3, 1999, the closing market prices appreciated as set forth below:

	% Total Appreciation
Viacom.....	56%
CBS.....	80
Viacom Peer Group..... (equity market capitalization-weighted index)	23
CBS Peer Group..... (equity market capitalization-weighted index)	42

Securities Research Analysts' Future Price Targets. Morgan Stanley reviewed and analyzed future public market trading price targets for Viacom Class B common stock and CBS common stock prepared and published

by securities research analysts during the period from May 5, 1999 to August 18, 1999 for Viacom and May 26, 1999 to August 20, 1999 for CBS. Based upon discussions with senior executives of Viacom and CBS, these analysts' projections were viewed by Morgan Stanley as being representative of the future prospects of Viacom and CBS. These targets reflected each analyst's estimate of the future public market trading price of Viacom Class B common stock and CBS common stock at the end of the particular period considered for each estimate. Applying equity discount rates of 13.4% for Viacom and 12.8% for CBS, which reflect each company's cost of equity, Morgan Stanley arrived at a range of present values as of September 3, 1999 of these targets as set forth below:

	Present Value Range	
	-----	-----
	Low	High
	---	---
Viacom Public Market Trading Price Target.....	\$42	\$50
CBS Public Market Trading Price Target.....	46	53

The present value range of the Viacom Public Market Trading Price Targets compares to a \$45.06 price for the Viacom Class B common stock as of September 3, 1999. The present value range of the CBS Public Market Trading Price Targets compares to a \$48.89 price for the CBS common stock implied by multiplying the exchange ratio by the price of Viacom Class B common stock on September 3, 1999. Morgan Stanley noted that the public market trading price targets published by the securities research analysts do not reflect current market trading prices and that these estimates are subject to uncertainties, including the future financial performance of Viacom and CBS and future financial market conditions.

Peer Group Comparison. Morgan Stanley compared financial information of Viacom and CBS with corresponding financial information for their respective peer groups.

Morgan Stanley analyzed, among other things, for each company, the current aggregate value, i.e., equity value adjusted for capital structure, expressed as a multiple of earnings before interest, taxes, depreciation and amortization expense, or EBITDA.

As of June 30, 1999 and based on estimates of EBITDA taken from selected securities research analysts, the statistics derived from this analysis are set forth below:

	Viacom Peer Group				CBS	CBS Peer Group		
	Viacom	Median	High	Low		Median	High	Low
	-----	-----	-----	-----	-----	-----	-----	
1999 EBITDA Multiple.....	17.1x	15.7x	19.0x	14.4x	22.7x	11.7x	25.7x	8.8x
2000 EBITDA Multiple.....	14.5	13.3	16.6	12.7	19.6	10.0	22.6	8.1

The trading multiples for Viacom, CBS and their respective peer groups compare to the transaction multiples implied by the exchange ratio of 22.7x 1999E CBS EBITDA and 19.6x 2000E CBS EBITDA.

Discounted Cash Flow Analysis. Morgan Stanley performed a discounted cash flow analysis of CBS' business. A discounted cash flow analysis involves an analysis of the present value of projected cash flows and a terminal value using discount rates and terminal year free cash flow perpetual growth rates as indicated below. Morgan Stanley analyzed CBS' business using a forecast for the period beginning January 1, 1999 and ending December 31, 2003, based on estimates published by securities research analysts. Based upon discussions with senior executives of CBS, these analysts' projections were viewed by Morgan Stanley as being representative of the future prospects of CBS. Morgan Stanley estimated the CBS common stock discounted cash flow value by using a discount rate of 10% and a perpetual growth rate applied to 2003 free cash flow ranging from 4.5% to 5.5%. This analysis yielded a range of per share values for CBS common stock of

approximately \$45 to \$54. This range of per share values for CBS common stock compares to \$48.89, the price for CBS common stock implied by multiplying the exchange ratio by the price of Viacom Class B common stock on September 3, 1999.

The discount rates used in the discounted cash flow analysis of Viacom and CBS reflect each company's weighted average cost of capital. The weighted average cost of capital represents the cost of capital for CBS and Viacom based on the relative proportion of debt, preferred equity and common equity employed by each company. The range of perpetual growth rates employed in the CBS discounted cash flow analysis reflects certain assumption of CBS' cash flow growth in perpetuity. The terminal EBITDA multiple range used in the Viacom discounted cash flow analysis was based on a review of the trading multiples for Viacom and the companies in the Viacom peer group and a comparison of Viacom's business position relative to its peers.

Morgan Stanley also performed a discounted cash flow analysis of Viacom's business. Morgan Stanley analyzed Viacom's business using a forecast for the period beginning January 1, 1999 and ending December 31, 2003, based on estimates published by securities research analysts. Based upon discussions with senior executives of Viacom, these analysts' projections were viewed by Morgan Stanley as being representative of the future prospects of Viacom. Morgan Stanley estimated the Viacom Class B common stock discounted cash flow value by using a discount rate of 10% and terminal multiples of estimated 2003 EBITDA ranging from 13.0x to 15.0x. This analysis yielded a range of per share values for Viacom Class B common stock of approximately \$39 to \$45. This range of per share values for Viacom Class B common stock compares to a \$45.06 price for the Viacom Class B common stock as of September 3, 1999.

Sum-of-the-Parts Analysis. Morgan Stanley performed a sum-of-the-parts analysis of CBS' business. A sum-of-the-parts analysis involves a separate valuation of each of CBS' core businesses. The valuation methodology applied to each component is set forth below:

Component -----	Valuation Methodology -----
Infinity Broadcasting Corporation	Market Value of CBS' 700 million shares
Television Assets(a)	13x-15x 2000E EBITDA
Cable Programming (CMT/TNN)	17x-19x 2000E EBITDA
King World Productions, Inc.	CBS net purchase price
Internet Holdings	Morgan Stanley equity research estimate

(a) Includes an analysis of CBS' Television Station group and Television Network which were each analyzed as separate components.

This analysis yielded a range of per share values for CBS common stock of approximately \$42-\$47. This range of per share values for CBS common stock compares to \$48.89, the price for CBS common stock implied by multiplying the exchange ratio by the price of Viacom Class B common stock on September 3, 1999. The multiples for the Television Assets and Cable programming used in the sum-of-the-parts analysis were arrived at after a review of publicly traded companies with a similar operating profile to the CBS assets. Market position, growth prospects and profitability were a few of the many factors used in comparing the CBS assets to the publicly traded comparables.

Relative Contribution Analysis. Morgan Stanley compared pro forma contribution of each of Viacom and CBS, based on securities research analyst estimates, to the resultant combined company assuming completion of the merger. Morgan Stanley adjusted these statistics to reflect each company's respective capital structure and then compared them to the pro forma ownership by Viacom shareholders of the common stock of the combined company, implied by the exchange ratio, of approximately 46%. Morgan Stanley performed this

analysis with and without Blockbuster as part of Viacom to reflect Viacom's previously announced intention to split-off Blockbuster to the Viacom shareholders and as a consequence, deconsolidate Blockbuster for accounting purposes. The results in terms of both EBITDA and after tax cash flow are set forth below:

Viacom Equity Contribution		
	With Blockbuster	Without Blockbuster
2000E EBITDA.....	55.3%	46.9%
2001E EBITDA.....	54.5	45.9
2002E EBITDA.....	53.1	44.9
2000E After Tax Cash Flow.....	55.5	44.5
2001E After Tax Cash Flow.....	56.2	45.4
2002E After Tax Cash Flow.....	55.2	45.1

Historical Exchange Ratio Analysis. Morgan Stanley compared the exchange ratio of 1.085 to the ratio of the closing market prices of Viacom Class B common stock and CBS common stock on September 3, 1999. Morgan Stanley also compared this ratio to selected average historical ratios of the closing market prices of CBS common stock to Viacom Class B common stock over various periods ending September 3, 1999. Morgan Stanley then calculated the premiums represented by the exchange ratio over these ratios. The results of this analysis are set forth below:

	Market Price Ratio	% Premium/ (Discount) to Market Price Ratio
Current (9/3/99).....	1.086x	(0.1)%
Prior 5 Days.....	1.109	(2.2)
Prior 10 Days.....	1.123	(3.4)
Prior 20 Days.....	1.116	(2.8)
Prior 30 Days.....	1.097	(1.1)
Prior 45 Days.....	1.071	1.3
Prior 60 Days.....	1.064	2.0
Last 6 Months.....	1.043	4.0

As of September 3, 1999, the exchange ratio multiplied by the closing price for the Viacom Class B common stock implied a \$48.89 share price for the CBS common stock or approximately a 5 cent discount to the closing price for CBS common stock.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any particular analysis or factor considered by it. Furthermore, selecting any portion of Morgan Stanley's analyses, without considering all analyses, would create an incomplete view of the process underlying the Morgan Stanley opinion. In addition, Morgan Stanley may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of Viacom or CBS.

In performing its analysis, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Viacom or CBS. Any estimates contained in the analyses performed by Morgan Stanley are not necessarily indicative of actual values, which may be significantly more or less favorable than suggested by such estimates. The analyses performed were prepared solely as a part of Morgan Stanley's analysis of the fairness of the exchange ratio to Viacom in connection with the delivery of Morgan Stanley's opinion to Viacom's Board of Directors. The analyses do not purport to be appraisals or to reflect the prices at which Viacom Class B common stock or CBS common stock might actually trade.

The exchange ratio was determined through arm's-length negotiations between Viacom and CBS and was approved by the Viacom Board of Directors. Morgan Stanley's opinion to the Viacom Board of Directors was one of many factors taken into consideration by the Viacom Board of Directors in making its determination to approve the merger. Consequently, the Morgan Stanley analyses described above should not be viewed as determinative of the opinion of the Viacom Board of Directors with respect to the value of CBS or of whether the Viacom Board of Directors would have been willing to agree to different consideration.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of Morgan Stanley's trading, brokerage and financing activities, Morgan Stanley or its affiliates may at any time hold long or short positions, may trade, make a market or otherwise effect transactions, for its own account or for the accounts of customers, in the securities of Viacom or CBS.

In accordance with an engagement letter dated September 2, 1999, Viacom has agreed to pay Morgan Stanley a \$10 million fee for advisory services rendered and to reimburse Morgan Stanley for reasonable expenses incurred. Of this \$10 million fee, \$7.5 million is contingent upon the closing of the merger. Viacom has also agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates, against liabilities and expenses, including certain liabilities under the federal securities laws, arising out of Morgan Stanley's engagement. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Viacom and CBS and have received fees for the rendering of these services.

#### CBS

CBS retained Evercore to act as financial advisor to CBS and to render a fairness opinion, from a financial point of view, in connection with the merger. On September 5, 1999, Evercore delivered its oral opinion to the CBS Board of Directors which was subsequently confirmed in a written opinion, that, as of that date, the exchange ratio was fair, from a financial point of view, to the shareholders of CBS.

The full text of the written opinion of Evercore is set forth as Annex I to this joint proxy statement/prospectus and describes the assumptions made, general procedures followed, matters considered and limits on the review undertaken. Evercore's opinion is directed only to whether the exchange ratio is fair, from a financial point of view, to the holders of CBS common stock and does not constitute a recommendation of the merger over other courses of action that may be available to CBS or constitute a recommendation to any CBS shareholder as to how that shareholder should vote with respect to the merger. The summary of the opinion of Evercore set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion, attached as Annex I. Shareholders of CBS are urged to read the opinion carefully and in its entirety.

In connection with rendering its opinion, Evercore has, among other things:

- . analyzed various publicly available financial statements and other information relating to CBS and Viacom;
- . analyzed various internal financial statements and other non-public financial and operating data concerning CBS, which were prepared by and furnished to Evercore or reviewed for Evercore by the management of CBS, and concerning Viacom, which were prepared by and furnished to Evercore or reviewed for Evercore by the management of Viacom;
- . analyzed various financial projections for 1999 concerning CBS, which were prepared by the management of CBS, and concerning Viacom, which were prepared by the management of Viacom;
- . discussed the past and current operations and financial condition and the prospects of CBS with the management of CBS;

- . discussed the past and current operations and financial condition and the prospects of Viacom with the management of Viacom;
- . reviewed the reported prices and trading activity of the CBS common stock and Viacom Class B common stock;
- . compared the market valuation and financial performance of CBS and Viacom with that of several other comparable publicly traded companies;
- . reviewed the financial terms to the extent available of certain comparable acquisition transactions;
- . participated in discussions and negotiations among representatives of CBS, Viacom, and their respective financial and legal advisers;
- . reviewed the merger agreement and the related exhibits and schedules;
- . reviewed various information concerning cost savings and combination benefits expected to result from the merger that was furnished to Evercore or reviewed for Evercore by the managements of CBS and Viacom; and
- . performed other analyses and examinations and considered other factors as Evercore in its sole judgment deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied, without independent verification, upon the accuracy and completeness of the information reviewed by Evercore or reviewed for Evercore. With respect to the financial projections of CBS and Viacom for 1999 which were furnished to Evercore by the managements of CBS and Viacom, and certain analyses concerning the potential cost savings and combination benefits expected to result from the merger which were reviewed for Evercore by the management of CBS, Evercore assumed that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the future competitive, operating and regulatory environments and related financial performance of CBS and Viacom, respectively. Evercore did not make nor assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of CBS or Viacom, nor was Evercore furnished with any such appraisals. Evercore's opinion was necessarily based on economic, market and other conditions as in effect on, and the information and agreements made available to Evercore as of the date of its opinion. Evercore assumed, with the approval of CBS, that the merger would qualify as a tax-free reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986. Evercore's opinion did not address CBS' underlying business decision to effect the merger nor constitute a recommendation to any CBS shareholder as to how that shareholder should vote with respect to the merger. Furthermore, Evercore expressed no opinion as to the price or range of prices at which the shares of Viacom Class B common stock would trade at any future time.

For purposes of its analyses, Evercore primarily relied upon publicly available Wall Street research estimates for each company, and subsequently compared those estimates to internal budgets for 1999 for each company to confirm the reasonableness of the analysts' expectations.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party would perform all the covenants and agreements required under the merger agreement, and that all conditions to the consummation of the merger would be satisfied without being waived.

In connection with a presentation to the CBS Board on September 5, 1999, Evercore advised CBS' Board that, in evaluating the exchange ratio, Evercore had performed a variety of financial analyses with respect to CBS and Viacom, each of which material analysis is summarized below:

Historical Exchange Ratio Analysis. Evercore reviewed the daily closing prices of CBS common stock and Viacom Class B common stock to determine the implied exchange ratio based upon the relative prices of CBS common stock and Viacom Class B common stock for each considered time period. Evercore did so in order to analyze whether the agreed upon exchange ratio was consistent with the implied exchange ratio during

these periods. Evercore analyzed the implied exchange ratio between CBS common stock and Viacom Class B common stock for various time periods between January 2, 1998 and September 3, 1999. Evercore noted that the agreed to exchange ratio of 1.085 was within the range of historical implied exchange ratios in the periods examined. The historical implied exchange ratios for the periods are shown below:

	CBS Share Price	Viacom Class B Share Price	Implied Exchange Ratio
September 3, 1999.....	\$48.94	\$45.06	1.0860
10-Day Average.....	47.81	42.59	1.1225
20-Day Average.....	46.71	41.86	1.1159
30-Day Average.....	46.15	42.10	1.0964
45-Day Average.....	45.86	42.91	1.0688
60-Day Average.....	45.07	42.43	1.0621
90-Day Average.....	44.63	41.73	1.0695
1999 Year-to-Date Avg. (through 9/3/99).....	41.57	42.11	0.9871
1998 Full-Year Average.....	30.33	28.64	1.0591
Merger Exchange Ratio.....			1.0850

Contribution Analysis. Evercore analyzed the relative contributions of CBS and Viacom to the pro forma combined company with respect to revenues, consolidated EBITDA, EBITDA less minority interest, adjusted to exclude minority interests in the EBITDA of Infinity for CBS and in Blockbuster for Viacom, equity market value, and enterprise value for the projected fiscal years ending in 1999 and 2000. Evercore did so in order to compare CBS' relative contribution to the combined company on these measurements to CBS' pro forma ownership of the combined company based on the exchange ratio. Evercore also reviewed the pro forma ownership of the combined company, taking into account each company's outstanding options and warrants on common stock treated under the treasury stock method. Evercore noted that the pro forma ownership percentage based on the exchange ratio was consistent with CBS' contribution of the measurements set forth below.

	FY 1999E		FY 2000E	
	CBS	Viacom	CBS	Viacom
Contribution Percentage:				
Revenue.....	39.9%	60.1%	39.5%	60.5%
Consolidated EBITDA.....	52.0%	48.0%	52.2%	47.8%
EBITDA Less Min. Int. (a).....	47.2%	52.8%	47.6%	52.4%
Equity Market Value.....	54.7%	45.3%		
Enterprise Value.....	53.0%	47.0%		
Pro Forma Economic Ownership Based on Exchange Ratio:				
CBS.....	54.6%			
Viacom.....		45.4%		

(a) Excludes 35.8% minority interest in Infinity for CBS and 17.7% minority interest in Blockbuster for Viacom.

Pro Forma Merger Analysis. Primarily relying on Wall Street research estimates, Evercore analyzed the potential pro forma effects of the merger on CBS' projected free cash flow per share based on various assumptions regarding the merger. Evercore performed such analysis due to the fact that several Wall Street research analysts use projected free cash flow per share as one, among other, valuation measurements. For the purposes of this analysis, free cash flow was defined as EBITDA less interest expense less cash taxes less capital expenditures. This analysis indicated that the merger would initially be dilutive to CBS' free cash flow per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.



Review of Selected Merger-of-Equals Transactions. Evercore reviewed the financial terms, to the extent publicly available, of nine selected merger-of-equals transactions, in order to compare the premiums implied in these transactions to the implied premium in the merger. Evercore reviewed the premiums implied in the selected merger-of-equals transactions relative to market value contributions, assuming a constant market capitalization based on closing stock prices prior to the announcement of such transactions.

Evercore noted that, if the merger had closed on September 3, 1999, utilizing the Viacom closing stock price on September 3, 1999, and assuming the exchange ratio of 1.085, CBS shareholders would have received Viacom Class B common stock having a market value representing a discount of 0.1% to the CBS common stock September 3, 1999 closing price. Evercore compared this implied discount to the implied premiums/discounts for similar periods prior to public announcement in the following comparable merger-of-equals transactions:

- . Honeywell Inc./AlliedSignal Inc.;
- . GTE Corporation/Bell Atlantic Corporation;
- . Wells Fargo & Company/Norwest Corporation;
- . Monsanto Company/American Home Products Corporation;
- . BankAmerica Corporation/NationsBank Corp.;
- . First Chicago NBD Corporation/Banc One Corporation;
- . Citicorp/Travelers Group, Inc.;
- . HFS Incorporated/CUC International Inc.; and
- . NYNEX Corporation/Bell Atlantic Corporation.

In each of the above transactions, the shareholders of the first-named company were to receive shares of the second-named company. Evercore considered these merger-of-equals transactions to be reasonably similar to the merger, but none of these precedents is identical to the merger.

The following table presents the premiums or discounts contemplated in the merger and implied in these other transactions, from the perspective of the shareholders of the first-named company, compared with the previous trading day closing price per share:

Premium to Prior Day Closing Price  
-----

CBS/Viacom.....	-0.1%
Precedent "Merger-of-Equals" Transactions:	
Average.....	3.5%
Median.....	5.5%
Low.....	-5.8%
High.....	9.3%

Evercore noted that the discount of 0.1% for the CBS/Viacom merger was within the range of 5.8% -- 9.3% discount/premium for the other transactions analyzed.

Selected Comparable Company Analysis. Evercore compared selected financial, market and operating information of CBS with corresponding data of other selected publicly traded companies with similar operations to those of CBS, in order to compare CBS' public market valuation to public companies with similar operations. Evercore compared the adjusted enterprise value to adjusted EBITDA multiples of the consolidated CBS Corporation to a selected group of publicly traded radio broadcasting and outdoor advertising companies. Adjusted enterprise value for a given company was defined as total enterprise value, which is equity market value plus total debt and preferred stock, less cash and cash equivalents, less the value of unconsolidated stakes in other companies, less the value of segments within the company that trade at multiples that are significantly different from the rest of the company, and plus the value of any minority stakes in consolidated businesses.

Adjusted EBITDA for a given company was defined as EBITDA less the EBITDA contributed by segments within the company that trade at multiples that are significantly different from the rest of the company. This selected group of publicly traded radio broadcasting and outdoor advertising companies was comprised of:

- . AM/FM Inc.;
- . Citadel Communications Corporation;
- . Clear Channel Communications, Inc.;
- . Cox Radio, Inc.;
- . Cumulus Media, Inc.;
- . Emmis Communications Corporation;
- . Entercom Communications Corp.;
- . Hispanic Broadcasting Corporation;
- . Infinity Broadcasting Corporation;
- . Radio One, Inc.; and
- . Saga Communications, Inc.

Evercore selected these radio broadcasting and outdoor advertising companies because Evercore considered them to have operations similar to the operations of CBS in this business segment. All multiples were calculated based on closing prices as of September 3, 1999. For the comparable companies, EBITDA projections were based on publicly available Wall Street research estimates. Evercore noted that the closing price of CBS common stock on September 3, 1999 of \$48.94 represented a multiple of EBITDA that was within the range found for the CBS-comparable companies set forth above. To illustrate, Evercore highlighted the following multiples of adjusted enterprise value to adjusted 1999E and 2000E EBITDA:

	Adj. Enterprise Value to Adj. EBITDA	
	FY 1999E	FY 2000E
CBS Consolidated.....	20.8x	18.2x
Radio & Outdoor Advertising(a):		
Average.....	22.5x	19.5x
Low.....	13.4x	12.0x
High.....	28.7x	24.2x

(a) The analysis of Radio & Outdoor comparables excludes Hispanic Broadcasting because its multiples were not in line with other comparables.

Evercore compared the adjusted enterprise value to adjusted EBITDA multiples of CBS, excluding its majority-owned stake in Infinity, to a selected group of publicly traded television broadcasting companies. Evercore looked at CBS excluding Infinity due to the fact that many Wall Street research analysts also analyze CBS in this manner in order to isolate the implied valuation of the non-radio/outdoor advertising assets. In doing so, Evercore excluded the financial impact of Infinity on the EBITDA of CBS. Evercore also reduced the enterprise value of CBS used in the calculation by an amount equal to the market value of Infinity common stock held by CBS plus Infinity's net debt balance.

The group of publicly traded television broadcast companies selected for this comparative analysis was comprised of:

- . A.H. Belo Corporation;
- . Granite Broadcasting Corporation;
- . Hearst-Argyle Television, Inc.;
- . Paxson Communications Corporation;
- . Sinclair Broadcasting Group, Inc.;

- . United Television, Inc.; and
- . Young Broadcasting, Inc.

Evercore selected these television broadcasting companies because Evercore considered them to have operations similar to the operations of CBS, excluding Infinity, in this business segment. All multiples were calculated based on closing prices as of September 3, 1999. For the comparable companies, EBITDA projections were based on publicly available Wall Street research estimates. Evercore noted that the closing price of CBS common stock on September 3, 1999 of \$48.94 represented a multiple of EBITDA that was within the range found for the CBS-comparable companies set forth above. Evercore highlighted the following multiples of adjusted enterprise value to adjusted 1999E and 2000E EBITDA:

	Adj. Enterprise Value to Adj. EBITDA	
	FY 1999E	FY 2000E
CBS Excluding Infinity(a) .....	19.2x	16.8x
Television Broadcasting(b):		
Average.....	12.0x	10.9x
Low.....	9.0x	7.9x
High.....	14.2x	12.9x

- (a) Also excludes TV network and Internet assets.
- (b) The analysis of Television Broadcasting comparables excludes Paxson Communications because its multiples were not in line with other comparables.

Evercore also compared financial, market and operating information of Viacom with corresponding data of other selected publicly traded companies with similar operations. Evercore compared the adjusted enterprise value to adjusted EBITDA multiples of Viacom to a selected group of publicly traded entertainment companies. The selected group of publicly traded entertainment companies was comprised of:

- . The Walt Disney Company;
- . The News Corporation Limited;
- . Time Warner Inc.;
- . The Seagram Company Ltd.;
- . Fox Entertainment Group, Inc.; and
- . USA Networks, Inc.

Evercore selected these entertainment companies because Evercore considered them to have operations similar to the operations of Viacom. All multiples were calculated based on closing prices as of September 3, 1999. For the comparable companies, EBITDA projections were based on publicly available Wall Street research estimates. Evercore noted that the closing price of Viacom Class B common stock on September 3, 1999 of \$45.06 represented a multiple of Adjusted EBITDA that was within the range found for the Viacom-comparable companies set forth above. To illustrate, Evercore highlighted the following multiples of adjusted enterprise value to adjusted 1999E and 2000E EBITDA:

	Adj. Enterprise Value to Adj. EBITDA	
	FY 1999E	FY 2000E
Viacom(a).....	20.2x	17.5x
Entertainment Comparable Firms(b):		
Average.....	16.3x	13.8x
Low.....	12.2x	9.8x
High.....	20.8x	17.8x

- (a) Excludes Blockbuster.
- (b) The analysis of Entertainment comparables excludes News Corp. due to its relatively high concentration on publishing operations.



No company used in the comparable company analyses summarized above is identical to CBS or Viacom. Accordingly, any analysis of the fairness of the consideration to be received by the holders of CBS common stock in the merger involves complex considerations and judgments concerning differences in the potential financial and operating characteristics of the comparable companies and other factors in relation to the trading values of the comparable companies.

Selected Comparable Transaction Analysis. Evercore reviewed the implied transaction multiples paid in selected comparable merger and acquisition transactions and compared these multiples to the multiples implied by the consideration paid to CBS shareholders in the merger. Evercore did so in order to compare the multiples paid in those transactions to the multiple implied in the merger. Evercore noted that, if the merger had closed on September 3, 1999, utilizing the closing price of Viacom Class B common stock on September 3, 1999 of \$45.06, and assuming the exchange ratio of 1.085, CBS shareholders would have received Viacom Class B common stock having a market value equal to \$48.89 per each share of CBS common stock owned. Evercore analyzed the adjusted enterprise value of CBS, derived from this implied price per share, as a multiple of adjusted EBITDA and compared this multiple to multiples of EBITDA paid in selected mergers and acquisitions of radio broadcasting and outdoor advertising companies. The following selection of mergers and acquisitions of radio broadcasting and outdoor advertising companies was used for purposes of this analysis:

- . Chancellor Media Outdoor Corporation/Lamar Advertising Co.
- . Outdoor Systems, Inc./Infinity Broadcasting Corporation
- . Jacor Communications, Inc./Clear Channel Communications, Inc.
- . Capstar Broadcasting Corporation/Chancellor Media Corp.
- . Universal Outdoor Holdings, Inc./Clear Channel Communications, Inc.
- . American Radio Systems Corporation/CBS Corporation
- . SFX Broadcasting, Inc./Capstar Broadcasting Corporation
- . Viacom Radio/Evergreen Media Corp.
- . Chancellor Media Corp./Evergreen Media Corp.
- . Infinity Broadcasting Corporation/Westinghouse Electric Corporation

Evercore also performed this analysis for the following selection of mergers and acquisitions involving television broadcasting companies:

- . Gaylord Entertainment/CBS Corporation
- . Kelly Broadcasting/Hearst-Argyle Television, Inc.
- . Pulitzer Publishing Company (TV & Radio)/Hearst-Argyle Television, Inc.
- . Sullivan Broadcasting/Sinclair Broadcast Group, Inc.
- . LIN Television Corporation/Hicks Muse Tate & Furst
- . Heritage Media Corporation/The News Corporation Limited
- . Heritage Media Corporation/Sinclair Broadcast Group, Inc.
- . A.H. Belo Corporation/Scripps Howard
- . Argyle TV/Hearst-Argyle Television, Inc.
- . Providence Journal Company/A.H. Belo Corporation
- . First Media Television, L.P./Meredith Corporation
- . New World Communications Group, Inc./The News Corporation Limited
- . Renaissance Communications Corporation/Tribune Company
- . Multimedia, Inc./Gannett Co., Inc.

Evercore selected these transactions because they involved companies in business segments in which CBS has operations. Evercore noted that the multiple implied by the merger as of September 3, 1999 is within the range of multiples paid in comparable transactions, and, therefore, that these analyses of multiples supported a fairness determination concerning the merger.

	Transaction Value to EBITDA
	-----
Merger Offer for CBS	
CBS Consolidated.....	20.8x
CBS Excluding Infinity.....	19.2x
Radio & Outdoor Transactions:	
Average.....	17.7x
Low.....	14.2x
High.....	21.0x
Television Broadcasting Transactions:	
Average.....	14.4x
Low.....	9.8x
High.....	23.3x

Additionally, Evercore analyzed the adjusted enterprise value of Viacom as a multiple of adjusted EBITDA and compared this multiple to multiples of EBITDA paid in a selection of mergers and acquisitions of entertainment companies. The following selection of mergers and acquisitions of entertainment companies was used for purposes of this analysis:

- . PolyGram N.V./The Seagram Company Ltd.
- . Metro-Goldwyn-Mayer Inc./Management
- . Turner Broadcasting System, Inc./Time Warner Inc.
- . CBS, Inc./Westinghouse Electric Corp.
- . Capital Cities/ABC, Inc./The Walt Disney Company
- . MCA, Inc./The Seagram Company Ltd.
- . Blockbuster Entertainment Corporation/Viacom Inc.
- . Paramount Communications Inc./Viacom Inc.

Evercore selected these transactions because they involved companies in business segments in which Viacom has operations. Evercore noted that the multiple implied by Viacom's closing price on September 3, 1999 is within the range of multiples paid in comparable transactions.

	Transaction Value to EBITDA
	-----
Viacom (a).....	20.2x
Entertainment Transactions (b):	
Average.....	15.9x
Low.....	12.3x
High.....	21.0x

(a) Excludes Blockbuster.

(b) The analysis of Entertainment transactions excludes Blockbuster Entertainment Corporation/Viacom Inc. transaction due to the retail nature of Blockbuster's business.

No transaction used in the comparable transaction analyses summarized above is identical to the merger. Accordingly, any analysis of the fairness of the consideration to be received by the holders of CBS common stock in the merger involves complex considerations and judgments concerning differences in the potential financial and operating characteristics of the comparable transactions and other factors in relation to the acquisition values of the comparable companies.

**Discounted Cash Flow Analysis.** Evercore estimated the present value of the future stand-alone, unlevered free cash flows that could be produced by CBS. Such analysis is performed to determine the value that a current share might be worth based on various assumptions as set forth below. The net present value ranges were estimated by applying one-year forward terminal value multiples ranging from 16.0x to 18.0x 2004E EBITDA and discount rates ranging from 11.0% to 14.0%. Terminal value multiples were determined based on both current public and private market-based valuations, as well as Wall Street research analyst estimates. The discount rates were determined based on the weighted average cost of capital formulation, which utilizes the cost of both debt and equity for a company/investment. This analysis indicated a value per share of CBS common stock ranging from approximately \$42.03 to \$52.60, as compared to the per share price of \$48.89 for CBS common stock that was implied by the exchange ratio as of September 3, 1999.

Evercore also performed a discounted cash flow analysis for Viacom. Evercore estimated the present value of the future stand-alone, unlevered free cash flows that could be produced by Viacom. The net present value ranges were estimated by applying one-year forward terminal value multiples ranging from 16.0x to 18.0x 2004E EBITDA and discount rates ranging from 11.0% to 14.0%. Terminal value multiples were determined based on both current public and private market-based valuations, as well as Wall Street research analyst estimates. The discount rates were determined based on the weighted average cost of capital formulation, which utilizes the cost of both debt and equity for a company. This analysis indicated a value per share of Viacom Class B common stock ranging from approximately \$42.80 to \$53.18, as compared to the per share price for Viacom Class B common stock of \$45.06 on September 3, 1999.

**Sum-of-the-Parts Analysis.** Evercore estimated the value of CBS by calculating the implied value of its different components at different multiples and then adding these values to arrive at a value for the consolidated entity. Evercore performed such analysis as it allows for the different business segments of a company to be valued consistently with its respective comparable peer group. This methodology is also commonly employed by Wall Street research analysts as one, among other, valuation measurements. For this sum-of-the-parts valuation, Evercore valued CBS' syndication business at a range of 10.0x to 12.0x 2000E EBITDA, CBS' television segment at a fixed amount for the network and at a range of 13.0x to 15.0x 2000E EBITDA for its television stations, and CBS' cable network division at a range of 16.0x to 18.0x 2000E EBITDA. The remaining businesses of CBS, consisting of corporate overhead, Internet assets, and CBS' stake in Infinity, were valued at fixed amounts. Evercore based its valuation ranges of these segments on both current public and private market-based valuations, as well as Wall Street analyst estimates. The sum-of-the parts valuation yielded a CBS common stock valuation range of \$45.26 to \$48.39 per share, as compared to the per share price of \$48.89 for CBS common stock that was implied by the exchange ratio as of September 3, 1999.

Evercore also estimated the value of Viacom with a similar sum-of-the-parts analysis. Evercore used a range of values for each of Viacom's business segments and assets. These values were based on multiples of EBITDA, subscribers or revenues, or on other metrics such as market value or historical cost. The sum-of-the parts valuation yielded a Viacom Class B common stock valuation range of \$44.60 to \$51.83 per share, as compared to the per share price for Viacom Class B common stock of \$45.06 on September 3, 1999.

The foregoing summary does not purport to be a complete description of the analyses performed by Evercore or of its presentation to CBS' Board. The preparation of financial analyses and a fairness opinion is not susceptible to partial analysis or summary description. Evercore believes that its analyses and the summary set forth above must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the processes underlying the analysis conducted by Evercore and its opinion. Evercore has not indicated that any of the analyses which it performed had a greater significance than any other.

In determining the appropriate analyses to conduct and when performing those analyses, Evercore made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions and other matters, many of which are beyond the control of CBS or Viacom. The analyses which Evercore performed are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by the analyses. The analyses were prepared solely as part

of Evercore's analysis as to whether the exchange ratio is fair, from a financial point of view, to the holders of CBS common stock. The analyses are not appraisals and the estimates of values of companies do not reflect the prices at which a company might actually be sold or the prices at which any securities may trade at the present time or at any time in the future.

Evercore is a nationally recognized investment banking firm that is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions. CBS retained Evercore based on these qualifications as well as its familiarity with CBS and Viacom. Evercore has previously provided various investment banking and financial advisory services to CBS, for which Evercore received customary fees for the rendering of these services.

Pursuant to the terms of an engagement letter with Evercore, CBS agreed to pay Evercore a fee equal to \$2,500,000 following delivery of Evercore's fairness opinion and \$7,500,000 upon the completion of the merger. Whether or not the merger is completed, CBS has agreed under the engagement letter to reimburse Evercore for all its reasonable out-of-pocket expenses, including the reasonable fees and disbursements of its counsel, incurred in connection with its engagement by CBS, and to indemnify Evercore against liabilities and expenses in connection with its engagement.

#### Directors, Management and Corporate Governance of the Combined Company

Pursuant to the merger agreement, the proposed new Restated Certificate of Incorporation and By-laws, and the stockholder agreement between National Amusements and CBS, Viacom, CBS and National Amusements have agreed to corporate governance arrangements which generally cannot be changed for three years following the merger without approval of at least 14 directors and, in some cases, approval of the combined company's shareholders. These corporate governance arrangements are described below.

Chairman and Chief Executive Officer. Mr. Redstone, the current Chairman and CEO of Viacom, will remain the Chairman and CEO of the combined company following the merger. Mr. Redstone, as CEO, will be responsible, in consultation with the President and COO, for the combined company's corporate policy and strategy and will chair all Board and shareholder meetings at which he is present. If Mr. Redstone ceases to be the CEO at any time during the first three years following the merger, or if Mr. Redstone is no longer the CEO at the effective time of the merger, Mr. Karmazin will be the CEO and will retain the COO functions described below.

President and Chief Operating Officer. Mr. Karmazin, the current President and CEO of CBS, will be the President and COO of the combined company following the merger. The COO will report directly to the CEO and must consult with the CEO on all major decisions affecting the combined company. Mr. Karmazin, as COO, will be responsible for supervising, coordinating and managing the combined company's business, operations, activities, operating expenses, capital allocation, officers other than the CEO, and employees, including hiring, terminating, changing positions and allocating responsibilities of those officers and employees, other than hiring of the Chief Financial Officer, Controller and General Counsel, which can only be done by majority vote of the combined company's board. All officers, other than the CEO, and employees will report directly or indirectly to the COO. During the three-year period following the merger, Mr. Karmazin cannot be terminated or demoted, whether he is COO or CEO, and none of the COO functions may be changed, unless approved by a vote of at least 14 directors.

In a number of areas, Mr. Karmazin may not act without the approval of, and the combined company's board may act by, a majority of the directors. As described below, ten of the 18 directors of the combined company are expected to be designees of Viacom or their successors and could therefore control actions which may be taken by a majority of the combined company's directors. In all other areas, Mr. Karmazin's authority to manage the combined company may be limited only by a supermajority of the Board of at least 14 directors. As a result, Mr. Karmazin will have an unusual degree of autonomy for a President and COO of a large



corporation. For example, Mr. Karmazin may approve the acquisition or divestiture of an internet or internet related business meeting the criteria discussed below for under \$100 million, subject to an aggregate \$550 million limit, or the acquisition or divestiture of a radio or outdoor advertising business, subject to an aggregate \$300 million limit, and can only be overruled in these decisions by a supermajority of 14 directors. Mr. Karmazin's ability to hire and terminate officers of the combined company without board approval is also unusual.

Board of Directors. At the effective time of the merger, the Board of Directors of Viacom will be expanded to 18 directors. The Board size may not be changed during the three-year period following the merger without the approval of at least 14 directors. Eight of the 18 directors initially will be individuals who were directors of CBS on September 6, 1999, or any independent directors of CBS subsequently appointed to the CBS Board of Directors, as selected by the CBS Board of Directors prior to the effective time of the merger. The Viacom Board, subject to the fiduciary duties of its members, and National Amusements, pursuant to its voting agreement with CBS, are required to take all action necessary to fill any vacancy in any of the eight CBS directorships with an independent director designated by a majority of the remaining CBS directors. No CBS director serving on the Viacom Board may be removed from office during the three-year period following the merger unless the removal is for cause and is approved by at least 14 directors. The remaining ten directors will be the Viacom directors immediately prior to the effective time of the merger. Of these ten directors, two must either be the current independent directors of Viacom or other disinterested, independent persons that are chief executive officers, chief operating officers, chief financial officers or former chief executive officers of a Fortune 500 company or a non-U.S. public company of comparable size. Subject to the preceding sentence, National Amusements, which is controlled by Mr. Redstone, through its majority ownership of Viacom Class A common stock, has the ability to cause the Viacom nominees to be elected to serve as the ten remaining directors.

Actions of the Board of Directors. All actions to be taken by the Board of Directors of Viacom following the merger will require the approval of at least 14 directors, except for the actions specified below, which will require approval only by a majority of the Board:

#### Acquisitions, Divestitures, Joint Ventures, Guarantees

- . Any acquisition, equity investment or joint venture by Viacom or any of its subsidiaries for more than \$25 million.
- . Any divestiture or other sale of assets not in the ordinary course by Viacom or any of its subsidiaries for more than \$25 million.
- . Any real estate purchase, sale or lease by Viacom or any of its subsidiaries for more than \$25 million.
- . Any guarantee by Viacom or any of its subsidiaries of an obligation of a third party where the obligation guaranteed is more than \$25 million.
- . Notwithstanding any of the above, any acquisition or divestiture by Viacom or any of its subsidiaries of:
  - internet or internet related businesses for more than \$25 million but less than \$100 million, with the value thereof represented by multi-year commitments for advertising, promotion and content licensing, is excluded, so long as the aggregate of these acquisitions or divestitures, in each case, does not exceed \$550 million and
  - radio or outdoor advertising businesses for more than \$25 million but less than \$100 million is excluded, so long as the aggregate of these acquisitions or divestitures, in each case, does not exceed \$300 million;

provided that:

- any divestiture of shares of a publicly traded internet or internet related business with a value of up to \$75 million is excluded and will not be included in the calculation of any of the threshold amounts set forth above,

- Board approval may be secured, but is not required, for any transaction of more than \$25 million but less than \$100 million where the regular meeting schedule of the Board so permits and is not otherwise required,
  - the Board will be provided with information about and a status report on the transactions completed without Board approval and
  - this limit of authority will be reviewed 12 months following the merger and may be amended only with the approval of 14 directors.
- . Any contract of Viacom or any of its subsidiaries not in the ordinary course with a value in excess of \$25 million.
  - . Notwithstanding any of the above, any of the acquisitions, divestitures or other transactions described above that are approved by a majority of the Board will not be included in the calculation of any of the threshold amounts for these transactions. For example, if a majority of the Board elects to approve the acquisition of an internet business for \$100 million, the \$100 million would not count against the \$550 million aggregate threshold above which this type of transaction would require majority Board approval.

#### Employee Matters

- . Employee benefit plans of Viacom or any of its subsidiaries: (1) creating a new plan, (2) suspending or terminating an existing plan or (3) adopting any amendment that materially increases costs to Viacom or any subsidiary.
- . Entering into any modifications or amendments to the employment agreements with the CEO or the COO.

#### General

- . The Annual Report on Form 10-K.
- . The proxy statement and notice of meeting, including annual or special meeting date, location, record date for voting.
- . Any issuance of Viacom stock, or options, warrants or other similar rights, including stock appreciation rights or debt or other securities convertible into or exchangeable for Viacom stock.
- . Any issuance of debt unless the debt is short term and is within the spending limits of the annual operating budget or is replacing existing debt.
- . Annual capital expenditure and annual operating budgets and individual capital expenditures in excess of \$25 million for Viacom or any of its subsidiaries.
- . Viacom or any of its subsidiaries pays a dividend or repurchases its stock from a third party.
- . Review and approval of any action or transaction where Board action is required by law, other than Section 141(a) of the Delaware General Corporation Law, or by the terms of the transaction, in all cases other than as specifically set forth in Viacom's proposed new Restated Certificate of Incorporation.
- . Review and approval of Board minutes.
- . Subject to other provisions of Viacom's proposed new Restated Certificate of Incorporation, determining Board administration, including number of directors, meeting schedule, nominees, committees, director compensation, director and officer insurance authorization, internal investigations and retention of advisors in connection with the foregoing, and decisions regarding indemnification of individuals.
- . Subject to other provisions of Viacom's proposed new Restated Certificate of Incorporation, amendments to the proposed new Restated Certificate of Incorporation and By-laws of Viacom.

- . Commencement and settlement of major litigation.
- . Selection of independent auditors.
- . All matters on which Viacom's Board of Directors has historically taken action other than:
  - matters relating to the subject matters addressed in this list and not requiring the approval of the Board of Directors under Viacom's proposed new Restated Certificate of Incorporation and
  - those matters delegated to the COO, including all the COO functions set forth in Viacom's proposed new Restated Certificate of Incorporation.

Committees of the Board. The Board of Directors of Viacom may delegate any of its responsibilities to a committee. During the three-year period following the merger, except with respect to the Compensation Committee and the Officers Nominating Committee described below, CBS directors must be represented on each committee in the same proportion as their representation on the full Board of Directors, with a minimum of one CBS director on each committee.

Viacom's proposed new Restated Certificate of Incorporation specifically provides for two committees, the Officers Nominating Committee and the Compensation Committee:

Officers Nominating Committee. The Officers Nominating Committee will be composed of the COO or, in the event Mr. Karmazin is CEO, the CEO. During the three-year period following the merger, the Officers Nominating Committee has the power, subject to the powers of the Compensation Committee, to hire, elect, terminate, change positions, allocate responsibilities and determine non-equity compensation of officers and employees, other than the Chairman, CEO and COO. The Officers Nominating Committee will not, however, have the power to fill the position of Chief Financial Officer, Controller or General Counsel without approval by a majority of the Board of Directors, although the Officers Nominating Committee will have the power to terminate the employment of the persons holding those positions. Any action taken by the Officers Nominating Committee may be overturned by a vote of at least 14 directors.

Compensation Committee. The Compensation Committee will be composed of three CBS directors who are independent directors and three non-CBS directors, all of whom are independent. Except as set forth in the following sentence, all compensation must be approved by the Compensation Committee. The Compensation Committee does not have the power to approve the annual compensation of any talent, as that term is commonly used in the media or entertainment industries, or of any employee whose annual cash compensation, measured as salary plus target bonus is less than \$1 million. These powers are delegated to the Officers Nominating Committee.

Subsidiaries. The CEO and COO will be elected or appointed to the boards of directors of all public subsidiaries of Viacom following the merger. In addition, the Board of Directors of Viacom will have the right, in consultation with the COO or, if Mr. Karmazin is the CEO, the CEO, to implement corporate governance arrangements for any public subsidiary of Viacom consistent with the corporate governance arrangements contained in Viacom's proposed new Restated Certificate of Incorporation.

Miscellaneous. The combined company may not issue any stock or other securities, including authorized shares of Viacom Class A common stock and Viacom preferred stock, giving the holder the right to vote on any matter on which shareholders are entitled to vote, if National Amusements would, as a result of the issuance, no longer own a majority of the outstanding voting stock of the combined company. Any amendment, alteration, repeal or waiver of the provisions of the new proposed Restated Certificate of Incorporation summarized above requires the approval of at least 14 directors of the combined company.

#### Accounting Treatment

The merger will be accounted for as a purchase for financial accounting purposes in accordance with generally accepted accounting principles. For purposes of preparing Viacom's consolidated financial statements,

Viacom will establish a new accounting basis for CBS' assets and liabilities based upon their fair values, the merger consideration and the costs of the merger. Viacom believes that any excess of cost over the fair value of the net assets of CBS will be recorded as goodwill and other intangible assets. A final determination of the intangible asset lives and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. Accordingly, the purchase accounting adjustments made in connection with the development of the unaudited pro forma combined financial information appearing elsewhere in or incorporated by reference into this joint proxy statement/prospectus are preliminary and have been made solely for purposes of developing that pro forma information. Viacom will determine the fair value of CBS' assets and liabilities and will make appropriate purchase accounting adjustments, including adjustments to the amortization period of the intangible assets, upon completion of that determination.

#### Federal Income Tax Consequences

The following discussion summarizes the material United States federal income tax consequences of the merger assuming that it is consummated as contemplated by this joint proxy statement/prospectus. This discussion is based on the Internal Revenue Code, U.S. Treasury regulations, judicial decisions and administrative rulings as of the date hereof, all of which are subject to change, including changes with retroactive effect. The discussion below does not address any state, local or foreign tax consequences of the merger. This discussion assumes that shareholders hold such shares as capital assets. The tax treatment of a shareholder may vary depending upon the shareholder's particular situation, and some shareholders, including individuals who hold options in respect of CBS common stock, insurance companies, tax-exempt organizations, financial institutions or broker-dealers, and persons who are neither citizens nor residents of the United States or that are foreign corporations, foreign partnerships or foreign estates or trusts as to the United States, may be subject to special rules not discussed below.

Each CBS shareholder is urged to consult his, her or its own tax advisor as to the particular tax consequences to him, her or it of the merger, including the applicability and effect of any state, local or foreign laws, and of changes in applicable tax laws.

Federal Income Tax Consequences of the Merger. The material federal income tax consequences of the merger of CBS directly into Viacom will be as follows and Cravath, Swaine & Moore, counsel to CBS, and Paul, Weiss, Rifkind, Wharton & Garrison, counsel to Viacom, have each rendered an opinion to such effect:

(1) The merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code and each of CBS and Viacom will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

(2) CBS shareholders will not recognize any income, gain or loss as a result of the receipt of Viacom Class B common stock or Viacom Series C preferred stock, except for any payment received in lieu of fractional shares and to the extent that any payment by Viacom of transfer taxes is treated as taxable consideration received by the CBS shareholders.

(3) A CBS shareholder's tax basis for the shares of Viacom Class B common stock or Viacom Series C preferred stock received in the merger, including any fractional share interest for which payment is received, will equal such shareholder's tax basis in the shares of CBS common stock or CBS Series B preferred stock exchanged therefor.

(4) A CBS shareholder's holding period for the Viacom Class B common stock or Viacom Series C preferred stock received in the merger will include the period during which the shares of CBS common stock or CBS Series B preferred stock exchanged therefor were held.

Neither Viacom nor CBS has requested or will request an advance ruling from the Internal Revenue Service as to whether the merger qualifies as a reorganization under Section 368(a) of the Internal Revenue Code. An opinion of counsel is not binding on the Internal Revenue Service or the courts.

Further, the opinions of Cravath, Swaine & Moore and Paul, Weiss, Rifkind, Wharton & Garrison referred to above are based on, among other things, current law and representations as to factual matters made by, among others, CBS and Viacom. Any change in current law, which may or may not be retroactive, or failure of any such factual representations to be true, correct and complete in all material respects would jeopardize the conclusions reached by counsel in their opinions. Neither CBS nor Viacom is currently aware of any facts or circumstances that would cause any representations made by it to Cravath, Swaine & Moore and Paul, Weiss, Rifkind, Wharton & Garrison to be untrue or incorrect in any material respect.

Viacom and CBS have requested a private letter ruling from the Internal Revenue Service that a merger of CBS into Viacom/CBS LLC will be viewed, for purposes of determining qualification under Section 368(a) of the Internal Revenue Code, as a merger of CBS into Viacom. If the transaction is consummated as a merger of CBS into Viacom/CBS LLC, similar opinions to those described above will be provided.

Payment received by a CBS shareholder in lieu of a fractional share interest of Viacom Class B common stock or Viacom Series C preferred stock will be treated as having been received in exchange for the fractional share interest of Viacom Class B common stock or Viacom Series C preferred stock that the shareholder would otherwise have been entitled to receive. This receipt of this payment will result in gain or loss measured by the difference between the tax basis allocable to the fractional share interest and the amount of payment received. The gain or loss will be capital gain or loss to the shareholder.

Viacom and CBS do not believe that any significant transfer taxes will be payable as a consequence of the merger. Viacom's payment of any transfer taxes that, to the knowledge of Viacom and CBS, may be payable as a consequence of the merger should not be treated as taxable consideration received by CBS shareholders in the merger. If the payment of any such taxes were treated as taxable consideration, the CBS shareholders would recognize income or gain in an amount not in excess of the amount of such taxable consideration.

Viacom's obligation to complete the merger is conditioned upon, among other things, its receipt of an opinion from Paul, Weiss, Rifkind, Wharton & Garrison that the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code and that Viacom and CBS will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. The obligation of CBS to complete the merger is conditioned upon, among other things, CBS's receipt of an opinion from Cravath, Swaine & Moore that the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code and that Viacom and CBS will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. These opinions of counsel will be based in part upon representations, made as of the effective time of the merger, by Viacom and CBS, which each counsel will assume to be true, correct and complete. If the representations are inaccurate, the opinions of counsel could be adversely affected.

Backup Withholding. Under the backup withholding rules, a holder of CBS common stock or CBS Series B preferred stock may be subject to backup withholding at the rate of 31% with respect to payment received in exchange for the fractional share interest unless the shareholder:

- . is a corporation or comes within other exempt categories and, when required, demonstrates this fact or
- . provides a taxpayer identification number and certifies that the taxpayer identification number is correct and the taxpayer is not subject to backup withholding for specified reasons, and otherwise complies with applicable requirements of the backup withholding rules.

Any amount withheld under these rules will be credited against the shareholder's federal income tax liability.

Reporting Requirements. CBS shareholders will be required to attach a statement to their tax returns for the taxable year in which the merger is completed that contains the information set forth in Treasury Regulation 1.368-3(b) of the Department of Treasury regulations. The statement must include the tax basis in the CBS common stock or CBS Series B preferred stock surrendered and a description of the Viacom Class B common stock or Viacom Series C preferred stock received in the merger.

## Merger Consideration

At the effective time of the merger, each outstanding share of CBS common stock will be converted into the right to receive 1.085 fully paid and nonassessable shares of Viacom non-voting Class B common stock and each outstanding share of CBS Series B preferred stock will be converted into the right to receive 1.085 fully paid and non-assessable shares of Viacom Series C preferred stock, except that a payment will be made in lieu of fractional shares as described below. Any shares of CBS common stock or CBS Series B preferred stock held by any direct or indirect wholly owned subsidiary of Viacom or CBS will be included in the exchange, but any shares of CBS common stock or CBS Series B preferred stock held by Viacom or CBS will not be included, as described in the next paragraph. As of the effective time of the merger, all shares of CBS common stock and CBS Series B preferred stock will no longer be outstanding, will automatically be cancelled and will cease to exist, and each holder of a certificate representing any shares of CBS common stock or CBS Series B preferred stock will cease to have any rights other than the right to receive the merger consideration. The exchange ratio was determined through arm's-length negotiations between CBS and Viacom.

As of the effective time of the merger, any shares of CBS common stock and CBS Series B preferred stock owned immediately prior to the effective time of the merger by Viacom or CBS, excluding any shares held by any direct or indirect wholly owned subsidiary of Viacom or CBS, will be cancelled and retired and will cease to exist and no consideration will be delivered in exchange for these shares.

## Conversion of Shares; Procedures for Exchange of Certificates; Fractional Shares

The conversion of CBS common stock into the right to receive Viacom non-voting Class B common stock, CBS Series B preferred stock into the right to receive Viacom Series C preferred stock and, in both cases, the right to receive payment instead of fractional shares will occur automatically at the effective time of the merger. As soon as practicable after the effective time of the merger, a bank or trust company designated by Viacom and reasonably acceptable to CBS, in its capacity as exchange agent, will send a transmittal letter to each former CBS shareholder. The transmittal letter will contain instructions on how to obtain shares of Viacom Class B common stock in exchange for shares of CBS common stock and shares of Viacom Series C preferred stock in exchange for shares of CBS Series B preferred stock. CBS shareholders should not send in their stock certificates until they receive the transmittal letter and accompanying materials from the exchange agent.

In the event of a transfer of ownership of CBS common stock or CBS Series B preferred stock which is not registered in the records of CBS' transfer agent, a certificate representing the proper number of shares of Viacom Class B common stock or CBS Series B preferred stock, as appropriate, may be issued to a person other than the person in whose name the certificate surrendered is registered if the certificate is properly endorsed or otherwise is in proper form for transfer and the person requesting the issuance pays any required transfer or other taxes required by reason of the issuance of shares of Viacom Class B common stock or CBS Series B preferred stock to a person other than the registered holder of the certificate or establishes to the satisfaction of Viacom that the taxes have been paid or are not applicable.

All shares of Viacom Class B common stock issued upon conversion of shares of CBS common stock and shares of Viacom Series C preferred stock issued upon conversion of shares of CBS Series B preferred stock, together with any payment in lieu of fractional shares of Viacom Class B common stock or Viacom Series C preferred stock, will be deemed to have been issued and paid in full satisfaction of all rights pertaining to the shares of CBS common stock or preferred stock, subject to Viacom's obligation to pay any dividends or make any other distributions with a record date after the effective time of the merger that may have been declared or made by Viacom on shares of Viacom Class B common stock or Viacom Series C preferred stock after the effective time of the merger and which remain unpaid prior to the issuance of Viacom Class B common stock in exchange for CBS common stock or Viacom Series C preferred stock in exchange for CBS Series B preferred stock.

No fractional shares of Viacom Class B common stock will be issued to any CBS shareholder upon surrender of certificates previously representing CBS common stock. For each fractional share of Viacom Class B common stock that would otherwise be issued, Viacom, through the exchange agent, will pay to CBS shareholders an amount equal to the product obtained by multiplying the fractional share interest to which the shareholder would otherwise be entitled by the 4:00 p.m. closing price for a share of Viacom Class B common stock as reported in The Wall Street Journal (Northeast edition), or, if there is no such report in The Wall Street Journal, any other authoritative source, on the first trading day immediately following the effective time of the merger.

No fractional shares of Viacom Series C preferred stock will be issued to any CBS shareholder upon surrender of certificates previously representing CBS Series B preferred stock. For each fractional share of Viacom Series C preferred stock that would otherwise be issued, Viacom, through the exchange agent, will pay to CBS shareholders an amount equal to the product of 1,000 and the closing price referred to in the preceding paragraph.

#### Litigation

In September 1999, three purported shareholder class action lawsuits were filed against CBS and the members of the CBS Board of Directors; one in the Supreme Court of the State of New York, County of New York, and two in the Philadelphia County Court of Common Pleas. In the lawsuits, plaintiffs allege that the defendants have breached their fiduciary duties by entering into the merger agreement. The complaints seek an order declaring that defendants breached their fiduciary duties and requiring defendants to take steps to increase the short-term value of CBS stock through an active auction for control of CBS and other means; compensatory damages in an unspecified amount; costs and expenses; and such other relief as the courts may deem just and proper. CBS believes that the lawsuits are without merit and plans to defend vigorously against them.

#### Effective Time of the Merger

The effective time of the merger will be the time of the filing of the certificate of merger with the Secretary of State of the State of Delaware or any later time as is agreed upon by Viacom and CBS and specified in the certificate of merger.

#### Federal Securities Laws Consequences

The Viacom Class B common stock and the Viacom Series C preferred stock to be issued pursuant to the merger agreement will not be subject to any restrictions on transfer arising under the Securities Act of 1933, except for shares issued to any CBS shareholder who may be deemed to be an "affiliate" of CBS or Viacom for purposes of Rule 145 under the Securities Act. It is expected that each affiliate will enter into an agreement with Viacom providing that the affiliate will not transfer any Viacom Class B common stock or Viacom Series C preferred stock received in the merger except in compliance with the resale provisions of Rules 144 or 145 under the Securities Act or as otherwise permitted under the Securities Act. The merger agreement requires CBS to use reasonable best efforts to cause its affiliates to enter into these agreements, and CBS has represented and warranted that it has advised its affiliates of the resale restrictions imposed by applicable securities laws. This joint proxy statement/prospectus does not cover resales of Viacom Class B common stock or Viacom Series C preferred stock received by any person upon consummation of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

#### Stock Exchange Quotation

It is a condition to the consummation of the merger that the shares of Viacom Class B common stock to be issued pursuant to the merger agreement and into which the Viacom Series C preferred stock is convertible be authorized for listing on the New York Stock Exchange, subject to official notice of issuance. Viacom will file a listing application with the New York Stock Exchange.

The Viacom Series C preferred stock will not be listed on an exchange.

#### Dissenters' Rights of Appraisal

Holders of CBS common stock and CBS Series B preferred stock are not entitled to dissenters' rights of appraisal in connection with the merger.

Holders of Viacom Class A common stock and Viacom Class B common stock are not entitled to dissenters' rights of appraisal as a result of the merger.

#### Delisting and Deregistration of CBS Common Stock

If the merger is consummated, the shares of CBS common stock will be delisted from the NYSE, the Boston Stock Exchange, the Chicago Stock Exchange, the Pacific Exchange and the Philadelphia Stock Exchange and will be deregistered under the Exchange Act.



THE MERGER AGREEMENT AND  
RELATED AGREEMENTS

The Merger Agreement

At the effective time of the merger, either CBS will merge with and into Viacom or CBS will merge with and into Viacom/CBS LLC. The merger of CBS into Viacom/CBS LLC will occur only if (1) guidance is received from the IRS, the United States Department of Treasury or other appropriate governmental authority and if the merger would not have an adverse tax effect to Viacom, CBS or their shareholders, as a result of which, if the merger were structured as a merger of CBS with and into Viacom/CBS LLC, each of Paul, Weiss, Rifkind, Wharton & Garrison and Cravath, Swaine & Moore continues to be able to deliver its opinion that the exchange of CBS common stock for Viacom Class B common stock and the exchange of CBS Series B preferred stock for Viacom Series C preferred stock will be tax-free for federal income tax purposes, and (2) the merger would not have an adverse tax effect to Viacom, CBS or their shareholders.

Effective Time and Closing of the Merger

The closing of the merger will take place on the first business day after the satisfaction or, if permissible, waiver of the conditions to closing set forth in the merger agreement. On the closing date, the merger will be consummated by filing (1) a certificate of merger with the Secretary of State of the State of Delaware and (2) articles of merger with the Department of State of the Commonwealth of Pennsylvania. The effective time of the merger will be the filing of the certificate of merger with the Secretary of State of the State of Delaware, or any later time as may be agreed by the parties and specified in the certificate of merger.

Conversion of Securities

At the effective time of the merger, each share of CBS Series B preferred stock issued and outstanding immediately prior to the effective time of the merger, including any shares owned by any direct or indirect wholly owned subsidiary of Viacom or CBS but excluding any shares held in the treasury of CBS or owned by Viacom immediately prior to the effective time of the merger, other than shares held by benefit plans or trusts, including Rabbi trusts, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock and each share of CBS common stock issued and outstanding immediately prior to the effective time of the merger, including any shares owned by any direct or indirect wholly owned subsidiary of Viacom or CBS but excluding any shares to be cancelled pursuant to the following sentence, will be converted into the right to receive 1.085 shares of Viacom Class B common stock. At the effective time of the merger, each share held in the treasury of CBS and each share owned by Viacom immediately prior to the effective time of the merger will be cancelled and extinguished and no payment will be made for those shares. After the effective time of the merger, each certificate that previously represented shares of CBS common stock will represent only the right to receive Viacom Class B common stock into which the shares of CBS common stock are converted in the merger and payment instead of fractional shares of Viacom Class B common stock and each certificate that previously represented shares of CBS Series B preferred stock will represent only the right to receive Viacom Series C preferred stock into which the shares of CBS Series B preferred stock are converted in the merger and payment instead of fractional shares of Viacom Series C preferred stock.

As soon as practicable after the effective time of the merger, a bank or trust company designated by Viacom and acceptable to CBS, in its capacity as exchange agent, will send a transmittal letter to each former CBS shareholder. The transmittal letter will contain instructions on how to obtain shares of Viacom Class B common stock in exchange for shares of CBS common stock and shares of Viacom Series C preferred stock in exchange for shares of CBS Series B preferred stock. CBS shareholders should not send in their stock certificates until they receive the transmittal materials from the exchange agent.

Viacom's Proposed New Restated Certificate of Incorporation and By-laws

Viacom's proposed new Restated Certificate of Incorporation and By-laws give effect to the governance arrangements agreed between Viacom and CBS. You can find more information on the governance arrangements in the sections titled "The Merger--Directors, Management and Corporate Governance of the Combined Company" and "Adoption of New Restated Certificate of Incorporation."

## Representations and Warranties of Viacom and CBS

Viacom and CBS made mutual customary representations and warranties in the merger agreement regarding the following:

- . corporate organization and qualification to do business of each of the companies and their subsidiaries;
- . validity and effectiveness of charters and by-laws;
- . capitalization of the companies;
- . authority to enter into the merger agreement;
- . absence of conflicts between the merger agreement and the merger, on the one hand, and other contractual and legal obligations of the companies, on the other hand;
- . requirement of consents, approvals, filings or other authorizations to enter into the merger agreement and consummate the merger;
- . possession and effectiveness of all permits and licenses and contracts necessary to carry on business as currently conducted;
- . absence of material non-competition agreements;
- . operation of business in material compliance with permits, licenses and applicable laws;
- . compliance with all applicable SEC filing requirements and accuracy and completeness of SEC filings;
- . financial statements contained in SEC filings;
- . absence of changes or events since December 31, 1998;
- . litigation;
- . employee benefit plans;
- . labor matters;
- . environmental matters;
- . intellectual property;
- . tax matters;
- . Year 2000 compliance;
- . opinion of financial advisors;
- . shareholder vote required to adopt the merger agreement;
- . use of brokers;
- . inapplicability of state anti-takeover provisions;
- . in the case of CBS, that neither the merger agreement nor the merger would give rise to the exercise or issuance of rights under its shareholders' rights plan;
- . in the case of CBS, Gaylord Entertainment Company's agreement and proxy to vote in favor of the merger; and
- . in the case of Viacom, Viacom/CBS LLC has engaged in no business activities and no election has been made to treat Viacom/CBS LLC as a taxable entity.

None of the representations and warranties made in the merger agreement survive the closing of the merger.

## No Solicitation Provision

CBS has agreed not to, directly or indirectly, through any officer, director, agent or otherwise, initiate, solicit or knowingly encourage, or take any other action knowingly to facilitate, any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any "competing transaction," which is defined in the merger agreement as any transaction, other than the merger, that would result in a third party or its shareholders acquiring more than 35% of the voting power of the CBS common stock then outstanding or more than 35% of the assets of CBS and its subsidiaries, taken as a whole, or enter into or maintain or continue discussions or negotiate with any person in furtherance of any related inquiries or to obtain a competing transaction, or agree to or endorse any competing transaction, or authorize any of the officers, directors or employees of CBS or any agent or representative of CBS to take any such action. CBS has agreed to notify Viacom as promptly as practicable of all the relevant material details relating to all inquiries and proposals that CBS, or any officer, director, employee, agent or representative, may receive relating to any of the foregoing matters.

Notwithstanding the foregoing, prior to the adoption of the merger agreement by the shareholders of CBS, the Board of Directors of CBS is not prohibited from:

(1) furnishing information to, or entering into and engaging in discussions or negotiations with, any person that makes a bona fide unsolicited written proposal that the Board of Directors of CBS determines in good faith, after consultation with CBS' financial advisors and independent legal counsel, can be reasonably expected to result in a "superior proposal," which is defined in the merger agreement as any proposal that would result in a third party acquiring, directly or indirectly, more than 50% of the voting power of the outstanding CBS common stock or all or substantially all the assets of CBS and its subsidiaries, taken as a whole, for consideration which the Board of Directors of CBS determines in its good faith judgment to be more favorable to CBS' shareholders than the merger with Viacom, provided that CBS must notify Viacom of its intention to provide information to, or enter into negotiations with, a third party concerning a superior proposal, keep Viacom informed of the status and material terms of any superior proposal and enter into a confidentiality agreement with the third party on customary terms;

(2) complying with its disclosure and other obligations under applicable laws; or

(3) failing to make or withdrawing or modifying its recommendation to shareholders regarding adoption of the merger agreement following the making of a superior proposal if the Board of Directors of CBS, after consultation with and based upon advice of independent legal counsel, determines in good faith that the action is necessary for the Board of Directors of CBS to comply with its fiduciary duties under applicable law.

## Mutual Covenants of Viacom and CBS

Viacom and CBS have agreed as follows:

- . each company will cooperate to file the SEC documents necessary to complete the merger;
- . Viacom will solicit consents and CBS will call and hold a shareholder's meeting to vote upon the adoption of the merger agreement and, in the case of Viacom, the adoption of the proposed new Restated Certificate of Incorporation and the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger;
- . Viacom will solicit consents and CBS will solicit proxies in favor of the adoption of the merger agreement and, in the case of Viacom, the adoption of the proposed new Restated Certificate of Incorporation and the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger, unless it determines, after receiving advice from independent legal counsel, that failure to do so is required in order for its directors to comply with their fiduciary duties under applicable law;
- . each company will promptly make all governmental filings necessary to consummate the merger and otherwise use best efforts to consummate the merger, including, if necessary, committing to or effecting

- the disposition of those of its assets or businesses as are required to be divested in order to obtain the consent of the FCC or to avoid or cause to be removed any other legal impediment that would otherwise prevent or materially delay the consummation of the merger;
- . each party will use reasonable best efforts to obtain any third party consents necessary, proper or advisable to consummate the merger;
  - . each company will continue to allow the other company reasonable access to its corporate records;
  - . Viacom's proposed new Restated Certificate of Incorporation and By-laws following the merger will contain the indemnification provisions in favor of officers and directors that are contained in Viacom's current Restated Certificate of Incorporation and By-laws;
  - . subject to dollar limitations, for six years following the merger the combined company will maintain directors' and officers' liability insurance covering those persons who are currently covered by CBS' directors' and officers' liability insurance policy on terms comparable to CBS' existing coverage;
  - . each company will promptly notify the other company of any event that would likely cause any representation or warranty to be untrue or inaccurate or any covenant or condition not to be complied with or satisfied, or of any failure to comply with or satisfy any covenant or condition;
  - . neither company will take any action that would undermine the qualification of the merger as a tax-free reorganization under Section 368 of the Internal Revenue Code;
  - . Viacom will promptly prepare and submit an application to the New York Stock Exchange for the listing of the new shares of Viacom Class B common stock;
  - . the companies will consult with each other regarding any public announcements they make concerning the merger;
  - . the Viacom Board of Directors will take all necessary action to increase the number of Board members to eighteen and to cause to be appointed eight designees of CBS;
  - . CBS will take the necessary action to render its shareholders' rights agreement inapplicable to the merger agreement and the merger;
  - . Viacom will assume the debt and other liabilities and obligations of CBS;
  - . CBS will notify Viacom of all persons that may be deemed affiliates of CBS under Rule 145 of the Securities Act, and CBS will use its reasonable best efforts to obtain from each affiliate a letter in which the affiliate agrees to comply with the resale restrictions of Rules 144 and 145 under the Securities Act following the merger;
  - . Viacom will take measures to give continuing employees credit under Viacom's benefit plans for prior service with CBS;
  - . both companies may establish retention and severance agreements consistent with terms and conditions set forth in the merger agreement;
  - . CBS will exercise its rights under the Gaylord proxy to vote in favor of the merger;
  - . CBS will not take any action which would cause Viacom to be in violation of the tax matters agreement between CBS and Gaylord; and
  - . Viacom will cause Viacom/CBS LLC to perform its obligations under the merger agreement.

#### Conduct of Business Prior to the Closing

Viacom and CBS have each agreed that, subject to exceptions, between the execution of the merger agreement and the effective time of the merger, each company and its respective subsidiaries will:

- . conduct their businesses in the ordinary course of business and in a manner consistent with past practice;

- . use their reasonable best efforts to preserve substantially intact their business organizations and to keep available the services of their current officers, employees and consultants; and
- . use their reasonable best efforts to preserve their current relationships with customers, distributors, dealers, suppliers and other persons that have significant business relations with the companies.

Viacom and CBS have also agreed that subject to exceptions, prior to the effective time of the merger, without the prior written agreement of the other party, they and their subsidiaries will not:

- . amend or otherwise change their charters or by-laws in a manner that would have a material adverse effect;
- . with respect to CBS and its subsidiaries, issue, sell or otherwise dispose of equity securities, except for:
  - the issuance of common stock upon the exercise of outstanding options and the conversion of CBS Series B preferred stock,
  - the issuance of common stock in connection with pending transactions,
  - the grant of options to purchase up to 22,200,000 shares of CBS common stock and
  - the grant of options to purchase up to 12,500,000 shares of Infinity Broadcasting Corporation;
- . with respect to Viacom and its subsidiaries, issue, sell or otherwise dispose of equity securities, except for:
  - the issuance of common stock upon the exercise of outstanding options and
  - the grant of options to purchase up to 6,000,000 shares of Viacom Class B common stock;
- . sell, encumber or otherwise dispose of any assets material to the respective companies and their subsidiaries, taken as a whole, other than in the ordinary course of business consistent with past practice;
- . declare, make or pay any dividend or other distribution other than:
  - intercompany cash dividends,
  - in the case of CBS and its subsidiaries, dividends made or paid by Infinity not to exceed \$500,000,000 and
  - in the case of Viacom and its subsidiaries, dividends made or paid by Blockbuster not to exceed \$50,000,000;
- . reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of their or their subsidiaries' capital stock;
- . except in connection with acquisitions that individually do not exceed \$200,000,000 and in the aggregate do not exceed \$1,000,000,000 and except, in the case of CBS and its subsidiaries, in connection with pending transactions:
  - acquire or otherwise invest in other companies or business organizations or
  - incur any indebtedness other than in the ordinary course of business and other than in connection with refinancings;
- . enter into or amend any material contract, agreement or transaction that would not be in the ordinary course of business and that would be reasonably likely to prevent or materially delay the consummation of the merger;
- . authorize any capital expenditures which are in the aggregate in excess of the amounts currently budgeted for fiscal year 1999 and, with respect to fiscal year 2000, 10% in excess of the 1999 amount, in each case for the respective companies and their subsidiaries taken as a whole;

- . increase compensation to executive officers or employees, except in accordance with retention or severance arrangements generally agreed to between the parties or as required by law or any existing agreement and except for increases in the ordinary course of business consistent with past practice;
- . grant any severance or termination pay to, or enter into, extend or amend any employment or severance agreement with, any director or executive officer or establish, enter into or amend any plan, agreement, trust, fund, policy or arrangement for the benefit of any director, executive officer or employee, except to grant any severance or termination pay or to enter into, extend or amend any employment or severance agreements in the ordinary course of business in accordance with past practice with any current or new employee other than a director or officer of the parent company, subject to an agreed upon retention bonus cap;
- . materially change their accounting practices;
- . make any tax election that, individually or in the aggregate, would have a material adverse effect, or settle or compromise any material tax liability;
- . enter into any contract, agreement, lease, license, permit, franchise or other instrument or obligation which, if in existence and known prior to the execution of the merger agreement, would have conflicted with the entrance into and performance of the merger agreement in a manner that would give rise to a material adverse effect; and
- . CBS may not amend or modify the terms of the CBS Series B preferred stock without Viacom's written consent.

Notwithstanding any of the foregoing:

- . CBS is not restricted from taking actions in connection with the consummation of the pending acquisition of Outdoor Systems on terms previously agreed to or, unless Viacom has consented, on other terms that would not be reasonably likely to have an impact that is both material and detrimental to CBS and its subsidiaries, taken as a whole;
- . Viacom is not restricted from consummating an exchange offer of Blockbuster shares owned by Viacom for shares of Viacom common stock owned by the shareholders of Viacom in accordance with procedures agreed upon between Viacom and CBS;
- . neither Infinity nor Blockbuster is restricted from taking any action that would otherwise violate any of the restrictions on conduct of business prior to the effective time of the merger if its Board of Directors determines that the action is required to be taken in the exercise of the Board's fiduciary duties; and
- . Viacom may solicit consents from its shareholders to approve the proposals described in this joint proxy statement/prospectus in lieu of holding a special meeting and soliciting proxies.

#### Stock Options and Employee Benefit Plans

##### Stock Options and Other Stock Plans

Each outstanding unexpired and unexercised option or warrant to purchase shares of common stock of CBS will be automatically converted at the effective time of the merger into an option or warrant to purchase shares of Viacom Class B common stock, in a number determined by multiplying the number of shares of CBS common stock that could have been purchased under the CBS option or warrant by the exchange ratio of 1.085. The exercise price of these options will equal the per-share exercise price of the corresponding CBS option or warrant divided by the exchange ratio. The substitute options or warrants will be subject to the same terms and

conditions as the corresponding CBS options or warrants and the vesting of the options or warrants will accelerate on account of the merger to the extent provided in the applicable option or warrant. After the effective time of the merger:

- . all references to CBS in CBS' equity based compensation plans and agreements will be deemed to refer to Viacom; and
- . Viacom will assume all of CBS' obligations with respect to the substitute options and warrants.

Viacom will issue to each CBS option or warrant holder a document evidencing its assumption of the options and warrants. Viacom has agreed to file a Form S-8 or other appropriate registration statement covering the shares of Viacom Class B common stock underlying the assumed options and warrants no later than one business day after the effective time of the merger and to keep the registration statement current.

#### Other Employee Arrangements

Viacom will recognize service with CBS under Viacom's employee benefit plans, except where the crediting would result in duplication of benefits, and will honor all personal and sick days accrued by CBS employees who continue employment with Viacom after the effective time of the merger.

Viacom may pay up to a total of \$30 million to its employees as retention bonuses, payable on or after the effective time of the merger. Viacom has also established severance arrangements for its corporate staff, including the executive severance plans described in the section captioned "Interests of Persons in the Merger--Senior Management Arrangements--Viacom--Executive Severance Plans." CBS may also establish similar retention, severance and compensation arrangements as long as the total cost of those arrangements is not materially greater than the cost of Viacom's arrangements.

#### Conditions to Closing

The obligations of Viacom and CBS to consummate the merger are subject to the satisfaction or waiver of the following conditions:

- . Viacom shareholders approve:
  - the adoption of the merger agreement if CBS merges into Viacom;
  - the adoption of the proposed new Restated Certificate of Incorporation and the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger, if CBS merges into Viacom/CBS LLC;
- . expiration or termination of any applicable waiting period under the HSR Act;
- . no governmental authority or court having entered an order or taken other legal action making the merger illegal or otherwise prohibiting its consummation;
- . the SEC having declared the Viacom registration statement, of which this joint proxy statement/prospectus forms a part, effective and there existing no stop order or other action to suspend the effectiveness of the registration statement;
- . the making by both companies of all required filings and notices, and the receipt by both companies of all required governmental consents, approvals or other authorizations, other than those which, if not obtained, would not have a material adverse effect, at or after the effective time of the merger, on the business, results of operations or financial condition of CBS, Viacom and their subsidiaries, collectively taken as a whole;
- . authorization for listing on the New York Stock Exchange of the shares of Viacom Class B common stock to be issued to CBS shareholders and upon conversion of the CBS Series B preferred stock, subject to official notice of issuance;

- . the continued truthfulness and accuracy of the representations and warranties, except where the failure to be true or correct would not have, individually or in the aggregate, a material adverse effect, and the performance or compliance in all material respects with all material agreements, and receipt from the other party of a certificate of an officer certifying to the foregoing; and
- . each company having received an opinion from its tax counsel that the merger will qualify as a tax-free reorganization under Section 368 of the Internal Revenue Code.

#### Termination and Termination Fees

The merger agreement may be terminated and the merger abandoned at any time prior to the closing date:

- . by mutual written consent of Viacom and CBS;
- . by either company if the transaction is not completed on or prior to August 31, 2000;
- . by CBS upon written notice to Viacom of the existence of a competing proposal for the acquisition of more than 50% of the voting power of CBS or all or substantially all of the assets of CBS and its subsidiaries, taken as a whole, for consideration which CBS' Board of Directors determines in its good faith judgment to be more favorable to CBS shareholders than the merger, provided, however, that termination pursuant to this provision will not be effective until Viacom has had two days within which to match the competing proposal and until CBS pays the termination fee described below;
- . by either company if CBS does not receive the required shareholder approval;
- . by either company upon the other company's breach of a representation, warranty, covenant or agreement, or if any representation or warranty becomes untrue, in either case so that the seventh condition to closing set forth above cannot be satisfied on or before August 31, 2000; or
- . by either company if a governmental authority has taken any final and non-appealable action prohibiting the consummation of the merger.

If CBS terminates the merger agreement in accordance with the provision set forth in the third bullet point above, CBS is required to pay Viacom a termination fee of \$1 billion. CBS is also required to pay Viacom a \$1 billion termination fee if all of the following occur:

- . either company terminates the merger agreement as a result of the CBS shareholders failing to adopt the merger agreement;
- . a competing proposal for the acquisition of more than 50% of the voting power or assets of CBS has been made public at or prior to the time of the failure to adopt the merger agreement; and
- . within 12 months after termination, CBS consummates, or enters into a binding agreement with respect to, a competing proposal.

#### The Voting Agreements

Simultaneously with the execution of the merger agreement, National Amusements, which is controlled by Mr. Redstone and which holds approximately 68% of the voting power of Viacom, entered into a voting agreement with CBS in which it has agreed to vote all of its shares of Viacom Class A common stock in favor of the adoption of the merger agreement and against any proposals in opposition to the merger agreement. National Amusements has also agreed in the voting agreement not to transfer ownership of any of its shares of Viacom Class A common stock unless the transferee unconditionally agrees in writing to be bound by the voting agreement. The voting agreement terminates upon the earlier of the termination of the merger agreement or the effective time of the merger. National Amusements has also entered into a Voting Agreement with Viacom pursuant to which it has agreed to approve the amendment to the Viacom incentive plan.



## The Stockholder Agreement

Simultaneously with the execution of the merger agreement, National Amusements also entered into a stockholder agreement with CBS, pursuant to which National Amusements has agreed, for a period of three years following the merger, to support the governance arrangements agreed to between Viacom and CBS. Among other things, National Amusements has agreed to:

- . cause to be nominated and elected to the Viacom Board eight directors designated by CBS or by the CBS designees, so that there are eight CBS directors on the Viacom Board at all times;
- . take all action necessary to ensure that any vacancy in a CBS directorship is filled immediately by an independent director designated by a majority of the remaining CBS directors;
- . take all action necessary to ensure that no CBS director is removed unless the removal is for cause and is approved by at least 14 members of the Viacom Board;
- . take all action necessary to cause any vacancy in a seat currently held by a Viacom independent director to be filled by an independent director that meets the qualifications stated in the proposed new Restated Certificate of Incorporation;
- . not take any action to amend, modify or repeal, or adopt provisions or take other actions that would be inconsistent with, the provisions of Viacom's proposed new Restated Certificate of Incorporation and By-laws that relate to the governance structure of Viacom during the three year period following the merger;
- . not transfer any of its shares of Viacom Class A common stock unless the transferee unconditionally agrees in writing to be bound by the stockholder agreement; and
- . take all action necessary to ensure that it or its transferees own at all times a majority of the outstanding shares of voting stock of Viacom.

## INTERESTS OF PERSONS IN THE MERGER--SENIOR MANAGEMENT ARRANGEMENTS

In considering the respective recommendations of the Viacom Board and the CBS Board with regard to the merger, you should be aware that, as described below, several members of the respective managements and Boards of Directors of Viacom and CBS may have interests in the merger that are different from, or in addition to, your interests, and that may create potential conflicts of interest. Three executive officers of Viacom are members of the ten-person Viacom Board that approved the merger. Two executive officers of CBS are members of the 11-person CBS Board that approved the merger.

### Viacom

**Continuing Board Positions.** All ten members of the current Viacom Board are expected to continue as members of the Viacom Board following the effective time of the merger, including Messrs. Redstone, Dauman and Dooley.

**Employment Agreement with Mr. Redstone.** Viacom entered into an employment agreement with Mr. Redstone to serve as its Chairman and CEO following the effective time of the merger. Mr. Redstone will receive an annual base salary of \$1 million and an annual bonus, with an established target bonus of \$5 million and a maximum bonus of \$10 million for calendar year 2000, prorated to reflect the actual number of days that the agreement is in effect during the year 2000. The target and maximum bonus amounts increase by 10% annually through 2003. Mr. Redstone will also receive deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days the agreement is in effect during the year 2000, thereafter to be increased annually by 10% of his salary and deferred compensation for the preceding year. He will also receive a grant of options to purchase 2,000,000 shares of Viacom Class B common stock, vesting in three equal annual installments.

**Resignation Agreements.** Pursuant to agreements entered into with Viacom on September 6, 1999, Messrs. Dauman and Dooley have agreed to resign from Viacom effective at the effective time of the merger. Messrs. Dauman and Dooley will each continue to serve as Deputy Chairman and Executive Vice President of Viacom until the effective time of the merger and will each receive the following payments:

- (1) as soon as practicable after their resignations:
  - . a one-time cash payment equal to the amount that would have been payable under their current employment agreements through their original terms, or December 31, 2003,
  - . payouts of all deferred compensation accounts and the balance of their accounts under the Viacom Excess Investment Plan, and
  - . a transaction bonus in the amount of \$5,000,000; and
- (2) on the earlier of the effective time of the merger and the date on which Viacom pays 1999 bonuses to its executive officers generally, the greatest of:
  - . 110% of their respective bonuses received for 1998,
  - . amounts which, when added to their salary and deferred compensation payable for 1999, would produce the highest 1999 total cash compensation paid to any other executive officer of Viacom or any of its affiliates, and
  - . an amount the Viacom Board determines is appropriate to compensate each executive for his contribution to Viacom in 1999.

Assuming the merger is consummated on January 1, 2000 and the 1999 bonuses are paid at 110%, it is estimated that each of Messrs. Dauman and Dooley will receive aggregate payments under (1) and (2) above (excluding any payouts of deferred compensation accounts and Viacom Excess Investment Plan balances) of approximately \$41 million.

All equity-based compensation awards previously granted to Messrs. Dauman and Dooley will vest on the effective date of their resignation and each stock option will continue to be exercisable in accordance with its terms until December 31, 2003, subject to their compliance with the provisions of their resignation agreements. Each of Messrs. Dauman and Dooley's unexercised stock options have a value of approximately \$114 million, assuming such options were exercised on November 19, 1999 at their applicable exercise price. In addition, Viacom will provide each of Messrs. Dauman and Dooley with an office that is comparable in quality and size to his current office at a location of his choice in midtown Manhattan, subject to Viacom's approval, and a secretary until December 31, 2003, or until he obtains full time employment, if earlier.

Messrs. Dauman and Dooley will continue to participate in all savings, retirement, welfare and fringe benefit plans of Viacom, or will receive the cash equivalent of these benefits with an income tax gross up, through December 31, 2003, or, with respect to any welfare benefit, the date on which they become entitled to comparable benefits through a subsequent employer, if earlier. Mr. Dauman will also receive all additional service credit necessary to provide him with 20 years of service under any Viacom plans for which that credit would entitle him to additional benefits.

In the event that either executive is terminated by Viacom without "cause," or terminates his own employment for "good reason," as these terms are defined in their respective agreements, prior to the effective time of the merger, that executive will be entitled to all of the payments described above promptly following his termination, except for the \$5 million transaction bonus, which will be paid at the effective time of the merger. If the merger agreement is terminated or the transactions contemplated by the merger agreement are abandoned, the Viacom Board will determine in its good faith discretion whether to pay Mr. Dauman and Mr. Dooley all or any part of the \$5 million transaction bonus.

The agreements provide for a gross-up payment to be made to Messrs. Dauman and Dooley to eliminate the effects of any possible imposition under the Internal Revenue Code of the "golden parachute" excise tax on any payment or benefit they receive under their agreements or otherwise.

Messrs. Dauman and Dooley will be bound by restrictive covenants, including a noncompetition covenant that applies for one year following their termination of employment.

Executive Severance Plans. Viacom adopted executive severance plans covering its approximately ten Senior Vice Presidents, which includes two Vice Presidents who are treated as Senior Vice Presidents for this purpose, and approximately 66 Vice Presidents that became effective on September 6, 1999 and continue in effect for one year following the effective time of the merger. The benefits provided under the executive severance plans are conditioned on the participant's execution of a release in favor of Viacom and replace the severance benefits provided to participants under their employment agreements with Viacom and any other Viacom severance plan, program, policy or arrangement.

Upon a termination of a participant's employment by Viacom without "cause" or by the participant for "good reason," as those terms are defined in the executive severance plans, Viacom will pay each participant a one-time cash payment equal to the sum of any earned, unpaid base salary, automobile allowance, vacation pay and pro-rated bonus through the date of termination and the base salary, target bonus, prorated for partial years, and automobile allowance he would have earned if he had remained employed for two years, in the case of a Vice President, or three years, in the case of a Senior Vice President. These payments will be made assuming increases in base salary and bonus compensation consistent with the participant's existing employment agreement and, after the expiration of such agreement, at an annualized rate consistent with the last regular increase under the agreement. For participants who do not have employment agreements and for participants whose employment agreements did not specify a rate of increase, the salary increase shall be a rate of increase, consistent with the participants' last regular increase prior to September 6, 1999, but not in excess of 8% per year.

All equity-based compensation awards previously granted to a participant will vest on the date of his or her involuntary termination, and each stock option will continue to be exercisable in accordance with its terms, for two years, in the case of a Vice President, and three years, in the case of a Senior Vice President, or through the option's original expiration date, if earlier.

Additionally, for two years following termination in the case of a Vice President and three years following termination in the case of a Senior Vice President, each participant will be entitled to participate in Viacom's medical, dental and life insurance plans until he or she secures full-time employment that provides him or her with comparable coverage, and will either be provided with car insurance or be reimbursed for his or her car insurance.

On the date of termination, participants will be:

- . credited with two years of additional age and service for Vice Presidents or three years of additional age and service for Senior Vice Presidents for all purposes under all qualified and non-qualified retirement plans of Viacom, and
- . credited with two years of additional age and service for Vice Presidents or three years of additional age and service for Senior Vice Presidents under Viacom's retiree welfare benefit plans. Any increases in the annual amount credited to the accounts of active employees will apply to the participants.

In the case of Senior Vice Presidents only, for a period of one year following their termination, or, if earlier, until the participant secures full-time employment, they will be provided with an office comparable in both quality and size to the office they had prior to their termination, at a location of their choice, subject to Viacom's consent. Viacom will bear the cost of relocating the participant and will provide him or her with a secretary.

Each participant will continue to be bound by the non-solicitation, non-disparagement, confidentiality and cooperation with litigation covenants in his existing employment agreement, but the non-competition covenant in each of the existing agreements will be waived by Viacom.

The executive severance plans provide for a gross-up payment to be made to the participants to eliminate the effects of the imposition under the Internal Revenue Code of the "golden parachute" excise tax, if any, on any payment or benefit they may receive under the executive severance plans or otherwise.

CBS

Continuing Board Positions. Eight members of the CBS Board of Directors, to be designated by the CBS Board prior to the effective time of the merger, will become members of the Viacom Board as of the effective time of the merger. One of the eight will be Mr. Karmazin.

Stock Options. At November 19, 1999, approximately 9,583,398 shares of CBS common stock were subject to options granted to executive officers and directors under compensatory equity-based plans of CBS. With limited exceptions, all of these outstanding CBS stock options that have not yet become exercisable, other than stock options granted on or after July 28, 1999, will become exercisable as a result of the merger.

Restricted Stock. At November 19, 1999, approximately 8,768 shares of CBS common stock had been granted to executive officers and directors in the form of restricted stock awards under compensatory equity plans of CBS and were still subject to restrictions. All restrictions to which these restricted stock awards are subject will lapse and will be deemed earned as a result of the merger.

Employment Agreement with Mr. Karmazin. In contemplation of the merger, Viacom entered into an employment agreement with Mr. Karmazin that becomes effective only upon the consummation of the merger, except for a stock "lock-up" provision described below, which became effective upon the signing of the employment agreement, and continues through December 31, 2003. Pursuant to the agreement, Mr. Karmazin will serve as the President and COO of Viacom.

Mr. Karmazin will receive an annual base salary of \$1 million and an annual bonus, with an established target bonus of \$5 million and a maximum bonus of \$10 million for calendar year 2000, prorated to reflect the

actual number of days that the agreement is in effect during the year 2000, which target and maximum amounts will increase by 10% annually. Mr. Karmazin will also receive deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days that the agreement is in effect during the year 2000, thereafter to be increased annually during the remainder of his employment in an amount equal to 10% of his salary and deferred compensation for the preceding year. The agreement provides for a grant of options to purchase 2,000,000 shares of Viacom Class B common stock, vesting in three equal annual installments. During his employment term, Mr. Karmazin will be provided with \$5 million of life insurance. Mr. Karmazin will also be entitled to a gross-up for any "golden parachute" excise tax that may be imposed on him under the Internal Revenue Code as a result of any payment or benefit he receives under his agreement or otherwise.

The agreement provides that Mr. Karmazin will not, except in limited circumstances, sell or otherwise dispose of his shares of CBS common stock, or, following the merger, Viacom stock for the period beginning September 6, 1999, the date the agreement was signed, and ending three years after the effective time of the merger.

In the event of a termination of Mr. Karmazin's employment without "cause" or his voluntary resignation for "good reason," as such terms are defined in his employment agreement, during the employment term Mr. Karmazin will be entitled to receive salary, bonus, deferred compensation, perquisites, medical and dental coverage, life insurance coverage for the balance of the employment term, a supplemental pension benefit under Viacom's Excess Pension Plan and an office including secretarial assistance for up to six months after his employment terminates. Also upon such termination, Mr. Karmazin's stock options including options that would have vested during the employment term will remain exercisable for six months following the date of termination but not beyond their expiration dates.

CBS has the right under the merger agreement to establish retention, severance and compensation arrangements for its officers and employees which are similar to the retention and severance arrangements described above in "Interests of Persons in the Merger--Senior Management Arrangements--Viacom" provided that the aggregate cost of such CBS arrangements does not materially exceed the aggregate cost of Viacom's similar arrangements. At present, CBS has not made any final determination as to the types of arrangements which it may establish or the officers or other employees who will be eligible to participate in such arrangements.

## THE COMPANIES

### Viacom's Business

Viacom is a diversified entertainment company with operations in six segments:

- . Networks
- . Parks
- . Entertainment
- . Publishing
- . Video
- . Online.

### Networks

Viacom owns and operates advertiser-supported basic cable television program services and premium subscription television program services in the United States and internationally. Viacom's MTV Networks division includes such owned and operated program services as:

- . MTV: MUSIC TELEVISION in the United States, Europe and Latin America;
- . NICKELODEON in the United States, Latin America, Scandinavia, Japan and the Commonwealth of Independent States;
- . NICK AT NITE in the United States;
- . VH1 Music First in the United States, United Kingdom and Germany;
- . MTV's spin-off, MTV2 in the United States and Europe; and
- . TV LAND in the United States.

Viacom's MTV Networks division also participates in program services as a joint venturer, including MTV in Asia and Brazil and NICKELODEON in the United Kingdom and Australia.

Viacom's Showtime Networks Inc. subsidiary owns and operates SHOWTIME, THE MOVIE CHANNEL(TM), and FLIX(R), and is a joint venture partner in and manager of the SUNDANCE CHANNEL(R). Also, Viacom is a joint venture partner in:

- . COMEDY CENTRAL(R), an advertiser-supported basic cable program service in the United States;
- . GULF DTH LDC, a satellite direct-to-home platform offering programming in the Middle East; and
- . NOGGIN(TM), a subscription-supported, non-commercial children's educational program service, which is distributed by cable and satellite and includes a related online service.

### Entertainment

The principal businesses of Viacom's Entertainment segment are:

- . PARAMOUNT PICTURES, which produces, acquires and distributes feature-length motion pictures;
- . PARAMOUNT HOME VIDEO, which distributes motion pictures and television product produced by Paramount and third parties on videocassette and disc in the U.S. and Canada;
- . PARAMOUNT TELEVISION, VIACOM PRODUCTIONS, SPELLING TELEVISION and BIG TICKET TELEVISION, which produce, acquire and distribute series, miniseries, specials and made-for-television movies primarily for network television, first-run syndication, pay television and basic cable television;

- . THE PARAMOUNT STATIONS GROUP, which owns and operates 17 television stations and programs two additional stations pursuant to local marketing agreements;
- . FAMOUS PLAYERS, which owns and operates movie theatres in Canada; and
- . FAMOUS MUSIC, a music publisher.

Additionally, Viacom has joint venture interests in television broadcasting, international motion picture and video distribution and television programming services, including:

- . UNITED PARAMOUNT NETWORK, in which Viacom is a 50% joint venture partner. Pursuant to current FCC regulations, Viacom may not be permitted to maintain its 50% ownership interest together with ownership of the CBS network;
- . UNITED INTERNATIONAL PICTURES (UIP); Viacom owns a one-third interest in this venture which distributes Paramount's, Universal's and MGM's motion pictures outside the U.S. and Canada. MGM announced this year that it intends to withdraw from UIP effective October 31, 2000;
- . UNITED CINEMAS INTERNATIONAL (UCI); Viacom owns a 50% interest in this venture which owns and operates movie theatres in Europe, Latin America and Asia;
- . CINEMA INTERNATIONAL B.V. (CIBV), in which Viacom currently is a 50% joint venture partner but has agreed to become the sole owner, which distributes Paramount's motion pictures on videocassette and disc outside the U.S. and Canada and acquires and distributes motion pictures and television product produced by third parties; and
- . Various international television programming services, including the Movie Channel Middle East and the Paramount Comedy Channel in the UK.

#### Video

The Company operates the home video and video game rental and retailing business through BLOCKBUSTER INC. As of December 31, 1998, the Company operated or franchised approximately 6,380 stores in the U.S., its territories and 25 other countries. BLOCKBUSTER offers titles primarily for rental and also offers titles for purchase on a "sell-through" and previously viewed basis. During 1998, BLOCKBUSTER implemented revenue-sharing arrangements directly with major motion picture studios, including PARAMOUNT PICTURES, thereby increasing the availability of newly released videos in its domestic stores. In all of its domestic stores and many of its stores outside of the U.S., BLOCKBUSTER rents video games and sells previously played video games. In addition, in several hundred domestic stores and various international markets, BLOCKBUSTER rents and sells digital versatile discs and rents DVD players. Approximately 18% of Blockbuster's common stock was recently sold to the public.

#### Parks

Through PARAMOUNT PARKS, Viacom owns and operates five regional theme parks and a themed attraction in the United States and Canada. Each of the theme parks features attractions based on Viacom's intellectual properties.

#### Publishing

Through SIMON & SCHUSTER, Viacom publishes and distributes consumer hardcover books, trade paperbacks, mass-market paperbacks, children's books, audiobooks, electronic books and CD-ROM products in the United States and internationally. SIMON & SCHUSTER's flagship imprints include SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER, and THE FREE PRESS. SIMON & SCHUSTER also develops special imprints and publishes titles based on MTV, NICKELODEON and PARAMOUNT PICTURES

products. SIMON & SCHUSTER distributes its products directly and through third parties. SIMON & SCHUSTER also delivers content and sells products on Internet Web sites operated by various imprints or linked to individual titles.

#### Online

Viacom operates Internet sites which are targeted to the current audiences of its various MTV, VH1 and NICKELODEON program services, including NOGGIN, as well as to new audiences such as those who do not receive cable or direct-to-home satellite services. In addition to providing entertainment and information on such Internet sites, Viacom also sells its own licensed and third party merchandise.

#### CBS' Business

CBS is one of the largest radio and television broadcasters in the United States. CBS operates its businesses through its Television, Cable and Infinity segments. The Television segment consists of CBS' 16 owned and operated television stations, which are located in seven of the nation's ten largest markets, and the CBS television network. The CBS television network operations are subdivided into five areas: entertainment; news; sports; enterprises, which produces, distributes and markets first-run and off-network programming; and new media consisting of CBS' Internet businesses. CBS' Cable segment consists of CBS' cable networks, including The Nashville Network, Country Music Television and two regional sports networks and a global provider of satellite services to broadcast, cable and corporate networks.

On October 12, 1999, CBS acquired from Gaylord Entertainment Company the broadcast station KTVT-TV Dallas-Fort Worth, Texas. The CBS Series B preferred stock was issued to Gaylord Entertainment Company in connection with this acquisition. Although we believe that, under Pennsylvania law, the holders of CBS Series B preferred stock are not entitled to a separate class or series vote on the adoption of the merger agreement, Gaylord has agreed, in the event the holders of CBS Series B preferred stock are entitled to vote separately as a class or series, to vote the CBS Series B preferred stock in favor of the adoption of the merger agreement, and has given its proxy for this vote to CBS. Any subsequent purchaser of the CBS Series B preferred stock is required to agree, in the event the holders of CBS Series B preferred stock are entitled to vote separately as a class or series, to vote in favor of the adoption of the merger agreement, and to be bound by the proxy given by Gaylord to CBS. Therefore, in the event the holders of CBS Series B preferred stock are entitled to vote separately as a class or series, approval of the adoption of the merger agreement by the holders of the CBS Series B preferred stock is assured.

The Infinity segment corresponds to CBS' majority owned subsidiary, Infinity Broadcasting Corporation, which conducts CBS' radio and outdoor advertising businesses.

Infinity Broadcasting Corporation owns and operates approximately 160 AM and FM radio stations located in 35 markets. TDI Worldwide, Inc., a wholly owned subsidiary of Infinity, is one of the largest outdoor advertising companies in the United States and sells space on various media, including buses, trains, train platforms and terminals throughout commuter rail systems and on painted billboards and phone kiosks.

CBS' Internet businesses, which consist primarily of its operation of the Internet sites CBS.com and Country.com, also include CBS' minority investments in three public companies, SportsLine.com Inc. (NASDAQ: SPLN), which publishes several sports Internet sites, including CBS.SportsLine.com, MarketWatch.com, Inc. (NASDAQ: MKTW), which publishes the Internet site CBS.MarketWatch.com. and Medscape Inc. (NASDAQ: MSCP), which publishes a consumer health Internet site. CBS' other Internet investments include Storerunner, Inc., Office.com, Inc., Switchboard, Inc., ThirdAge Media, Inc., Webvan, Inc., Jobs.com, Inc., Women's Consumer Network LLC, RX.com, Inc. and Wrenchhead.com, Inc., as well as its majority interest in the Internet portal operated by iWon, Inc. CBS has also entered into an agreement to acquire an equity interest in Big E Entertainment (NASDAQ: BIGE), which operates Hollywood.com.



In addition to the acquisitions listed above, on November 15, 1999, CBS acquired King World Productions, Inc. King World is the distributor of a number of shows, including "The Oprah Winfrey Show," "Wheel of Fortune," "Jeopardy!" and "Hollywood Squares." On May 27, 1999, Infinity entered into a definitive agreement to acquire Outdoor Systems, Inc. Outdoor Systems is a leading outdoor advertising company in North America, operating bulletin, poster, mall and transit advertising display faces in the United States, Canada and Mexico. The consummation of the merger with Outdoor Systems is subject to conditions, including review by antitrust authorities. CBS believes that completion of the Outdoor Systems transaction will occur during November 1999.

## Antitrust

Viacom and CBS each have filed a Premerger Notification and Report Form for review under the HSR Act with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice. The HSR Act provides for an initial 30 calendar day waiting period following the filing by the parties of the Premerger Notification and Report Forms before the merger may be consummated. Viacom made its filing on September 20, 1999 and CBS made its filing on September 23, 1999. However, the Antitrust Division of the Department of Justice and the Federal Trade Commission continue to have the authority to challenge the merger on antitrust grounds before and after the merger is completed. The HSR Act further provides that if, within the initial 30 calendar day waiting period, the Federal Trade Commission or the Department of Justice issues a request for additional information or documents, the waiting period will be extended until 11:59 p.m. on the twentieth day after the date of substantial compliance by both filing parties with the request. On October 22, 1999, the Antitrust Division issued a request for additional information to the parties.

Viacom and CBS conduct operations in a number of foreign countries where regulatory filings or approvals with applicable authorities will be required in connection with the consummation of the merger.

At a minimum, premerger notification filings with national antitrust authorities will be required in the following foreign jurisdictions: Brazil, Canada, Germany, Ireland, Japan, The Netherlands and South Africa. A post-closing submission will be required with the antitrust authorities in Austria. The Brazilian antitrust filing was made on September 28, 1999. The Irish antitrust filing was made on October 6, 1999. The required premerger filings with the antitrust authorities in the remaining jurisdictions are expected to be made promptly.

Consummation of the merger is conditioned upon, among other things, the absence of any preliminary or permanent injunction or other order issued by any federal or state court of competent jurisdiction which prohibits or restricts the consummation of the merger. Viacom and CBS believe that all material filings and approvals have been made or obtained, or will be made or obtained, as the case may be.

## Federal Regulation of Television and Radio Broadcasting

General. Television and radio broadcasting are subject to the jurisdiction of the Federal Communications Commission under the Communications Act of 1934, most recently amended by the Telecommunications Act of 1996. The Communications Act prohibits the operation of broadcasting stations except under a license issued by the FCC and empowers the FCC, among other actions, to:

- . issue, renew, revoke and modify broadcasting licenses;
- . assign frequency bands;
- . determine stations' frequencies, locations and operating power;
- . regulate some of the equipment used by stations;
- . adopt other regulations to carry out the provisions of the Communications Act;
- . impose penalties for violation of such regulations; and
- . impose annual fees as well as fees for processing applications and other administrative functions.

Under the Communications Act, the FCC also regulates certain aspects of the operation of cable television systems and other electronic media that compete with broadcast stations.

The Communications Act prohibits the assignment of a broadcast license or the transfer of control of a licensee without prior approval of the FCC. The merger is subject to such FCC approval of the transfer of control of CBS and its various licensee subsidiaries to Viacom. Because the application for transfer of control of CBS will involve a substantial change in ownership or control, the application must be placed on public notice for a period of no less than 30 days during which time petitions to deny the application may be filed by

the public. If the FCC grants the application, interested parties would have 30 days from the date of public notice of the grant to seek reconsideration or review of that grant by the full commission, or as the case may be, a court of competent jurisdiction. The full commission has an additional 10 days to set aside on its own motion any action taken by the FCC's staff, if action on the application were taken in the first instance by the staff of the FCC; if action is taken in the first instance by the full commission, the full commission may set aside its own action within 30 days of public notice of such action. When passing on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application.

License Renewals. Under the Communications Act, the FCC is authorized to renew broadcast licenses for terms of up to eight years. The Communications Act requires renewal of a broadcast license if the FCC finds that:

- . the station has served the public interest, convenience and necessity;
- . there have been no serious violations of either the Communications Act or the FCC's rules and regulations by the licensee; and
- . there have been no other serious violations that taken together constitute a pattern of abuse.

In making its determination, the FCC may consider petitions to deny but cannot consider whether the public interest would be better served by a person other than the renewal applicant. Under the Telecommunications Act, competing applications for the same frequency may be accepted only after the FCC has denied an incumbent's application for renewal of license. Applications for renewal of licenses for one television station owned by CBS and 10 radio stations owned by Infinity are currently pending before the FCC. Petitions to deny were filed against the renewal applications of seven of the radio stations; however, CBS continues to believe that it will receive renewal of these licenses.

Ownership Regulation. The Communications Act and FCC rules and regulations also regulate broadcast ownership. The FCC has promulgated rules that, among other matters, limit the ability of individuals and entities to own or have an official position or ownership interest, known as an attributable interest, above a specific level in broadcast stations as well as other specified mass media entities. As detailed below, in August 1999, the FCC substantially revised a number of its multiple ownership and attribution rules. Although these rules became effective November 16, 1999, they may still be stayed, modified or reconsidered in subsequent proceedings. In three separate orders, the FCC revised its rules regarding restrictions on television ownership, radio-television cross-ownership, and attribution of broadcast ownership interests. The three orders, which resolve a number of rulemaking proceedings launched at the beginning of the decade, take into consideration mandates included in the Telecommunications Act, which liberalized the radio ownership rules and directed the FCC to consider similar deregulation for television. The FCC's various broadcast ownership rules, inclusive of the recent revisions, are summarized below:

Local Radio Ownership. With respect to radio licenses, the maximum allowable number of stations that can be commonly owned in a market varies depending on the number of radio stations within that market, as determined using a method prescribed by the FCC. In markets with more than 45 stations, one company may own, operate or control up to eight radio stations, with no more than five in either AM or FM.

Local Television Ownership. The FCC's new TV duopoly rule permits parties to own two TV stations without regard to signal contour overlap provided they are located in separate markets referred to as designated market areas. In addition, the new rules permit parties in larger designated market areas to own up to two television stations in the same designated market area so long as at least eight independently owned and operating full-power television stations remain in the market at the time of acquisition and at least one of the two stations is not among the top four-ranked stations in the market based on audience share. In addition, without regard to numbers of remaining or independently owned TV stations, the FCC will permit television duopolies within the same designated market area so long as certain signal contours of the stations involved do not overlap. Satellite stations that simply rebroadcast the programming of a "parent" station will continue to be

exempt from the duopoly rule if located in the same designated market area as the "parent" station. The duopoly rule also applies to same-market local marketing agreements involving more than 15% of the brokered station's program time, although current local marketing agreements will be exempt from the TV duopoly rule for a limited period of time of either two or five years, depending on the date of the adoption of the local marketing agreement. Further, the FCC may grant a waiver of the TV duopoly rule if one of the two television stations is a "failed" or "failing" station, or the proposed transaction would result in the construction of a new television station.

Following consummation of the merger, and exclusive of other acquisitions, the combined company could potentially have duopolies in the following six television markets: Philadelphia, Boston, Dallas, Miami, Detroit, and Pittsburgh. While the combined company will seek to maintain ownership of the television stations in these markets under the new television duopoly rules, there can be no assurance that the combined company will be able to retain two television stations in each of the duopoly markets. It is possible that on November 16, 1999, more than one application was filed relating to stations in these markets, all of which may not be able to be granted because of the requirement that eight independent voices must remain in the market. In such situations, random selection will be employed to determine the order in which the simultaneously filed applications will be processed.

National Television Ownership Cap. On the national level, the FCC imposes a 35 percent national audience reach cap for television ownership, under which one party may not have an attributable interest in television stations which reach more than 35 percent of all U.S. television households. The Commission discounts the audience reach of a UHF station for this purpose by 50 percent. The FCC will consider whether to change the national ownership cap and the "UHF discount" as part of the biennial review of its broadcast ownership rules initiated in 1998. Additionally, under the new FCC rules, for entities that have attributable interests in two stations in the same market, the FCC counts the audience reach of that market only once for national cap purposes.

The television stations currently held by Viacom and CBS would have an aggregate national audience reach for purposes of the national ownership cap of approximately 41%. As these stations would exceed the FCC's 35% national ownership cap under the merger, it will be necessary, absent legislative or regulatory relief, to divest specific television stations in order to comply with the national ownership cap. In their application for FCC consent to the transfer of control of the CBS broadcast licenses, the companies requested, if necessary, a 24 month period following consummation of the merger to comply with the national television ownership cap.

Dual Network Rule. In the Telecommunications Act, Congress directed the FCC to liberalize its rule, which then generally prohibited television stations from affiliating with an entity that maintained more than one national network. The FCC's implementing regulation states that a television broadcast station may not affiliate with an entity that maintains one of the existing four major networks (ABC, CBS, NBC, and Fox) and one of other specific qualifying networks in existence as of February 8, 1996. The legislative history of the dual network rule suggests that the rule was intended to prohibit one of the four major networks from acquiring either of The WB or United Paramount Network. The FCC is reviewing this rule as part of the biennial review.

Although the acquisition of an ownership interest in CBS will be reviewed by the FCC under the dual network rule, the FCC regulations do not identify the amount and nature of the ownership interest required to trigger the dual network prohibition. Accordingly, it is possible that, absent either legislative or regulatory relief, the combined company might be required to divest some or all of Viacom's 50% interest in United Paramount Network. As with the national television ownership cap, the companies have requested, if necessary, a 24 month period following consummation of the merger to comply with the dual network rule.

Radio-Television Cross Ownership. The so-called "one-to-a-market" rule has until recently prohibited common ownership or control of a radio station, whether AM, FM or both, and a television station in the same market, subject to waivers in some circumstances. The FCC's new radio-television cross-ownership rule embodies a graduated test based on the number of independently owned media voices in the local market. In

large markets, i.e., markets with at least 20 independently owned media voices, a single entity can own up to one television station and seven radio stations or, if permissible under the new TV duopoly rule, two television stations and six radio stations.

Waivers of the new radio-television cross-ownership rule will be granted only under the failed station test. Unlike under the TV duopoly rule, the FCC will not waive the radio-television cross-ownership rules in situations of failing or unbuilt stations.

In accordance with the schedule imposed by the FCC for comments under the proposed FCC rules, by November 16, 1999, licensees with existing conditional waivers of the former one-to-a-market rule had to demonstrate to the FCC their compliance or non-compliance with the new rule. CBS, which has numerous conditional waivers, filed such a showing on November 15, 1999. The FCC's Mass Media Bureau will replace these waivers with permanent approvals as appropriate. Existing conditional waivers which do not comply with the new rule will be extended until the conclusion of the FCC's biennial review in 2004; the same grandfathering relief will be afforded to pending applications for conditional waivers filed on or before July 29, 1999, which are ultimately granted by the Commission. Any application proposing a radio-television combination filed after that date must comply with the new rules.

CBS currently holds conditional temporary waivers granted under the prior FCC one-to-a-market rule allowing CBS to operate station combinations of one TV station and up to eight radio stations in numerous markets. These combinations are grandfathered under the new rules. However, the grandfathered status of radio/TV combinations will terminate upon an arrangement or transfer of control. The combined company exceeds radio-television cross-ownership caps and may need to divest up to an aggregate of 12 radio stations in the Los Angeles, Chicago, Dallas, Washington/Baltimore and Sacramento markets. Viacom and CBS have requested a period of six months following consummation of the merger to file applications with the FCC to dispose of all radio stations necessary to come into compliance in each of these markets.

**Attribution of Ownership.** Under the FCC's recently revised attribution rules, a direct or indirect purchaser of various types of securities of the combined company could violate FCC regulations or policies if that purchaser owned or acquired an "attributable" interest in other media properties in the same area as stations owned by the combined company in a manner prohibited by the FCC. Under the FCC's revised rules, an "attributable" interest for purposes of the Commission's broadcast ownership rules generally includes:

- . equity and debt interests, which combined exceed 33% of a licensee's total assets, if the interest holder supplies more than 15% of total weekly programming, or is a same-market media entity, whether TV, radio, cable or newspaper;
- . 5% or greater voting stock interest. Note that equity interests up to 49% are nonattributable if the licensee is controlled by a single majority shareholder and the interest holder is not otherwise attributable under the "equity/debt plus" standard;
- . 20% or greater voting stock interest, if the holder is a qualified passive investor;
- . any equity interest in a limited liability company or limited partnership, unless properly "insulated" from management activities; and
- . all officers and directors of a licensee and its direct or indirect parent.

Under the new rules, all non-conforming interests acquired before November 7, 1996 are permanently grandfathered and thus do not constitute attributable ownership interests. Any nonconforming interests acquired after that date need to be brought into compliance by August 5, 2000.

**Alien Ownership.** The Communications Act limits the ability of foreign entities or individuals to own or hold interests in broadcast licenses. As applicable to the combined company, non-U.S. citizens, collectively, may directly or indirectly own or vote up to twenty percent of the capital stock of a corporate licensee. In addition, a broadcast license may not be granted to or held by any corporation that is controlled, directly or indirectly, by any other corporation more than one-fourth of whose capital stock is owned or voted by non-U.S. citizens or their representatives, by foreign governments or their representatives, or by non-U.S. corporations, if

the FCC finds that the public interest will be served by the refusal or revocation of such license. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before a broadcast license may be granted to or held by any such corporation, and the FCC has made such affirmative findings only in limited circumstances.

#### Other Regulations, Legislation and Recent Developments Affecting Broadcast Stations

**Digital Television Service.** The FCC has taken a number of steps to implement digital television broadcasting service in the United States. The FCC has adopted a digital television table of allotments that provides all authorized television stations with a second channel on which to broadcast a digital television signal. The FCC has attempted to provide digital television coverage areas that are comparable to stations' existing service areas. The FCC has ruled that television broadcast licensees may use their digital channels for a wide variety of services such as high-definition television, multiple channels of standard definition television programming, audio, data, and other types of communications, subject to the requirement that each broadcaster provide at least one free video channel equal in quality to the current technical standard.

Digital television channels will generally be located in the range of channels from channel 2 through channel 51. The FCC has required affiliates of ABC, CBS, Fox and NBC in the top 10 television markets to begin digital broadcasting by May 1, 1999. Many stations, including several of the combined company's stations, have already begun digital broadcasting. Affiliates of the four major networks in the top 30 markets were required to begin digital broadcasting by November 1, 1999, and all other commercial broadcasters must do so by May 1, 2002.

The FCC's plan calls for the digital television transition period to end in the year 2006, at which time the FCC expects that television broadcasters will cease non-digital broadcasting and return one of their two channels to the government, allowing that spectrum to be recovered for other uses. Under the Balanced Budget Act, however, the FCC is authorized to extend the December 31, 2006 deadline for reclamation of a television station's non-digital channel if, in any given market one or more television stations affiliated with ABC, CBS, NBC or Fox is not broadcasting digitally, and the FCC determines that such stations have "exercised due diligence" in attempting to convert to digital broadcasting; or less than 85% of the television households in the station's market subscribe to a multichannel video service that carries at least one digital channel from each of the local stations in that market, and less than 85% of the television households in the market can receive digital signals off the air using either a set-top converter box for an analog television set or a new digital television set.

The FCC is currently considering whether cable television system operators should be required to carry stations' digital television signals in addition to the currently required carriage of stations' analog signals. In July 1998, the FCC issued a Notice of Proposed Rulemaking posing several different options for the carriage of digital signals and solicited comments from all interested parties. The FCC has yet to issue a decision on this matter.

The implementation of digital television will also impose substantial additional costs on television stations because of the need to replace equipment and because some stations will need to operate at higher utility costs and there can be no assurance that our television stations will be able to increase revenue to offset such costs. The FCC is also considering imposing new public interest requirements on television licensees in exchange for their receipt of digital television channels. In addition, the Communications Act allows the FCC to charge a spectrum fee to broadcasters who use the digital spectrum to offer subscription-based services. The FCC has adopted rules that require broadcasters to pay a fee of 5% of gross revenues received from ancillary or supplementary uses of the digital spectrum for which they charge subscription fees, excluding revenues from the sale of commercial time. Neither Viacom nor CBS can predict what future actions the FCC might take with respect to digital television, nor can either company predict the effect of the FCC's present digital television implementation plan or such future actions on the combined company's business. The combined company will incur considerable expense in the conversion to digital television and is unable to predict the extent or timing of consumer demand for any such digital television services.

Digital Audio Radio Service and Low-Power FM. The Commission has authorized or is considering various digital audio radio services. In January 1995, the Commission adopted rules to allocate spectrum for satellite digital audio radio services. The Commission has issued two authorizations to launch and operate satellite digital audio radio services. The FCC also has undertaken an inquiry into the terrestrial broadcast of digital audio radio services signals. On November 1, 1999, the FCC issued a Notice of Proposed Rulemaking on the subject which solicits comments or proposals to implement terrestrial digital audio radio services, including a conversion to in-band on-channel transmissions by existing radio broadcasters. Neither Viacom nor CBS can predict the impact of either satellite or terrestrial digital audio radio services on its business. CBS has a significant ownership interest in USA Digital Radio, Inc., which is developing an in-band on-channel terrestrial digital audio radio services technology.

In addition, the FCC recently proposed the creation of a new low-power FM radio service that would operate in the existing FM band. The Commission is in the process of collecting comments on this proposal and at this time neither Viacom nor CBS can predict either the outcome of this proceeding or the impact, if any, that a new low-power FM radio service might have on the combined company's broadcast operations.

#### Internet

Federal, state and international laws and regulations either in effect or under consideration that govern interactive or online communications prohibit the transmission of obscene, indecent, or otherwise unlawful communications and impose restrictions on the collection, use, and disclosure of personally identifiable information about both children and adults. Such prohibitions and restrictions could affect the business and operations of the combined company. In addition, some of the businesses operated by CBS and Viacom permit online users to post and access content and to communicate through a web site or comparable vehicle. In some instances, the material posted or communicated by third parties may infringe the copyrights or trademarks of others, be subject to libel, fraud, or other claims, or otherwise be actionable. Although Federal legislation limits the liability of web site operators for copyright infringement and other types of civil claims by users of their systems, the precise contours of these limitations are not yet clear. Similarly, the combined company may face claims of liability by third parties who believe users of the combined company's web sites infringe their interests and there can be no assurance any such liabilities will not have an adverse effect on the combined company's businesses or operations.

Some businesses operated by both CBS and Viacom permit users to perform musical works and sound recordings over the Internet. The owners of the copyrights in the performed musical works and the sound recordings may be entitled to receive license fees for some or all of these performances. Further, license fees may need to be paid for the copies of the works that are stored on the combined company's servers to facilitate such performances. Some of these fees have not yet been set, and there can be no assurance that such fees will not have an adverse effect on the combined company's businesses or operations.

Proposals for additional or revised statutory or regulatory requirements are considered by Congress, the FTC, the FCC, other Federal agencies, and state and local governments from time to time, and a number of such proposals are under consideration at this time. Moreover, both the FTC and state attorneys general are actively monitoring online offerings in connection with consumer protection concerns. It is possible that some of the provisions and requirements described herein are now, and in the future may be, the subject of Federal or state legislation, agency proceedings or court litigation. It is not possible to predict what legal, legislative, regulatory or judicial changes, if any, may occur or their impact on the combined company's businesses or operations.

## DESCRIPTION OF VIACOM CAPITAL STOCK FOLLOWING THE MERGER

The following summary of the terms of the capital stock of Viacom following the merger may not contain all information that is important to you and we refer you to the full text of Viacom's proposed new Restated Certificate of Incorporation, attached to this joint proxy statement/prospectus as Annex B, Viacom's amended By-laws, attached to this joint proxy statement/prospectus as Annex C, the Delaware General Corporation Law and the merger agreement, attached to this joint proxy statement/prospectus as Annex A. This summary is qualified in its entirety by reference to these documents.

The authorized capital stock of Viacom consists of 500 million shares of Viacom Class A common stock, three billion shares of Viacom Class B common stock and 200 million shares of preferred stock, par value \$0.01 per share, issuable in series.

### Viacom Class A Common Stock

As of November 12, 1999, the most recent practicable date prior to the printing of this joint proxy statement/prospectus, there were 139,690,499 shares of Viacom Class A common stock issued and outstanding. Shares of Viacom Class A common stock are not redeemable. Holders of shares of Viacom Class A common stock are entitled to one vote per share.

### Viacom Class B Common Stock

Viacom Class B common stock has rights, privileges, limitations, restrictions and qualifications identical to Viacom Class A common stock except that shares of Viacom Class B common stock have no voting rights other than those required by the Delaware General Corporation Law. As of November 12, 1999, the most recent practicable date prior to the printing of this joint proxy statement/prospectus, there were 605,873,079 shares of Viacom Class B common stock issued and outstanding. Shares of Viacom Class B common stock are not redeemable.

### Voting and Other Rights of Viacom Common Stock

Voting Rights. Under Viacom's proposed new Restated Certificate of Incorporation, except as noted below or otherwise required by the Delaware General Corporation Law, holders of the outstanding shares of Viacom Class A common stock vote together with the holders of the outstanding shares of all other classes of capital stock of Viacom entitled to vote, without regard to class. At the present time, however, there are no outstanding shares of any other class of capital stock of Viacom entitled to vote. Under Viacom's proposed new Restated Certificate of Incorporation:

- . each holder of an outstanding share of Viacom Class A common stock is entitled to cast one vote for each share registered in the name of the holder and
- . the affirmative vote of the holders of a majority of the outstanding shares of Viacom Class A common stock is necessary to approve any consolidation or merger of Viacom with or into another corporation pursuant to which shares of Viacom Class A common stock would be converted into or exchanged for any securities or other consideration.

A holder of an outstanding share of Viacom Class B common stock is not entitled to vote on any question presented to the shareholders of Viacom, including but not limited to whether to increase or decrease, but not below the number of shares then outstanding, the number of authorized shares of Viacom Class B common stock. However, under the Delaware General Corporation Law, a holder of an outstanding share of Viacom Class B common stock is entitled to vote on any proposed amendment to Viacom's Restated Certificate of Incorporation, if the amendment will increase or decrease the par value of the shares of Viacom Class B common stock, or alter or change the powers, preferences or special rights of the shares of Viacom Class B



common stock so as to affect them adversely. Subject to the foregoing, any future change in the number of authorized shares of Viacom Class B common stock or any consolidation or merger of Viacom with or into another corporation pursuant to which shares of Viacom Class B common stock would be converted into or exchanged for any securities or other consideration could be consummated with the approval of the holders of a majority of the outstanding shares of Viacom Class A common stock and without any action by the holders of shares of Viacom Class B common stock.

**Dividends.** Subject to the rights and preferences of any outstanding preferred stock, dividends on Viacom Class A common stock and Viacom Class B common stock are payable equally on shares of Class A common stock and Class B common stock out of the funds of Viacom legally available therefor when, as and if declared by the Viacom Board.

**Rights in Liquidation.** In the event Viacom is liquidated, dissolved or wound up, whether voluntarily or involuntarily, the net assets of Viacom would be divided ratably among the holders of the then outstanding shares of Viacom Class A common stock and Viacom Class B common stock after payment or provision for payment of the full preferential amounts to which the holders of any series of preferred stock of Viacom then issued and outstanding would be entitled.

**Split, Subdivision or Combination.** If Viacom splits, subdivides or combines the outstanding shares of Viacom Class A common stock or Viacom Class B common stock, the outstanding shares of the other class of Viacom common stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Viacom common stock have been split, subdivided or combined.

**Preemptive Rights.** Shares of Viacom Class A common stock and Viacom Class B common stock do not entitle a holder to any preemptive rights enabling a holder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of Viacom. The Viacom Board possesses the power to issue shares of authorized but unissued Viacom Class A common stock and Viacom Class B common stock without further shareholder action, subject to the requirements of applicable law and stock exchanges, unless National Amusements would no longer hold a majority of the outstanding shares of voting stock of Viacom as a result of the issuance. The number of authorized shares of Viacom Class A common stock and Viacom Class B common stock could be increased with the approval of the holders of a majority of the outstanding shares of Viacom Class A common stock and without any action by the holders of shares of Viacom Class B common stock.

**Trading Market.** The outstanding shares of Viacom Class A common stock and Viacom Class B common stock are listed for trading on the NYSE. The Registrar and Transfer Agent for Viacom common stock is The Bank of New York.

**Alien Ownership.** Viacom's proposed new Restated Certificate of Incorporation provides that Viacom may prohibit the ownership or voting of a percentage of its equity securities in order to ensure compliance with the requirements of the Communications Act.

#### Viacom Series C Preferred Stock

**Designation.** Series C Preferred Stock, par value \$.01.

**Dividends.** If declared by the Viacom Board of Directors, cash dividends are payable in an amount per share equal to 1,000 times the aggregate per share amount of each cash dividend declared or paid on the Viacom Class B common stock. In addition, in the event any dividend or distribution on the shares of Viacom Class B common stock is paid in cash or any debt security or instrument or other property, other than (1) cash dividends subject to the immediately preceding sentence, (2) a distribution of shares of Viacom Class B common stock or other Viacom capital stock or (3) a distribution of rights or warrants to acquire Viacom Class B common stock or other Viacom capital stock, at a price less than the fair market value, then like kind

dividends are paid on each share of Viacom Series C preferred stock, in an amount equal to 1,000 times the distribution paid on each share of Viacom Class B common stock. The dividend multiple is subject to adjustment in the event of a stock dividend or distribution paid on, or a subdivision, split, combination, consolidation or reverse split of, the Viacom Class B common stock, whether by way of reclassification, reorganization or otherwise.

**Voting Rights.** Each share of Viacom Series C preferred stock entitles the holder to 100 votes on all matters submitted to a vote of the holders of the Viacom common stock. The vote multiple is subject to adjustment in the event of a stock dividend or distribution paid on, or a subdivision, split, combination, consolidation or reverse split of the Viacom Class A common stock, whether by way of reclassification, reorganization or otherwise.

**Conversion.** Each share of Viacom Series C preferred stock is convertible, at the option of the holder, at any time, into 1,000 shares of Viacom Class B common stock. Payment of fair market value will be made in lieu of issuing fractional shares. The conversion rate is subject to adjustment in the event of a stock dividend or distribution paid on, or a subdivision, split, combination, consolidation or reverse split of the Viacom Class B common stock, whether by way of reclassification, reorganization or otherwise.

**Liquidation, Dissolution or Winding Up.** Upon any voluntary or involuntary liquidation, dissolution or winding up of Viacom, no distribution will be made to the holders of Viacom common stock unless the holders of Viacom Series C preferred stock have received:

- . \$.01 plus an amount equal to accrued and unpaid dividends and distributions on the Viacom Series C preferred stock or
- . if greater, an amount equal to 1,000 times the aggregate amount to be distributed per share to holders of Viacom Class B common stock.

In addition, no distributions will be made to the holders of stock ranking on a parity with the Viacom Series C preferred stock, unless simultaneous distributions are made to the holders of Viacom Series C preferred stock in proportion to the total amounts to which the holders of shares of Viacom Series C preferred stock are entitled as described above. The liquidation multiple is subject to adjustment in the event of a stock dividend or distribution paid on, or a subdivision, split, combination, consolidation or reverse split of the Viacom Class B common stock, whether by way of reclassification, reorganization or otherwise.

**Consolidation, Merger, Etc.** If Viacom enters into any consolidation, merger, division, share exchange, combination, sale of all or substantially all of its assets, or other transaction in which the shares of Viacom Class B common stock are exchanged for or changed into other securities, cash and/or any other property, then each share of Series C preferred stock will be similarly exchanged for or changed into the aggregate amount of securities, cash and/or other property (payable in like kind) for which or into which each share of Viacom Class B common stock is changed or exchanged multiplied by the highest of the dividend multiple, the conversion rate or the liquidation multiple in effect immediately prior to the event.

**No Redemption.** The shares of Viacom Series C Preferred Stock are not redeemable by Viacom or the holder.

**Amendment.** A vote of two-thirds of all outstanding shares of Viacom Series C preferred stock is required to amend the proposed new Restated Certificate of Incorporation in any manner which would alter or change the rights, preferences or limitations of the Viacom Series C preferred stock in any material respect prejudicial to its holders. Creation of series of preferred stock ranking on parity or senior to the Viacom Series C preferred stock, in terms of dividends, distributions or voting, is not deemed prejudicial.

#### Other Viacom Preferred Stock

Unless National Amusements would no longer hold a majority of the outstanding shares of voting stock of Viacom as a result of the issuance, the Viacom Board, without further action by the shareholders, is authorized to issue preferred stock from time to time in one or more series, with such distinctive serial designations as

may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in the resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix:

- . the right to vote, if any;
- . the consideration for which the shares of the series are to be issued;
- . the number of shares constituting the series, which number may be increased, except as otherwise fixed by the Board of Directors, or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors;
- . the rate of dividends and the times at which dividends will be payable on the series and the preference, if any, which the dividends will have relative to dividends payable on shares of any other preferred stock of Viacom;
- . whether dividends will be cumulative or noncumulative, and, if cumulative, the date or dates from which dividends will be cumulative;
- . the rights, if any, of holders in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of Viacom; the rights, if any, of holders to convert the shares into or exchange the shares for shares of any other preferred stock of Viacom or for any debt securities of Viacom, and the terms and conditions, including price and rate of exchange, of the conversion or exchange:
- . whether shares of the series will be subject to redemption, and the redemption price or prices and other terms or redemption, if any, including redemption prices payable in shares of Viacom Class A common stock or Viacom Class B common stock;
- . the terms and amounts of any sinking fund for the purchase or redemption of shares of the series; and
- . any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions pertaining to shares of the series permitted by law.

COMPARISON OF RIGHTS OF HOLDERS OF  
VIACOM STOCK AND CBS STOCK

The rights of Viacom shareholders are governed by Delaware law, including the Delaware General Corporation Law, and Viacom's current Restated Certificate of Incorporation and By-laws. The rights of CBS shareholders are governed by Pennsylvania law, including the Pennsylvania Business Corporation Law, and CBS' Restated Articles of Incorporation and By-laws.

Upon consummation of the merger, holders of shares of CBS common stock will become holders of shares of Viacom non-voting Class B common stock and holders of CBS Series B preferred stock will become holders of shares of Viacom Series C preferred stock, which is in turn convertible into shares of Viacom non-voting Class B common stock. Consequently, following the merger, Delaware law and Viacom's proposed new Restated Certificate of Incorporation and its By-laws, both as amended as a result of the merger, will govern the rights of former holders of CBS common stock and CBS Series B preferred stock. Copies of Viacom's current Restated Certificate of Incorporation and By-laws and CBS' Restated Articles of Incorporation and By-laws have been filed with the SEC and will be sent to any shareholder of Viacom or CBS upon request. Copies of Viacom's proposed new Restated Certificate of Incorporation and By-laws, as they will be amended as a result of the merger, are attached as Annexes B and C to this joint proxy statement/prospectus.

A tabular comparison of shareholder rights of holders of common stock of Viacom and CBS both before and after the effective time of the merger is included below. This table is not intended to be a complete statement of all differences or a complete description of the specific provisions referred to in this summary, and the identification of specific differences is not intended to indicate that other significant differences do not exist. However, the table includes a description of these differences that we believe to be material. Other than voting rights, there is no difference between the rights of holders of Viacom Class A common stock and Viacom Class B common stock.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Voting, generally....	<p>Class A Common Stock:</p> <ul style="list-style-type: none"> <li>. 1 vote per share.</li> <li>. No cumulative voting.</li> <li>. Plurality vote for directors.</li> <li>. Majority vote for all other matters.</li> </ul> <p>Class B Common Stock:</p> <ul style="list-style-type: none"> <li>. Except as required by Delaware law, this class has no voting rights or powers.</li> </ul>	<p>Common Stock:</p> <ul style="list-style-type: none"> <li>. 1 vote per share.</li> <li>. No cumulative voting.</li> <li>. Plurality vote for directors.</li> <li>. Majority vote for all other matters except as set forth below where a higher vote is required for certain approvals and except as otherwise required by Pennsylvania law.</li> </ul>	<p>See "Viacom Before the Merger." Shares of Viacom Class B Common Stock, including the shares which CBS shareholders will receive in the merger, have no voting rights or powers except as required by Delaware law.</p>
Approval of Certain Business Combinations..	<p>Under Delaware law, subject to certain limited exceptions, the approval of the holders of a majority of the outstanding stock entitled to vote is required for any merger or consolidation of a Delaware corporation with another corporation or the sale, lease or exchange of all or substantially all of that corporation's assets.</p>	<p>Under Pennsylvania law, subject to certain limited exceptions, the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon and, if the transaction will effect any changes in the articles of the corporation, the same class or series vote that would have been required under Pennsylvania law to amend the articles, if any, is required for any merger or consolidation of a Pennsylvania corporation with another corporation or the sale, lease, exchange or other disposition of all or substantially all of that corporation's property and assets outside of the ordinary course of business.</p>	<p>See "Viacom Before the Merger."</p>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Approval of Certain Business Combinations with Affiliates...	<p>Delaware law contains provisions that may restrict certain business combinations between a corporation and its affiliates which are not wholly owned. Viacom's Restated Certificate of Incorporation and By-laws do not impose any higher voting requirements for the approval of these actions.</p>	<p>Pennsylvania law contains provisions that may restrict certain business combinations between a corporation and its affiliates. See the provisions described under "Anti-Takeover Provisions".</p>	<p>See "Viacom Before the Merger."</p>
		<p>Except as described in the next paragraph, CBS' Restated Articles of Incorporation and By-laws do not impose any higher voting requirements for the approval of business combinations.</p>	
		<p>CBS' Restated Articles of Incorporation require that certain combinations with a 5% (at least) shareholder receive the approval of holders of a supermajority (80%) of all shares entitled to vote and a majority of shares held by all shareholders other than such 5% shareholder and its affiliates unless the transaction is approved by a majority of disinterested directors or satisfies certain specified fairness criteria with respect to the consideration to be received and certain other matters.</p>	
		<p>Amendment of these provisions requires the approval of at least 80% of the combined vote of all shares entitled to vote generally in an annual</p>	

election of  
directors and a  
majority of the  
combined vote of  
such shares held by  
all shareholders  
other than 5%  
shareholders and  
their affiliates,  
voting as a class.

---

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Number of Directors and Size of Board.....	Under Delaware law, the certificate of incorporation or the by-laws may specify the number of directors.	Under Pennsylvania law, the articles of incorporation or the by-laws may specify the number of directors.	Under Viacom's proposed new Restated Certificate of Incorporation, the number of directors will be expanded to 18. In addition, (1) the size of the Board may only be changed by the affirmative vote of at least 14 directors, (2) eight of the directors serving as CBS directors on September 6, 1999 (or any independent director elected or appointed prior to the effective time of the merger to serve as a CBS director) that are designated by CBS' board prior to the merger (or replacements who are independent directors) will become members of Viacom's board at the effective time and (3) of the 10 directors on Viacom's board who are not CBS' board designees, two are directors who were first elected to serve on the Viacom board after 1993, are not members of the management of either Viacom or National Amusements, and, in the event they leave the board, must be replaced with disinterested, independent directors who are chief executive officers, chief operating officers or chief financial officers or former chief executive officers of a Fortune 500 company or a non-U.S. company of comparable size. Generally, for a period of three years following the merger, these provisions cannot be changed without the approval of at least 14 directors.
	Viacom's Restated Certificate of Incorporation allows between three and 20 directors to serve on their board. Viacom's By-laws authorize the board to set the number of directors within the parameters set by the Restated Certificate of Incorporation.	CBS' By-laws allow between 3 and 24 directors to serve on its board. CBS' By-laws authorize the board to set the number of directors within these limits. CBS' board has set the number of directors at 11, increasing to 12 on December 1, 1999.	
	Viacom's board has set the number of directors at ten.	Under the CBS By-laws, a majority of the directors must be independent directors.	





Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Term of Office.....	Under Viacom's by-laws, each director serves for a one-year term.	Under CBS' Restated Articles of Incorporation, CBS may, but need not, create a classified board. However CBS has not done so and, under CBS' By-laws, each director's term expires at the next annual meeting.	Under Viacom's proposed new Restated Certificate of Incorporation and applicable law, all directors will serve for a one-year term. Pursuant to the National Amusements stockholder agreement, for the three-year period following the merger, National Amusements agreed to cause to be nominated and elected each CBS director (or replacements who are independent directors).
Removal of Directors....	Under Delaware law, any director may be removed from office with or without cause by the affirmative vote of the holders of a majority of the shares of outstanding stock entitled to vote in the election of that director.  Viacom's By-laws provide for the removal of directors in accordance with Delaware law.	Under Pennsylvania law, unless otherwise provided in a by-law adopted by the shareholders, any director may be removed from office by the shareholders with or without cause by the affirmative vote of a majority of the votes cast with certain exceptions in the case of a classified board.  Under CBS' Restated Articles of Incorporation and its By-laws, directors may be removed by CBS' shareholders without cause only by the affirmative vote of holders of at least 80% of the combined vote of the shares of outstanding stock entitled to vote generally in an annual election.	After the effective time of the merger, any director may be removed with or without cause in accordance with Delaware law. However, pursuant to the National Amusements stockholder agreement, for the three-year period following the merger, National Amusements has agreed to take any action necessary to ensure that no CBS director is removed as a director of Viacom unless such removal is for cause and is approved by at least 14 members of Viacom's board.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Vacancies....	Under Viacom's By-laws, vacancies on the Viacom board shall be filled by the board only, even if less than a quorum is present.	Under CBS' By-laws, vacancies on the CBS board may be filled by the board, even if less than a quorum is present, or the CBS board may reduce the size of the board. Vacancies may also be filled by election by the shareholders.	<p>Under Viacom's proposed new Restated Certificate of Incorporation, if one of the eight CBS directors vacates his or her seat, the Viacom board, subject to its fiduciary duties, is required to take all action necessary to appoint as a successor a person designated by a majority of the remaining CBS directors. National Amusements has agreed in its shareholder agreement with CBS to vote for such designee.</p> <p>If one of the ten Viacom directors vacates his or her seat, the Viacom board will fill the vacancy. However, if a directorship held by a person who is a director of Viacom first elected after 1993 and is not management of Viacom or National Amusements, or the replacement of any such person, becomes vacant, the Viacom board, subject to its fiduciary duties, is required to take all action necessary to ensure that the vacancy is filled by a disinterested, independent person who is the chief executive officer, chief operating officer or chief financial officer or former chief executive officer of a Fortune-500 company or a non-U.S. public company of comparable size. Generally, for a period of three years following the merger, these provisions cannot be changed without the approval of at least 14 directors.</p>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Calling of Special Meeting of Shareholders..	<p>Under Delaware law, special meetings of shareholders may be called by the board or by persons authorized to do so in the certificate of incorporation or by-laws.</p> <p>Under Viacom's By-laws, special meetings of shareholders of Viacom may be called by the:</p> <ul style="list-style-type: none"> <li>. majority of the board;</li> <li>. chairman of the board;</li> <li>. vice chairman of the board;</li> <li>. president; or</li> <li>. chairman of the board, vice chairman of the board, president or secretary at the request of at least 50.1% of Viacom's Class A common stock.</li> </ul> <p>Under Viacom's By-laws, the only business that may be conducted at a special meeting is the business stated in the notice of that special meeting.</p>	<p>Under Pennsylvania law for "registered corporations" such as CBS, special meetings of shareholders may be called only by the board, or by the officers or other persons, if any, provided in the by-laws, except that an Interested Shareholder (as defined below for purposes of the business combination moratorium under "Anti-Takeover Provisions") can call a special meeting to approve certain business combinations.</p> <p>Under CBS' By-laws, special meetings of shareholders of CBS may be called only by:</p> <ul style="list-style-type: none"> <li>. the CBS Board; or</li> <li>. the chairman of the Board.</li> </ul> <p>Under CBS' By-laws, the only business that may be conducted at a special meeting is the business stated in the notice of that special meeting delivered at the direction of the CBS Board or the chairman of the Board and matters which are incidental or germane thereto.</p>	<p>Under Viacom's By-laws, special meetings may be called by the:</p> <ul style="list-style-type: none"> <li>. majority of the board;</li> <li>. chairman of the board;</li> <li>. chief executive officer;</li> <li>. vice chairman of the board;</li> <li>. president and chief operating officer; or</li> <li>. chairman of the board, chief executive officer, the vice chairman of the board, the president and chief operating officer or the secretary at the request of at least 50.1% of Viacom's Class A common stock.</li> </ul>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Amendment to By-laws.....	<p>Delaware law provides that the by-laws may be amended by an action of the shareholders. However, the certificate of incorporation may also give the power to amend the by-laws to the board.</p> <p>Viacom's Restated Certificate of Incorporation allows the board to repeal, alter or amend the by-laws by majority vote.</p>	<p>Pennsylvania law provides that the by-laws may be amended by an action of the shareholders. The by-laws may also give the power to amend the by-laws to the board.</p> <p>Pennsylvania law limits the board's power to amend the by-laws, however, in respect to certain matters, unless allowed by the articles of incorporation.</p> <p>Under CBS' Restated Articles of Incorporation and By-laws, CBS' shareholders may amend the By-laws with the affirmative vote of holders of at least 80% of the combined vote of the shares entitled to vote generally in an annual election.</p> <p>Also, CBS' Restated Articles of Incorporation and By-laws allow the board to repeal, alter or amend the By-laws by majority vote of the entire board.</p>	<p>Under Viacom's proposed new Restated Certificate of Incorporation, during the three-year period following the merger, any provisions of Article VIII of Viacom's By-laws, which states that the By-laws are subject to Article XIII of the proposed new Restated Certificate of Incorporation, which contain the principal provisions setting forth the corporate governance requirements relating to the merger, may not be amended, repealed or waived by Viacom's board without the approval of at least 14 directors.</p>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Amendments to certificate of incorporation.	<p>Under Delaware law, any provision of the certificate of incorporation may be amended by the approval of the board and the affirmative vote of a majority of the holders of the combined voting power of the outstanding stock entitled to vote, and a majority of each class entitled to vote as a class.</p> <p>Viacom's Restated Certificate of Incorporation provides that amendments to the Restated Certificate of Incorporation may be adopted as allowed by Delaware law.</p> <p>No amendments to the Restated Certificate of Incorporation require a supermajority vote.</p>	<p>Under Pennsylvania law, an amendment to the articles of incorporation requires the approval of the board and, except in limited cases where a greater vote may be required, the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the matter and the affirmative vote of a majority of the votes cast by all shareholders within each class or series of shares if such class or series of shares is entitled to vote on the matter as a class.</p> <p>Also, Pennsylvania law provides that shareholders of a registered corporation, such as CBS, are not entitled to propose amendments to the articles of incorporation.</p> <p>Amendments to some provisions of the CBS Restated Articles of Incorporation require the approval of holders of at least 80% of the combined vote of the shares entitled to vote generally in an annual election, and certain other amendments require such vote unless first recommended and approved by a majority of the entire board. See also "Approval of Certain Business Combinations With Affiliates" above for the required vote to amend that provision.</p>	<p>Under Viacom's proposed new Restated Certificate of Incorporation, during the three-year period following the merger, any provisions of Viacom's proposed new Restated Certificate of Incorporation which refer to Article VIII of Viacom's By-laws and the provisions of Article XIII of the proposed new Restated Certificate of Incorporation, which contain the principal provisions setting forth the corporate governance arrangements following the merger, may not be amended, repealed or waived without the approval of at least 14 directors.</p>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Dividends...	Under Delaware law, a corporation may pay dividends out of surplus or, if no surplus exists, out of net profits for the fiscal year in which the dividends are declared and/or its preceding fiscal year. However, dividends may not be declared out of net profits if the capital of the corporation is less than the aggregate amount of capital represented by any issued and outstanding preferred stock.	Under Pennsylvania law, unless restricted by the by-laws, a corporation may pay dividends unless the payment would leave the corporation unable to pay its debts as they become due in the usual course of business, or unless the payment would leave the corporation with total assets that were less than the sum of its total liabilities plus the amount that would be distributable upon dissolution to shareholders having senior rights.	See "Viacom Before the Merger."

Federal Communications Laws.....

Viacom's Restated Certificate of Incorporation provides that it may request certain information from the shareholder or proposed shareholder in order to determine whether ownership of Viacom's Class A or Class B common stock is inconsistent with, or in violation of, any of the federal communications laws. If the necessary information is not provided or if Viacom finds that the ownership of its Class A or Class B common stock by a shareholder or proposed shareholder is inconsistent with, or in violation of, any of the federal communications laws, Viacom may:	The CBS Restated Articles of Incorporation and By-laws do not contain special provisions with respect to compliance with federal communications laws.	See "Viacom Before the Merger."
. refuse to permit the transfer of shares of its Class A or Class B common stock to the proposed person or entity; or		
. exercise any and		

all appropriate  
remedies, at law  
or in equity,  
against any  
shareholder in  
order to obtain  
the necessary  
information or  
prevent or cure  
any situation



Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

which would cause the inconsistency with, or violation of, the offending provision of the federal communications laws.

Conversion...	As long as 10,000 shares of Viacom's Class A common stock are outstanding, each record holder of shares of Class A or Class B common stock may convert any or all of such shares into an equal number of shares of Class B common stock.	CBS' common stock has no conversion features.	See "Viacom Before the Merger."
---------------	--	---	---------------------------------

Committees...	Under its By-laws, Viacom's board may create one or more committees. Each committee would consist of one or more of the directors of Viacom.	Under its By-laws, CBS' board is required to create a compensation committee, an audit review committee and a nominating and governance committee. Each of these committees shall consist of not less than two members of the board, at least two of whom are required to be independent directors on the date of their appointment. CBS' By-laws require that all members of the compensation committee and the nominating and governance committee be independent directors on the date of their appointment. The CBS board can also create additional standing or special committees of one or more members.	All Committees. Under Viacom's proposed new Restated Certificate of Incorporation, all committees, other than the compensation committee and the officers nominating committee, must have the same proportion of CBS and Viacom directors as the full Viacom board has, with a minimum of one CBS director on each committee. Officers Nominating Committee. Under Viacom's proposed new Restated Certificate of Incorporation, Viacom will have an officers nominating committee and Mr. Karmazin will be the only member of this committee. This committee will have the powers to hire, elect, terminate, change positions, allocate responsibilities or determine non-equity compensations, with respect to the officers and employees. However, this committee will not have these powers with respect to the chairman, the chief executive
---------------	--	---	--

officer and the  
chief operating  
officer.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

This committee will not have the power to fill the positions of the chief financial officer, controller and general counsel without the approval of the board. However, this committee will have all of the other powers delegated to it for other officers with respect to the chief financial officer, controller and general counsel, including the power to terminate employment of persons holding those positions.

Any decision of this committee can be overridden by the affirmative vote of at least 14 directors.

Compensation Committee. Under Viacom's proposed new Restated Certificate of Incorporation, this committee shall consist of three CBS directors who are independent directors and three directors who are not CBS directors. Of the three non-CBS directors, two will be persons who were first elected as directors of Viacom after 1993 and who are not management of Viacom or National Amusements and the third will be a disinterested independent director.

This committee must approve the annual compensation of all other officers and employees and any equity or equity-based compensation of any officer or employee. However, this committee will not have the power to approve the annual compensation of:

- . any employee if the total value

of such  
employee's annual  
cash compensation  
is less than \$1  
million; or

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
			<p>. any talent, as such term is commonly used in the media or entertainment industries.</p> <p>These powers will be delegated to the officers nominating committee.</p> <p>Generally, for a period of three years following the merger, these provisions cannot be changed without the approval of at least 14 directors.</p>

Officers.....	<p>Under Viacom's By-laws, Viacom's board shall elect a president, a treasurer and a secretary. The board may also elect a chairman, one or more vice chairmen and vice presidents and one or more assistant treasurers and assistant secretaries. Any number of offices may be held by the same person, except the offices of president and secretary. Vice presidents may be given distinctive designations such as executive vice president or senior vice president. The board may elect other officers and agents as it deems necessary. The officers shall hold office until their successors are elected or appointed and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board may be removed at any time with or without cause by the affirmative vote of a majority of the whole board.</p>	<p>Under its By-laws, CBS' board shall elect a chairman, who may be designated an officer of CBS, a president or a chief executive officer or both, such vice presidents as may from time to time be necessary or desirable, a secretary and a treasurer. There shall also be one or more assistant secretaries and treasurers and such other officers and assistant officers as the board may deem appropriate. The board shall elect all officers, except assistant officers. The term of office for all officers shall be until the organization meeting of the board following the next annual meeting of shareholders and until their respective successors are elected or appointed and shall qualify, or until their earlier death, resignation or removal. The chairman or any officer may be removed from office, either with or without cause, at any time by the affirmative vote of the majority of the members of the board then in office.</p>	<p>Chairman and Chief Executive Officer. Under Viacom's proposed new Restated Certificate of Incorporation, Sumner Redstone will serve as chairman and chief executive officer of Viacom and Mel Karmazin will serve as president and chief operating officer of Viacom. If Mr. Redstone is not the chief executive officer at the effective time of the merger or ceases to be the chief executive officer at any time during the three-year period following the merger, Mr. Karmazin will become the chief executive officer while retaining his title and responsibilities as chief operating officer. The chief executive officer shall be responsible, in consultation with the chief operating officer, for corporate policy and strategy and the chief operating officer shall consult on all major decisions with, and shall report directly to, the chief executive officer. However, unless Mr. Karmazin is the chief executive officer, the chief executive</p>
---------------	--	--	---

officer will not exercise any powers, rights, functions or responsibilities of the chief operating officer.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

President and Chief Operating Officer. Under Viacom's proposed new Restated Certificate of Incorporation, Mr. Karmazin will also serve as president as well as chief operating officer. Mr. Karmazin may not be terminated or demoted from his position as chief operating officer or chief executive officer, if he is serving in that capacity, and none of his functions as chief operating officer may be changed without the affirmative vote of at least 14 directors.

The chief operating officer will:

- . supervise, coordinate and manage Viacom's business, operations, activities, operating expenses and capital allocation;
- . handle matters relating to officers (other than the chief executive officer and chief operating officer) and employees including hiring, terminating, changing positions and allocating responsibilities, other than (a) specific board authority with respect to the chief financial officer, the general counsel and the controller and (b) the authority of the officers nominating committee and the compensation committee; and
- . hold substantially all of the powers, rights, functions

and  
responsibilities  
typically  
exercised by a  
chief operating  
officer.



Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

All officers (other than the chairman, chief executive officer and chief operating officer) will report, directly or indirectly, to the chief operating officer.

If Mr. Karmazin is not the chief operating officer or chief executive officer, the Viacom board may terminate the chief operating officer, eliminate that position and the officers nominating committee and reallocate the functions of those positions to whom the officers will report.

Vice Presidents, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer. Under Viacom's By-laws, the president and chief operating officer may assign additional duties to the vice presidents, secretary, assistant secretary, treasurer and assistant treasurer. Generally, for a period of three years following the merger, these provisions cannot be changed without the approval of at least 14 directors.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Shareholder Action.....	Under Delaware law, unless the certificate of incorporation provides otherwise, a shareholder action may be taken if written consents are received from the holders of the minimum number of votes that would be necessary to authorize that action at a meeting at which all the shares entitled to vote for that action were present and voted. Viacom's Restated Certificate of Incorporation does not restrict the ability of shareholders to act by written consent.	Under Pennsylvania law, unless otherwise restricted by the by-laws, a shareholder action may be taken without a meeting upon the unanimous written consent of all of the shareholders entitled to vote thereon. Shareholders of a registered corporation, such as CBS, may authorize an action without a meeting by less than unanimous written consent only if such action without a meeting is permitted by the articles of incorporation. CBS' Restated Articles of Incorporation do not provide for a partial written consent; and CBS' By-laws do not restrict shareholder action by unanimous written consent.	See "Viacom Before the Merger."

Notice of Some Shareholder Actions.....	Neither Viacom's Restated Certificate of Incorporation nor its By-laws require shareholders to give Viacom advance notice of director nominations or business to be presented at an annual or general shareholders' meeting.	Under CBS' By-laws, for nominations for the election of directors to be properly brought by a shareholder before an annual meeting or a special meeting at which directors are to be elected pursuant to CBS' notice of meeting, or for other business to be properly brought by a shareholder before an annual meeting, the shareholder must have given timely notice thereof in writing to CBS' secretary and the shareholder must be entitled by Pennsylvania law to present such business at the meeting and must be a shareholder of	See "Viacom Before the Merger."
---	--	---	---------------------------------

record at the time  
the required notice  
is given and at the  
time of the  
meeting. To be  
timely, a  
shareholder's  
notice must be  
delivered to CBS'  
secretary at CBS'  
principal executive  
offices:

-----  
Shareholder  
Rights

Viacom Before the  
Merger

CBS Before the  
Merger

Combined Company  
Shareholder Rights  
-----

- . in the case of an annual meeting, for receipt not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting (provided, if the date of the annual meeting is advanced more than 30 days or delayed more than 90 days from the anniversary date, the notice can be as late as the 10th day following public announcement of the meeting date); and
- . with respect to the nomination of a person or persons for election to such position(s) as are specified in CBS' notice of meeting in the case of a special meeting, for receipt no more than 120 days prior to the date of such special meeting and no later than the 90th day prior to the date of such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board to be elected at such meeting.

In no event will the public announcement of an adjournment or postponement of an annual or special meeting commence a new time period for the giving of a shareholder's notice. Such shareholder's notice shall include:

- . certain information relating to the

relationship, if any, between the shareholder and the nominee being proposed, the nominee's written consent, and the information required to be disclosed under the Exchange Act;

- . a brief description of the business desired to be brought before the meeting and the reasons therefor and any material interest of the shareholder and the beneficial owner therein; and
- . as to the shareholder giving the notice and as to the beneficial owner, if different from the shareholder giving notice, on whose behalf the nomination or proposal is made, the name and address and number of shares held by the shareholder and beneficial owner, and a representation by the shareholder as to the intent to hold such shares until the meeting and to attend the meeting and make the proposal.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Dissenters' Rights of Appraisal....	<p>Delaware law provides for appraisal rights on the part of the shareholders of a corporation only in the case of certain mergers or consolidations and not in the case of other mergers, sales or transfers of all or substantially all of a corporation's assets or amendments to a corporation's certificate of incorporation. Moreover, unless the certificate of incorporation so provides, Delaware law does not provide for appraisal rights in connection with a merger or consolidation for stock listed on a national securities exchange or designated as a national market system security on the Nasdaq stock market or held of record by more than 2,000 shareholders, unless the agreement of merger or consolidation requires the holders of the stock to receive, in exchange for their shares, any property other than shares of stock of the surviving corporation, shares of stock of any other corporation listed on a national securities exchange or designated as a national market system security on the Nasdaq stock market or held of record by more than 2,000 holders, cash instead of fractional shares or any combination of the foregoing. Viacom's Restated Certificate of Incorporation does not provide for appraisal rights in these circumstances. In addition, Delaware</p>	<p>Pennsylvania law provides, with certain exceptions, that shareholders of a corporation have a right to dissent from a proposed transaction and to obtain payment of the judicially determined "fair value" of their shares in a merger, consolidation, division, share exchange or conversion, in certain asset transfers, in transactions where the board grants dissenters rights, and in certain other plans or amendments to the articles of incorporation in which disparate treatment is given to the holders of shares of the same class or series unless each group has approved by a special class vote. These dissenters' rights are not available, however, for any class of stock that is either listed on a national securities exchange or held of record by more than 2,000 shareholders (as is the case with CBS common stock) unless (a) the shares are not converted solely into shares of the acquiring, surviving, new or other corporation, or solely into such shares combined with cash for any fractional shares; (b) the shares being converted are shares of any preferred or special class of stock, unless the articles of incorporation, the plan, or the terms of the transaction entitle all holders of the shares of the preferred or special class to vote on the transaction and require the</p>	<p>See "Viacom Before the Merger."</p>

law denies appraisal rights to the shareholders of the surviving corporation in a merger if the merger did not require the approval of the shareholders of the surviving corporation.

approval of the affirmative vote of a majority of the votes cast by all shareholders of the preferred or special class; or (c) (1) the transaction provides for disparate treatment for shares of the same class or series,



Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
		(2) the shares being converted are a group of a class or series of shares which are to receive the same special treatment in the transaction, and (3) the group is not entitled to vote as a special class for such transaction.	

Fiduciary Duties of Directors....	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
	Under Delaware law, the business and affairs of a corporation are managed by or under the direction of its board. In exercising their powers, directors are charged with the fiduciary duties of loyalty and care to both the corporation and the shareholders. A party challenging the decision of a board generally bears the burden of rebutting the so-called "business judgment rule," a presumption that, in making a business decision, directors acted on an informed basis, in good faith and in the honest belief that the action was taken in the best interests of the corporation. Unless this presumption is rebutted, the business judgment exercised by directors in making their decisions is not subject to judicial review. To rebut this presumption, a party must demonstrate that, in reaching their decision, the directors breached one or more of their fiduciary duties. If the presumption is so rebutted, the directors bear the burden of demonstrating the entire fairness of the relevant transaction.	Under Pennsylvania law, directors have a fiduciary duty to their corporation and are required to perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the corporation, and with the care, including reasonable inquiry, skill and diligence, that a person of ordinary prudence would use under similar circumstances. Directors, in considering the best interests of their corporation, may, but are not required to, consider the effects of any action upon employees, suppliers and customers of the corporation, and upon communities in which offices or other establishments of the corporation are located and all other pertinent factors. Under Pennsylvania law, absent a breach of fiduciary duty, a lack of good faith or self-dealing, any act of the board, a committee of the board or an individual director is presumed to be in the best interests of the corporation. The Pennsylvania Supreme Court has recognized the common law "business judgment	See "Viacom Before the Merger."

Notwithstanding the foregoing, Delaware courts may subject directors' defensive actions taken in response to a threat to corporate control or their approval of a change-of-control transaction to enhanced scrutiny and may require the directors to maximize the short-term financial interests of shareholders.

rule". Pennsylvania courts have not imposed any heightened obligations on directors to justify their conduct in the context of a potential or proposed acquisition of control or required directors to maximize the short-term financial return to shareholders.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Limitation of Personal Liability of Directors....	<p>Delaware law permits a corporation to include in its certificate of incorporation a provision that limits or eliminates the liability of its directors to the corporation or its shareholders for monetary damages arising from a breach of fiduciary duty, except under certain circumstances. Some of these circumstances would include a breach of the duty of loyalty to the corporation or its shareholders, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, an unlawful declaration of a dividend or unlawful authorization of the repurchase or redemption of stock or any transaction from which the director derived an improper personal benefit. Viacom's Restated Certificate of Incorporation eliminates director liability to the fullest extent permitted by Delaware law.</p>	<p>Under Pennsylvania law, a corporation may include in its by-laws a provision which eliminates the liability of its directors for monetary damages for any action taken or the failure to take any action, unless (a) the directors have breached or failed to perform their duties and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. However, a Pennsylvania corporation may not eliminate the liability of directors where the responsibility or liability of a director arises under any criminal statute or is for the payment of federal, state or local taxes. CBS' Restated Articles of Incorporation and By-laws eliminate director liability to the fullest extent permitted by Pennsylvania law.</p>	<p>See "Viacom Before the Merger."</p>

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Indemnification of Directors and Officers.....	<p>Under Delaware law, a corporation may indemnify a director or officer of the corporation against expenses, including attorneys' fees, judgments, fines and settlement amounts actually and reasonably incurred in a civil or criminal action, suit or proceeding by reason of being or having been a representative of or serving at the request of the corporation. This indemnification is available if the person acted in good faith and reasonably believed that his or her actions were in or not opposed to the best interests of the corporation and, in a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. In an action brought by or on behalf of the corporation, this indemnification is limited to expenses incurred. Delaware law also provides that a corporation may advance a director, officer, employee or agent the expenses incurred in defending any action, but that, in the case of advances to directors or officers the corporation must first receive an undertaking from the officer or director to repay the amount advanced if it is ultimately determined that the person is not entitled to indemnification. A determination of the amount of the indemnification to be paid in any circumstance must be made by a majority of the directors who are not parties to the</p>	<p>The provisions of Pennsylvania law regarding indemnification are substantially similar to those of Delaware law. Unlike Delaware law, however, Pennsylvania law expressly permits indemnification in connection with any action, including a derivative action, unless a court determines that the acts or omissions giving rise to the claim constituted willful misconduct or recklessness.</p> <p>CBS' Restated Articles of Incorporation and By-laws provide for broad indemnification of directors and officers. However, CBS' By-laws specifically state that there will be no indemnification where the indemnitee initiates the claim, except for a claim to enforce indemnification rights. The By-laws provide for the advancement of certain expenses if the person seeking indemnification agrees to repay all amounts advanced if it is later determined that such person is not entitled to be indemnified pursuant to the By-laws against such expenses.</p>	<p>See "Viacom Before the Merger."</p>

action, even though  
less than a quorum,  
by a committee of  
such disinterested  
directors or, if  
there are no such  
directors

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

or if such directors so direct, by independent legal counsel. No indemnification for expenses in derivative actions is permitted under Delaware law if the person is found to be liable to the corporation, unless a court finds him or her entitled to such indemnification. If, however, that person is successful, on the merits or otherwise, in defending a third-party or derivative action, indemnification for expenses incurred is mandatory. The indemnification provisions of Delaware law are not exclusive of any other rights to which the party may be entitled under any by-law, agreement or vote of shareholders or disinterested directors.

Viacom's Restated Certificate of Incorporation provides for mandatory indemnification of its directors, officers, employees or agents to the fullest extent provided by law. However, Viacom will not indemnify a person who was adjudged to be liable to Viacom, unless the court decides that such person is entitled to Viacom's indemnity. Viacom's Restated Certificate of Incorporation provides for the advancement of expenses for its directors and officers if they agree to repay all amounts advanced if it is later ultimately determined that they are not entitled to be indemnified. In

addition, Viacom's Restated Certificate of Incorporation provides for the advancement of expenses for its employees and agents as Viacom deems it appropriate.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
Anti-Takeover Provisions...	<p>Under Delaware law, a corporation is prohibited from engaging in any "business combination" with an "interested shareholder," which is defined as a person who, together with affiliates or associates, owns, or within a three-year period did own, 15% or more of the corporation's voting stock for a period of three years following the date on which the shareholder became an interested shareholder, unless:</p> <ul style="list-style-type: none"> <li>. the certificate of incorporation provides otherwise;</li> <li>. prior to the date on which the person became an interested shareholder, the board approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder;</li> <li>. the interested shareholder owned 85% or more of the voting stock of the corporation, excluding specified shares, upon completion of the transaction as the result of which the person became an interested shareholder; or</li> <li>. on or after the date on which such person became an interested shareholder, the business combination is approved by the board and the affirmative vote, at a special</li> </ul>	<p>Pennsylvania law contains several anti-takeover provisions which apply to registered corporations such as CBS.</p> <p>Transactions with Interested Shareholders. Pennsylvania law provides that the types of transactions listed below must be approved by the affirmative vote of at least a majority of the votes that all shareholders are entitled to cast with respect to such transaction, excluding all voting shares owned by an interested shareholder. An interested shareholder generally means, for purposes of this provision, a shareholder who is a party to the transaction or who is treated differently from other shareholders, together with their affiliates and persons acting jointly or in concert with them. The following types of transactions require the special vote described above:</p> <ul style="list-style-type: none"> <li>. a merger or consolidation, a share exchange or certain sales of assets between a corporation or its subsidiary and a shareholder of the corporation;</li> <li>. a division of the corporation, if an interested shareholder is to receive a disproportionate amount of any of the securities of any corporation surviving or resulting from the division;</li> <li>. a voluntary</li> </ul>	See "Viacom Before the Merger."



meeting and not  
by written  
consent, of at  
least 66 2/3% of  
the outstanding  
voting shares of  
the corporation,  
excluding shares  
held by such  
interested  
shareholder.

dissolution of  
the corporation,  
if any  
shareholder is to  
be treated  
differently from  
others holding  
shares of the  
same class (other  
than dissenters'  
rights); or

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
	A "business combination" includes:	. a reclassification, if any	
	. mergers, consolidations and sales or other	shareholder's percentage of voting or economic share interest in the corporation is	
	dispositions of 10% or more of the assets of a corporation to or with an	materially increased relative to	
	interested shareholder;	substantially all other shareholders.	
	. certain transactions resulting in the issuance or transfer to an interested	The special voting requirement with respect to the above types of transactions does not apply if:	
	shareholder of any stock of such corporation or its subsidiaries; and	. the proposed transaction has been approved by a majority of the corporation's board, excluding	
	. other transactions resulting in a disproportionate financial benefit to an interested shareholder.	directors affiliated with or nominated by the interested shareholder;	
	Delaware law does not contain a "control-share acquisition" statute similar to that contained in Pennsylvania law.	. the consideration received for each class of stock owned by the interested shareholder is at least as high as the highest consideration paid for that class by the interested shareholder; or	
		. the transaction is a merger or consolidation involving a parent corporation which owns at least 80% of each class of the stock of each other constituent party.	
		Business Combination Moratorium. Pennsylvania law provides for a five-year moratorium on business combinations with a registered corporation by an interested shareholder after the date such	

person first becomes an interested shareholder. For this purpose, interested shareholder generally means a person who individually or with or through any of its affiliates or associates owns stock with 20% or more of the combined vote of shares entitled to elect directors or who held such amount in the last five years and is still an affiliate.

-----  
Shareholder  
Rights

Viacom Before the  
Merger

CBS Before the  
Merger

Combined Company  
Shareholder Rights  
-----

Following the expiration of the five-year moratorium, a business combination with that interested shareholder must be approved by either:

- . a majority of the shares not held by the interested shareholder or its affiliates and associates; or
- . a majority of the shares cast including those shares held by the interested shareholder, and the business combination (a) must meet certain fair price criteria and (b) the interested shareholder cannot have increased its holdings during the five-year period.

"Business combinations" include:

- . mergers, consolidations, share exchanges or divisions of a registered corporation or its subsidiary: with an interested shareholder; or with, involving or resulting in any other corporation which is, or after such merger, consolidation, share exchange or division would be, an affiliate or associate of such interested shareholder;
- . a sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with an interested shareholder or any affiliate or associate of an interested shareholder of

assets of the corporation or any subsidiary having a value equal to at least 10% of (a) the assets, (b) all the outstanding shares or (c) the earning power or net income on a consolidated basis, of such registered corporation or its subsidiary;

-----  
Shareholder  
Rights  
-----

Viacom Before the  
Merger

CBS Before the  
Merger

Combined Company  
Shareholder Rights  
-----

- . the adoption of a plan of liquidation or dissolution proposed by the interested shareholder or its affiliates or associates; and
- . other specified self-dealing transactions between such registered corporation and an interested shareholder or any affiliate or associate thereof.

The five-year moratorium does not apply to:

- . business combinations with persons who became interested shareholders with the prior approval of the board;
- . business combinations that were approved by the board prior to the date on which the shareholder became an interested shareholder;
- . business combinations approved by all of the holders of the outstanding common shares; and
- . business combinations approved by a majority of the voting shares, not including any voting shares beneficially owned by the interested shareholder or any affiliate or associate of the interested shareholder, at a meeting called for such purpose no earlier than three months after the date the interested shareholder became the

beneficial owner of 80% of the voting shares, provided that the interested shareholder continues to beneficially own 80% of the voting shares at the time of such meeting and certain fair price criteria are met and the interested shareholder has not increased its holdings.

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

Shareholder Right to Have Shares Purchased in Control Transactions. Under Pennsylvania law, when a person or group of persons acting together holds 20% of the shares entitled to vote in the election of directors, any other holder of voting shares of the registered corporation who objects can, within a reasonable time after the control person or group of persons acquires the 20% stake, require the control group to purchase his or her shares at a fair value. Fair value is defined as not less than the highest price per share paid by the control person at any time during the 90-day period ending on the date of the control transaction plus any value, including any value paid or payable for the acquisition of control, that may not be reflected in such price.

Rights Plan...	Viacom does not have a rights plan.	On December 29, 1995, the board of directors of CBS adopted a shareholder rights plan providing for the distribution of one right for each share of its common stock outstanding on January 9, 1996 or issued thereafter until the occurrence of certain events. The rights become exercisable only in the event, with certain exceptions, that an acquiring party accumulates 15% or more of CBS' voting stock or a party announces an offer to acquire 30% or more of CBS' voting stock. The rights will not become exercisable	See "Viacom Before the Merger."
----------------	-------------------------------------	---	---------------------------------



as a result of the merger because of prior approval of the merger by the board of directors of CBS. The rights initially have an exercise price of \$64 per share and expire on January 9, 2006;

Shareholder Rights	Viacom Before the Merger	CBS Before the Merger	Combined Company Shareholder Rights
--------------------	--------------------------	-----------------------	-------------------------------------

however, the CBS Board has adopted a resolution affirming its intention to redeem the rights in January 2001 if still outstanding. Upon the occurrence of certain events, holders of the rights will be entitled to purchase either CBS Series A preferred shares or shares in an acquiring entity at half of market value. CBS is entitled to redeem the rights at a value of \$.01 per right at any time until the tenth day following the acquisition of a 15% position in its voting stock.

Rights of Inspection...

Under Delaware law, every shareholder, upon proper written demand stating the purpose, may inspect the corporate books and records as long as the inspection is for a proper purpose and during normal business hours. A "proper purpose" is any purpose reasonably related to the interest of the inspecting person as a shareholder.

Under Pennsylvania law every shareholder, upon proper written demand stating the purpose, may inspect the corporate books and records as long as the inspection is for a proper purpose and during normal business hours. A "proper purpose" is any purpose reasonably related to the interest of the inspecting person as a shareholder.

See "Viacom Before the Merger."

Liquidation Rights.....

The rights of the holders of shares of Viacom's common stock upon the liquidation or dissolution of Viacom are substantially the same as those of the holders of shares of CBS' common stock upon the liquidation or dissolution of CBS.

Holders of shares of CBS' common stock upon the liquidation or dissolution of CBS have the right to receive (on a parity with any preferred stock ranking on a parity with the common for this purpose) any surplus that remains after paying or providing for all liabilities of CBS and after

See "Viacom Before the Merger."

all distributions  
have been made to  
stock having a  
preference to the  
common with respect  
to  
liquidation/dissolution.

---

In addition, upon consummation of the merger, holders of shares of CBS Series B preferred stock will become holders of shares of Viacom Series C preferred stock. Consequently, following the merger, Delaware law and Viacom's proposed new Restated Certificate of Incorporation and its By-laws, both as amended as a result of the merger, will govern the rights of former holders of CBS Series B preferred stock. Except as described in the table below, the rights of holders of Viacom Series C preferred stock are substantially identical to the rights of holders of CBS Series B preferred stock:

	CBS Series B Preferred Stock	Viacom Series C Preferred Stock
	-----	-----
Par Value:	\$1.00 per share	\$.01 per share
Voting Rights Equal To:	1,000 shares of CBS common stock	100 shares of Viacom Class A common stock
Convertible into:	1,000 shares of CBS common stock	1,000 shares of Viacom non-voting Class B common stock

#### ADOPTION OF NEW RESTATED CERTIFICATE OF INCORPORATION

The Board of Directors of Viacom has declared the advisability, approved and is submitting for shareholder adoption a new Restated Certificate of Incorporation for Viacom. The full text of the proposed new Restated Certificate of Incorporation is attached as Annex B. For a summary of the material provisions, see "The Merger--Directors, Management and Corporate Governance of the Combined Company," which should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the proposed new Restated Certificate of Incorporation attached as Annex B. For a summary of the material differences between the Restated Certificate of Incorporation as in effect immediately prior to the effective time of the merger and the proposed new Restated Certificate of Incorporation, see "Comparison of Rights of Holders of Viacom Stock and CBS Stock."

AMENDMENT TO THE VIACOM 1997 LONG-TERM  
MANAGEMENT INCENTIVE PLAN

The Viacom 1997 long-term management incentive plan was adopted on March 27, 1997 and was approved by Viacom's shareholders. The Viacom board amended the plan on July 29, 1999 and September 6, 1999 to increase the number of shares of Viacom Class B common stock authorized for issuance under this plan by an additional 10 million shares to a total of 50 million shares of Class B common stock, as described more fully below, as well as to make certain other amendments. The increase in the number of shares of Class B common stock authorized for issuance under the plan is being submitted for approval by the affirmative vote of the holders of a majority of the shares of Viacom's Class A common stock outstanding on the record date, by written consent.

#### General Description of this Plan

The following is a description of the material features of this plan. The full text of this plan is filed as an exhibit to this registration statement. This plan provides for grants of stock options to purchase shares of Class B common stock, stock appreciation rights, restricted shares of Class B common stock and phantom shares. However, no incentive stock options, stock appreciation rights, restricted shares or phantom shares have been or will be granted under this plan. The terms and conditions of the non-qualified stock options granted or to be granted under the plan are described in more detail below. Approximately 1,000 of Viacom's employees are eligible for grants under this plan. Where necessary, compensation relating to awards under this plan is generally intended to qualify as "qualified performance-based compensation," which is excluded from the \$1.0 million limit on deductible compensation set forth in Section 162(m) of the Internal Revenue Code.

The maximum aggregate number of shares of Class B common stock that may be distributed under this plan, whether reserved for issuance upon grants of stock options or stock appreciation rights or granted as restricted shares, is currently 40 million, subject to adjustment. On July 29, 1999 and September 6, 1999, the board amended this plan to authorize the issuance of an additional 10 million shares of Class B common stock, subject to approval of the Viacom shareholders, for a total of 50 million shares. Shares of Class B common stock covered by expired or terminated stock options are not counted in applying such limit. The maximum aggregate number of shares of Class B common stock that may be granted pursuant to awards granted to any participant during the five-year term of this plan is 10 million. Grants under this plan are currently authorized by the senior executive compensation committee of the Viacom board, in its sole discretion. For this reason, it is not possible to determine the benefits or amounts of the awards that will be received by any particular employees or group of employees in the future.

#### Administration

This plan is administered by the senior executive compensation committee, or such other committee appointed by the Viacom board, which, following consummation of the merger, will be the compensation committee under Article XIII of the company's restated certificate of incorporation and will be referred to as the "committee" throughout the description of this plan. The committee must be comprised of at least two members of the board of directors, each of whom must be a "non-employee" director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934.

#### Stock Options

Stock options can be either incentive stock options or options that do not qualify as incentive stock options for federal income tax purposes, called non-qualified stock options, as determined by the committee. However, all stock options issued under the plan or to be issued will be non-qualified stock options.

Subject to some limits described below, the committee determines the number of stock options granted, the exercise price of the stock options, the vesting schedule applicable to the stock options and the period during which they can be exercised. The committee may, in its discretion, accelerate the vesting date of any stock option. No stock option can be exercised more than ten years after the date of grant. The exercise price of a stock option must be paid in full at the time of exercise as follows:

- . in cash,
- . in the discretion of the committee, in shares of Viacom Class B common stock or other Viacom securities designated by the committee, or
- . in a combination of cash, shares or such other securities.

Generally, if a participant voluntarily terminates employment or his or her employment is terminated by Viacom other than for cause, his or her outstanding stock options may be exercised, to the extent then exercisable, for six months following the date of termination. In the event of a participant's retirement, he or she may exercise his or her stock options, to the extent exercisable on the date of retirement, for six months after his or her retirement for options granted prior to August 1, 1999 and for two years after his or her retirement for options granted on or after August 1, 1999. In the event of a participant's death, his or her stock options may be exercised, to the extent exercisable at the date of death, by the person who acquired the right to exercise the stock options by will or the laws of descent and distribution for one year following the date of death. In the event of the permanent disability of a participant, his or her stock options may be exercised, to the extent exercisable upon the date of the onset of such permanent disability, for one year following such date. If any participant's employment is terminated for cause, then, unless the committee determines otherwise, all stock options, whether or not then vested, will be forfeited by the participant effective as of the date of such termination. The committee generally has the discretion to set post-termination exercise periods in excess of those described above. However, in no event may a stock option be exercised following the earlier to occur of the expiration of the option and the tenth anniversary of the date of grant.

In the event that a participant's employment terminates under circumstances that would constitute an "involuntary termination," within the meaning of Viacom's executive severance plans, all of the participant's options will vest on the date of his or her involuntary termination, and each stock option will continue to be exercisable in accordance with its terms, for two years, in case of a Vice President, and for three years, in the case of a Senior Vice President, or through the option's original expiration date, if earlier. For Messrs. Dauman and Dooley only, the post-resignation option exercise periods of their options have been extended through December 31, 2003 or through the option's original expiration date, if earlier, subject to their compliance with the restrictive covenants in their agreements. The executive severance plans and the agreements with Messrs. Dauman and Dooley are described in detail in the section captioned "Interests of Persons in the Merger--Senior Management Arrangements" above.

#### Adjustments

In the event of a merger, consolidation, stock split, dividend, distribution, combination, reclassification or recapitalization that changes the character or amount of the Class B common stock, the committee will make any adjustments as it deems appropriate to the following:

- . the number of shares of Class B common stock subject to any stock options,
- . the exercise price of any outstanding stock options, and
- . the maximum number of shares of Class B common stock that may be granted under the plan or the aggregate number of shares that may be granted to any participant.

#### Transfer Restrictions, Etc.

The rights of a participant with respect to the stock options granted under this plan are not transferable by the participant except:

- . by will or the laws of descent and distribution, or
- . to members of the participant's immediate family or trusts whose beneficiaries are members of the participant's immediate family, as permitted by the committee.

Except as described above, no grant under this plan entitles a participant to any rights of a holder of shares of Class B common stock, nor will any grant be construed as giving any employee a right to continued service with Viacom.

#### Amendment and Termination of this Plan

This plan, by its terms, expires on March 27, 2002. This plan may be terminated and may be altered, amended, suspended or terminated at any time, in whole or in part, by the board of directors, except that no alteration or amendment will be effective without shareholder approval if approval is required.

#### Tax Consequences

The following is intended as a general summary of the federal income tax consequences associated with the grant and exercise of non-qualified stock options. This summary does not purport to be complete and does not address any applicable state or local tax law. In general, the grant of a non-qualified stock option will not result in the recognition of taxable income by the participant or in a tax deduction to Viacom or its subsidiaries. Upon exercise of a non-qualified stock option, a participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares purchased over the exercise price of the non-qualified stock option. The amount of the income so recognized is subject to income tax withholding and a tax deduction equal to the amount of such income is allowable to the participant's employer. Gain or loss upon a subsequent sale of the stock received upon exercise of a non-qualified stock option generally would be taxed as capital gain or loss (long-term or short-term depending on the holding period of the stock sold). Certain additional rules apply if the exercise price for a non-qualified stock option is paid in shares or other securities previously owned by the participant.

The Viacom Board Unanimously Recommends That The Holders Of Viacom Class A Common Stock Approve The Amendment To The Plan.

#### SOLICITATION OF CONSENTS AND PROXIES

Each of Viacom and CBS will bear the cost of the solicitation of consents and proxies from its own shareholders, except that Viacom and CBS will share equally the cost of printing this joint proxy statement/prospectus and the fees associated with the filing of this joint proxy statement/prospectus with the SEC. In addition to solicitation by mail, directors, officers and employees of each of Viacom and CBS may solicit consents or proxies from shareholders of their respective companies by telephone, facsimile or telegram or in person. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by these persons, and Viacom and CBS will reimburse these custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses.

Georgeson & Company Inc. will assist in the solicitation of proxies by CBS. Georgeson & Company Inc. will receive a fee of \$25,000, plus costs and expenses, for its services.

## SHAREHOLDER PROPOSALS

The Viacom board will consider proposals of shareholders intended to be presented for action at Viacom's next or, if the merger is completed, the combined company's, annual meeting of shareholders. A shareholder proposal must be submitted in writing and be received at Viacom's principal executive offices, 1515 Broadway, New York, NY 10036, Attn: Corporate Secretary. The deadline for shareholders to submit proposals pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 for inclusion in Viacom's proxy statement and form of proxy for the annual meeting is December 17, 1999.

If the merger is not completed, CBS will hold a 2000 annual meeting of shareholders. If such meeting is held, shareholders' proposals must be in writing, addressed to the CBS Secretary, and received at the principal executive offices of CBS on or before November 26, 1999, to be considered for inclusion in the proxy materials relating to that meeting. Shareholder nominees or proposals outside of the processes of Rule 14a-8 of the Exchange Act must be sent to the CBS Secretary at the principal executive offices of CBS for receipt between January 5, 2000 and February 4, 2000 and must include the information required by CBS' By-laws. In the event the combination is completed, there will not be an annual meeting of CBS in 2000.



## LEGAL MATTERS

Legal matters with respect to the validity of the securities offered hereby and the merger will be passed upon for Viacom by Michael D. Fricklas, Esq., Senior Vice President, General Counsel and Secretary of Viacom.

## EXPERTS

The consolidated financial statements of Viacom incorporated into this document by reference to Viacom's Annual Report on Form 10-K for the year ended December 31, 1998, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements and the related financial statement schedule of CBS, as of December 31, 1998 and 1997 and for each of the years in the three year period ended December 31, 1998, incorporated by reference in this joint proxy statement/prospectus from CBS' Annual Report on Form 10-K for the year ended December 31, 1998, have been audited by KPMG LLP, independent auditors, as stated in their reports, which are incorporated in this document by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of King World incorporated in this joint proxy statement/prospectus by reference from CBS' Current Report on Form 8-K dated on or about October 8, 1999, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto and is incorporated in this document by reference in reliance upon the authority of said firm as experts in giving said report.

## WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION OF DOCUMENTS BY REFERENCE

Viacom and CBS are subject to the informational requirements of the Securities Exchange Act of 1934 and each accordingly files reports and other information with the SEC. Reports, proxy statements and other information filed by Viacom or CBS with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 or at its regional offices located at Suite 1400, Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661 and at Seven World Trade Center, 13th Floor, New York, New York 10048, and copies of these materials can be obtained from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates, or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy statements and other information regarding registrants that file electronically, such as Viacom and CBS. The address of the SEC's Internet site is <http://www.sec.gov>.

Viacom has filed a registration statement on Form S-4 under the Securities Act of 1933, of which this joint proxy statement/prospectus forms a part, relating to the Viacom Class B common stock to be issued in connection with the merger. This joint proxy statement/prospectus does not contain all the information set forth in the registration statement, selected portions of which are omitted in accordance with the rules and regulations of the SEC. For further information pertaining to Viacom, CBS and the Viacom Class B common stock, reference is made to the registration statement and its exhibits. Statements contained in this joint proxy statement/prospectus or in any document incorporated in this joint proxy statement/prospectus by reference as to the contents of any contract or other document referred to within this document or other documents that are incorporated by reference are not necessarily complete and, in each instance, reference is made to the copy of the applicable contract or other document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each statement contained in this joint proxy statement/prospectus is qualified in its entirety by reference to the underlying documents.

Viacom Class A and Class B common stock are listed on the NYSE and were previously listed on the American Stock Exchange. Reports, proxy statements and other information concerning Viacom can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and the American Stock Exchange, 86 Trinity Place, New York, New York 10006. CBS common stock is listed on the NYSE, the Chicago Stock Exchange, the Boston Stock Exchange, the Philadelphia Stock Exchange and the Pacific Stock Exchange. Reports, proxy statements and other information concerning CBS can also be inspected at the offices of the NYSE.

This joint proxy statement/prospectus incorporates documents by reference that are not included as part of this document. Viacom and CBS undertake to provide, without charge, to each person, including any beneficial owner of Viacom Class A common stock, Viacom Class B common stock and CBS Common Stock, to whom a copy of this joint proxy statement/prospectus has been delivered, upon written or oral request, a copy of any and all of the documents that have been incorporated into this document by reference, other than exhibits to those documents unless the exhibits are specifically incorporated into this document by reference. Requests for these documents should be directed, in the case of documents relating to Viacom or any of its subsidiaries, to Viacom Inc., 1515 Broadway, 53rd Floor, New York, New York 10036, Attention: Investor Relations, phone number: (212) 258-6700, and, in the case of documents relating to CBS or any of its subsidiaries, to CBS Corporation, 51 W. 52nd Street, New York, New York 10019, Attention: Secretary, phone number:(212) 975- 4321. In order to ensure timely delivery of requested documents, requests should be made by December 13, 1999.

The following documents, which have been filed with the SEC by Viacom (File No. 1-9553) and CBS (File No. 1-977), are incorporated into this document by reference:

#### Viacom

(a) the Annual Report on Form 10-K of Viacom for the fiscal year ended December 31, 1998;

(b) the Viacom Quarterly reports on Form 10-Q for the periods ended March 31, 1999, June 30, 1999 and September 30, 1999;

(c) the Current Reports on Form 8-K of Viacom filed May 18, 1999, June 24, 1999, September 8, 1999, as amended, and October 12, 1999; and

(d) the definitive Proxy Statement filed on April 16, 1999, in connection with Viacom's 1999 Annual Meeting.

#### CBS

(a) the Annual Report on Form 10-K, as amended by Form 10-K/A, of CBS for the fiscal year ended December 31, 1998;

(b) the CBS Quarterly report on Form 10-Q, as amended by Form 10-Q/A, for the period ended March 31, 1999, the CBS Quarterly report on Form 10-Q for the period ended June 30, 1999 and the CBS Quarterly report on Form 10-Q for the period ended September 30, 1999;

(c) the Current Reports on Form 8-K of CBS filed January 29, 1999, February 5, 1999, April 1, 1999, April 13, 1999, April 30, 1999, June 4, 1999, June 28, 1999, July 30, 1999, August 4, 1999, September 8, 1999, September 15, 1999, October 8, 1999 (in respect of the Viacom/CBS merger), October 12, 1999, October 29, 1999, November 2, 1999 and November 5, 1999;

(d) the Current Report on Form 8-K of CBS filed on November 22, 1999 which includes King World's consolidated financial statements and the notes thereto as of August 31, 1999 and 1998 and for the three years ended August 31, 1999;

(e) the description of CBS common stock contained in CBS' registration statement on Form 10 dated May 15, 1935; and

(f) the definitive Proxy Statement filed on March 25, 1999, in connection with CBS' 1999 Annual Meeting.

All references within this document to:

(a) the Form 10-K of CBS for the fiscal year ended December 31, 1998, refer to that Form 10-K as amended by the Form 10-K/A; and

(b) the Form 10-Q of CBS for the period ended March 31, 1999, refer to that Form 10-Q as amended by the Form 10-Q/A.

All documents filed by Viacom and CBS according to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this joint proxy statement/prospectus and prior to the date of the special shareholders' meetings are incorporated by reference into this joint proxy statement/prospectus and are considered a part of this joint proxy statement/prospectus from the date of filing of those documents.

Any statement contained within this joint proxy statement/prospectus or in any document incorporated by reference will be deemed to be modified or superseded for purposes of this joint proxy statement/prospectus to the extent that the statement contained in this joint proxy statement/prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference in this joint proxy statement/prospectus modifies or supersedes that statement. Statements so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this joint proxy statement/prospectus.

No person has been authorized to give any information or to make any representation other than as contained in this joint proxy statement/prospectus in connection with the Viacom Class B common stock to be issued in connection with the merger and, if given or made, the information or representation must not be relied upon as having been authorized. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to purchase securities in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or solicitation. Neither the delivery of this joint proxy statement/prospectus nor any distribution of the securities offered hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Viacom or CBS since the date of this joint proxy statement/prospectus or that the information contained in this joint proxy statement/prospectus is correct as of any time subsequent to that date. All information in this joint proxy statement/prospectus regarding Viacom has been provided by Viacom, and all information regarding CBS has been provided by CBS.

RESTATED CERTIFICATE OF INCORPORATION  
OF  
VIACOM INC.

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

ARTICLE I

Name

The name of this Corporation is Viacom Inc.

ARTICLE II

Registered Office and Agent for Service

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

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

ARTICLE III

Corporate Purposes

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

ARTICLE IV

Capital Stock

(1) Shares, Classes and Series Authorized.

(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 3,525,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

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

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

(iii) 25,000,000 shares of Preferred Stock, \$0.01 par value ("Preferred Stock").

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

(2) Powers and Rights of the Class A Common Stock and the Class B Common Stock.

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

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

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

C. Distribution of Assets Upon Liquidation. In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled under Section 5 of this Article IV or the resolutions, as the case may be, authorizing the issuance of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided ratably among the holders of Class A Common Stock and Class B Common Stock.

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

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

(3) Powers and Rights of the Preferred Stock.

Subject to Article XIII of this Restated Certificate of Incorporation, the Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any; the consideration for which the shares of such series are to be issued; the number of shares constituting such series, which number may be

increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon which and the times at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or noncumulative, and, if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including, without limitation, price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Class A Common Stock or Class B Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof pertaining to shares of such series permitted by law.

(4) Issuance of Class A Common Stock, Class B Common Stock and Preferred Stock.

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

(5) Series C Preferred Stock

(a) Designation and Amount. The shares of this series shall be designated as "Series C Preferred Stock" (the "Series C Preferred Stock"). The par value of each share of Series C Preferred Stock shall be \$.01. The number of shares constituting the Series C Preferred Stock shall initially be the Preferred Exchange Ratio (as defined in the Amended and Restated Agreement and Plan of Merger dated as of September 6, 1999, as amended and restated as of October 8, 1999, as it may be further amended from time to time, among the Corporation and CBS (as defined in Article XIII of this Restated Certificate of Incorporation)(the "Merger Agreement")) multiplied by the number of shares of CBS Series B Participating Preferred Stock, par value \$1.00 per share, issued and outstanding immediately prior to the Effective Time (as defined in the Merger Agreement). The Corporation is authorized to issue fractional shares of Series C Preferred Stock to 1/1000th of a share in accordance with the terms herein. All references herein to shares of Series C Preferred Stock shall be deemed to include, if applicable, references to such fractional shares.

(b). Dividends and Distributions.

(1) Subject to the provisions for adjustment hereinafter set forth, the holders of outstanding shares of Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, a cash dividend in an amount per share (rounded to the nearest cent) equal to 1000 times the aggregate per share amount of each cash dividend declared or paid on the Class B Common Stock. In addition, in the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, pay any dividend or make any distribution on the shares of Class B Common Stock of the Corporation, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Corporation or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than (x) cash dividends subject to the immediately preceding sentence, (y) a distribution of shares of Class B Common Stock

or other capital stock of the Corporation subject to paragraph (h)(1) below or (z) a distribution of rights or warrants to acquire any such shares subject to paragraph (h)(3) or (h)(5) below, including as such a right any debt security convertible into or exchangeable for any such shares, at a price less than the Fair Market Value (as hereinafter defined) of such shares on the date of issuance of such rights or warrants), then, and in each such event, the Corporation shall simultaneously pay on each then outstanding share of Series C Preferred Stock a distribution, in like kind, of 1000 times such distribution paid on a share of Class B Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series C Preferred Stock to which holders thereof are entitled pursuant to the first and second sentences of this paragraph (b)(1) are hereinafter referred to as "Dividends" and the multiple of such cash and non-cash dividends and distributions on the Class B Common Stock applicable to the determination of the Dividends, which shall be 1000 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Dividends which holders of shares of Series C Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class B Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

(2) The Corporation shall declare each Dividend at the same time it declares any cash or non-cash dividend or distribution on the Class B Common Stock in respect of which a Dividend is required to be paid. No cash or non-cash dividend or distribution on the Class B Common Stock in respect of which a Dividend is required to be paid shall be paid or set aside for payment on the Class B Common Stock unless a Dividend in respect of such dividend or distribution on the Class B Common Stock shall be simultaneously paid, or set aside for payment, on the Series C Preferred Stock.

(3) All Dividends paid with respect to shares of the Series C Preferred Stock shall be paid pro rata on a share-by-share basis to the holders entitled thereto.

(4) The holders of shares of Series C Preferred Stock shall not be entitled to receive any dividends or distributions except as provided herein.

(c) Voting Rights. The holders of record of outstanding shares of Series C Preferred Stock shall have the following voting rights:

(1) Subject to the provisions for adjustment hereinafter set forth, each share of Series C Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the holders of the Common Stock. The number of votes which a holder of a share of Series C Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend on Class A Common Stock, payable in shares of Class A Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class A Common Stock into a greater or lesser number of shares of Class A Common Stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series C Preferred Stock shall be entitled after such event shall be the Vote Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided in this Restated Certificate of Incorporation or required by law, the holders of shares of Series C Preferred Stock and the holders of shares of Class A Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(3) Except as otherwise provided in this Restated Certificate of Incorporation or required by law, holders of Series C Preferred Stock shall have no other special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Class A Common Stock as set forth herein) for the taking of any corporate action.

(d) Conversion. The shares of Series C Preferred Stock shall be convertible as follows:

(1) Each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for the Series C Preferred Stock. Subject to the provisions for adjustment hereinafter set forth, each share of Series C Preferred Stock shall be convertible into 1000 shares of Class B Common Stock. The number of shares of Class B Common Stock into which each share of Series C Preferred Stock may be converted is hereinafter referred to as the "Conversion Rate." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Conversion Rate thereafter applicable shall be the Conversion Rate applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class B Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

(2) No fractional shares of Class B Common Stock shall be issued upon conversion of the Series C Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then Fair Market Value per share of the Class B Common Stock. For such purpose, all shares of Series C Preferred Stock being converted by a holder shall be aggregated, and any resulting fractional share of Class B Common Stock shall be paid in cash. Before any holder of shares of Series C Preferred Stock shall be entitled to convert the same into full shares of Class B Common Stock, and to receive certificates therefor, the holder shall surrender the certificate or certificates representing the shares of Series C Preferred Stock, duly endorsed, at the office of the Corporation or of any transfer agent for the Series C Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same.

The Corporation shall, as soon as practicable after such delivery, issue and deliver at such office to such holder of Series C Preferred Stock a certificate or certificates for the number of shares of Class B Common Stock to which such holder shall be entitled and a check payable to such holder in the amount of any cash amount payable as the result of a conversion into fractional shares of Class B Common Stock, plus any declared and unpaid dividends on the converted Series C Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of receipt of such surrender of the shares of Series C Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock on such date.

(3) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of Series C Preferred Stock, such number of shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series C Preferred Stock.

(4) Any notice required by the provisions of this Section 4 to be given to the holders of shares of Series C Preferred Stock or to the Corporation shall be given via facsimile transmission or via certified or registered U.S. mail or via private overnight delivery service, if to the holder, at (615) 316-6570 or such



holder's address appearing on the books of the Corporation, and if to the Corporation, at 1515 Broadway, New York, NY 10036, attention General Counsel, facsimile no.: 212-258-6134, or such other facsimile number or address as the holder or the Corporation shall notify the other of in accordance with the notice provisions set forth in this paragraph (d)(5). Notice shall be deemed to have been given on the date of facsimile transmission (if the notice is faxed) or five days after mailing (if the notice is mailed) or the day after the notice is given to the delivery service (if sent by overnight courier).

(e) Certain Restrictions.

(1) Whenever Dividends are in arrears or the Corporation shall be in default on payment thereof, thereafter and until all accrued and unpaid Dividends, whether or not declared, on shares of Series C Preferred Stock outstanding shall have been paid or set irrevocably aside for payment in full, and in addition to any and all other rights which any holder of shares of Series C Preferred Stock may have in such circumstances, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series C Preferred Stock, unless dividends are paid ratably on the Series C Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph (e)(1), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series C Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series C Preferred Stock, or any shares of stock ranking on a parity with the Series C Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up) except as permitted by subparagraph (iii) of this paragraph (e)(1) or in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(2) The Corporation shall not permit any Subsidiary (as hereinafter defined) of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (1) of this paragraph (e), purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Corporation shall mean any corporation or other entity of which securities or other ownership interests entitled to cast at least a majority of the votes that would be entitled to be cast in an election of the board of directors of such corporation or other entity or other persons performing similar functions are beneficially owned, directly or indirectly, by the Corporation or by any corporation or other entity that is otherwise controlled by the Corporation.

(3) The Corporation shall not issue any shares of Series C Preferred Stock except pursuant to the Merger Agreement, a copy of which is on file with the Secretary of the Corporation at its principal executive offices and shall be made available to holders of Series C Preferred Stock without charge upon written request therefor addressed to the Secretary of the Corporation at the address set forth in paragraph (d)(4) above. Notwithstanding the foregoing sentence, nothing contained in the provisions of this Article IV shall prohibit or restrict the Corporation from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series C Preferred Stock

or, subject to the limitations set forth in paragraph (n), from creating other securities senior to, junior to or on a parity with the Series C Preferred Stock.

(f) Reacquired Shares. Any shares of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of Preferred Stock, without designation as to series, and such shares may be redesignated and reissued as part of any series of Preferred Stock.

(g) Liquidation, Dissolution or Winding Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of stock ranking junior (upon liquidation, dissolution or winding up) to the Series C Preferred Stock unless the holders of shares of Series C Preferred Stock outstanding shall have received out of the assets of the Corporation available for distribution to its shareholders after payment or provision for payment of any securities ranking senior to the Series C Preferred Stock, for each share of Series C Preferred Stock, subject to adjustment as hereinafter provided, (A) \$.01 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment or, (B) if greater than the amount specified in clause (i)(A) of this sentence, an amount equal to 1000 times the aggregate amount to be distributed per share to holders of Class B Common Stock, as the same may be adjusted as hereinafter provided, and (ii) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series C Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series C Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series C Preferred Stock are entitled under clause (i)(A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series C Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Corporation pursuant to clause (i)(B) of the foregoing sentence is hereinafter referred to as the "Participation Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Class B Common Stock upon the liquidation, dissolution or winding up of the Corporation applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple". In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series C Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. Except as provided in this paragraph (g)(1), holders of Series C Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the Corporation.

(2) For the purposes of this paragraph (g), none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

(i) the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation;

(ii) the consolidation or merger of the Corporation with or into one or more other corporations or other associations;

(iii) the consolidation or merger of one or more corporations or other associations with or into the Corporation; or

(iv) the participation by the Corporation in a share exchange.

(h) Certain Reclassifications and Other Events.

(1) In the event that holders of shares of Class B Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any share of capital stock of the Corporation (other than any share of Class B Common Stock), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Class B Transaction"), then, and in each such event, the dividend rights, conversion rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall be adjusted so that after such Transaction the holders of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, (i) to such additional dividends as equal the Dividend Multiple in effect immediately prior to such Class B Transaction multiplied by the additional dividends which the holder of a share of Class B Common Stock shall be entitled to receive by virtue of the receipt in the Class B Transaction of such capital stock, (ii) upon surrender of shares of Series C Preferred Stock for conversion, to the aggregate number and kind of shares of capital stock of the Corporation which, if such shares of Series C Preferred Stock had been converted immediately prior to such Class B Transaction, such holder would have been entitled to receive by virtue of such Class B Transaction and (iii) to such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Liquidation Multiple in effect immediately prior to such Class B Transaction multiplied by the additional amount which the holder of a share of Class B Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation by virtue of the receipt in the Class B Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(2) In the event that holders of shares of Class A Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any share of capital stock of the Corporation (other than any share of Class A Common Stock), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Class A Transaction"), then, and in each such event, the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such Class A Transaction the holders of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to such additional voting rights as equal the Vote Multiple in effect immediately prior to such Class A Transaction multiplied by the additional voting rights to which the holder of a share of Class A Common Stock shall be entitled by virtue of the receipt in the Class A Transaction of such capital stock.

(3) In the event that holders of shares of Class B Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any right or warrant to purchase Class B Common Stock (including as such a right, for all purposes of this paragraph (h)(3), any security convertible into or exchangeable for Class B Common Stock) at a purchase price per share less than the Fair Market Value of a share of Class B Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, conversion rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Conversion Rate and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Conversion Rate and the Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Class B Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Class B Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Class B Common Stock

outstanding immediately before such issuance of rights or warrants plus the number of shares of Class B Common Stock which could be purchased, at the Fair Market Value of the Class B Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(4) In the event that holders of shares of Class A Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any right or warrant to purchase Class A Common Stock (including as such a right, for all purposes of this paragraph (h)(4), any security convertible into or exchangeable for Class A Common Stock) at a purchase price per share less than the Fair Market Value of a share of Class A Common Stock on the date of issuance of such right or warrant, then and in each such event the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such event the Vote Multiple shall be the product of the Vote Multiple in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Class A Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Class A Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Class A Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Class A Common Stock which could be purchased, at the Fair Market Value of the Class A Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(5) In the event that holders of shares of Class B Common Stock of the Corporation receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Class B Common Stock), including as such a right, for all purposes of this paragraph (h)(5), any security convertible into or exchangeable for capital stock of the Corporation (other than Class B Common Stock) at a purchase price per share less than the Fair Market Value of a share of such capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, conversion rights and rights upon liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event each holder of a share of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Class B Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Discount Fraction (as hereinafter defined), (ii) such additional conversion rights as equal the Conversion Rate in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the Fair Market Value per share of Class B Common Stock on the date of such event less the Fair Market Value of the portion of the right or warrant so distributed applicable to one share of Class B Common Stock and the denominator of which shall be the Fair Market Value per share of Class B Common Stock on the date of such event and (iii) such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Class B Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Class B Common Stock of the Corporation as contemplated by this paragraph (h)(5) immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(6) In the event that holders of shares of Class A Common Stock of the Corporation receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Class A Common Stock), including as such a right, for all purposes of this paragraph (h)(6), any security convertible into or exchangeable for capital stock of the Corporation (other than Class A Common Stock) at a purchase price per share less than the Fair Market Value of a share of such capital stock on the date of issuance of such right or warrant, then and in each such event the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such event each holder of a share of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Class A Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Voting Discount Fraction (as hereinafter defined). For purposes of this paragraph, the "Voting Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Class A Common Stock of the Corporation as contemplated by this paragraph (h)(6) immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.]

(7) For purposes of this Section 5 of Article IV, the "Fair Market Value" of a share of capital stock of the Corporation on any date shall be deemed to be the average of the daily closing price per share thereof over the 15 consecutive Trading Days (as hereinafter defined) immediately prior to such date; provided, however, that in the event the Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 15 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such capital stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Corporation to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Corporation. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Corporation is open. If the shares are not publicly held or not so listed or traded on any day within the 15 Trading Day period applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Corporation. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Corporation.

(i) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, division, share exchange, combination, sale of all or substantially all of the Corporation's assets, or other

transaction in which the shares of Class B Common Stock are exchanged for or changed into other securities, cash and/or any other property, then in any such case each outstanding share of Series C Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Class B Common Stock is changed or exchanged multiplied by the highest of the Dividend Multiple, the Conversion Rate or the Liquidation Multiple in effect immediately prior to such event; provided, however, that no fractional share or scrip representing fractional shares of any other securities shall be issued. Instead of any fractional interest in a share of such other securities which would otherwise be deliverable pursuant to this paragraph (i), the Corporation will pay to the holder thereof an amount in cash (computed to the nearest cent) equal to the same fraction of the Fair Market Value of a share of such other security or such other amount as may be set forth in the agreement governing the related consolidation, division, share exchange, combination, sale of all or substantially all of the Corporation's assets or other transactions.

(j) Effective Time of Adjustments.

(1) Adjustments to the Series C Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(2) The Corporation shall give prompt written notice to each holder of a share of outstanding Series C Preferred Stock of the effect of any adjustment to the voting rights, dividend rights, conversion rights or rights upon liquidation, dissolution or winding up of the Corporation of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Corporation to give such notice shall not affect the validity or the force or effect of, or the requirement for, such adjustment.

(k) No Redemption. The shares of Series C Preferred Stock shall not be redeemable at the option of the Corporation or any holder thereof. Notwithstanding the foregoing sentence of this paragraph (11), the Corporation may acquire shares of Series C Preferred Stock in any other manner permitted by law, the provisions of this Restated Certificate of Incorporation.

(l) Ranking. Unless otherwise provided in this Restated Certificate of Incorporation or in any certificate of designation relating to the determination of a subsequent series of Preferred Stock, the Series C Preferred Stock shall rank senior to the Class B Common Stock and the Class A Common Stock and the Series C Preferred Stock shall rank junior to all other series of Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up.

(m) Limitations. Except as may otherwise be required by law, the shares of Series C Preferred Stock shall not have any powers, preferences or relative, participating, optional or other special rights other than those specifically set forth in this Article IV (as such may be amended from time to time) or otherwise in the Restated Certificate of Incorporation.

(n) Amendment. So long as any shares of the Series C Preferred Stock are outstanding, the Corporation shall not amend this Article IV or the Restated Certificate of Incorporation in any manner which would alter or change the rights, preferences or limitations of the Series C Preferred Stock so as to affect such rights, preferences or limitations in any material respect prejudicial to the holders of the Series C Preferred Stock without, in addition to any other vote of shareholders required by law, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting together as a single class either in writing or by resolution adopted at an annual or special meeting called for the purpose; provided, however, that the creation of another series of Preferred Stock ranking senior to or on a parity with the Series C Preferred Stock as to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or which has equivalent or greater voting rights than the Series C Preferred Stock, in each case shall not be deemed to be prejudicial to the holders of the Series C Preferred Stock for the purposes of this paragraph (n).

## ARTICLE V

### Directors

(1) Power of the Board of Directors. Subject to Article XIII of this Restated Certificate of Incorporation, the property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized, subject in all cases to Article XIII of this Restated Certificate of Incorporation:

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

(b) To determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the property, business and affairs of the Corporation, including, without limitation, the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for Board meetings, as well as the manner of taking Board action; and

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

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

## ARTICLE VI

### Indemnification Of Directors, Officers and Others

(1) Action Not By or on Behalf of Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including, without limitation, a trustee) of another corporation, partnership, joint venture, trust or other enterprise, against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) Action By or on Behalf of Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a

director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(3) Successful Defense. To the extent that a present or former Director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection therewith.

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

(5) Advance Payment of Expenses.

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

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

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



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

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

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

#### ARTICLE VII

##### Director Liability to the Corporation

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

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

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

#### ARTICLE VIII

##### Reservation of Right to Amend Certificate of Incorporation

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

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

#### ARTICLE IX

##### Voting Rights

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

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

#### ARTICLE X

##### Stock Ownership and the Federal Communications Laws

(1) Requests for Information. So long as the Corporation or any of its subsidiaries holds any authorization from the Federal Communications Commission (or any successor thereto), if the Corporation has reason to believe that the ownership, or proposed ownership, of shares of capital stock of the Corporation by any stockholder or any person presenting any shares of capital stock of the Corporation for transfer into his name (a "Proposed Transferee") may be inconsistent with, or in violation of, any provision of the Federal

Communications Laws (as hereinafter defined), such stockholder or Proposed Transferee, upon request of the Corporation, shall furnish promptly to the Corporation such information (including, without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall reasonably request to determine whether the ownership of, or the exercise of any rights with respect to, shares of capital stock of the Corporation by such stockholder or Proposed Transferee is inconsistent with, or in violation of, the Federal Communications Laws. For purposes of this Article X, the term "Federal Communications Laws" shall mean any law of the United States now or hereafter in effect (and any regulation thereunder) pertaining to the ownership of, or the exercise of the rights of ownership with respect to, capital stock of corporations holding, directly or indirectly, Federal Communications Commissions authorizations, including, without limitation, the Communications Act of 1934, as amended (the "Communications Act"), and regulations thereunder pertaining to the ownership, or the exercise of the rights of ownership, of capital stock of corporations holding, directly or indirectly, Federal Communications Commission authorizations, by (i) aliens, as defined in or under the Communications Act, as it may be amended from time to time, (ii) persons and entities having interests in television or radio stations, daily newspapers and cable television systems or (iii) persons or entities, unilaterally or otherwise, seeking direct or indirect control of the Corporation, as construed under the Communications Act, without having obtained any requisite prior Federal regulatory approval to such control.

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

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

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

#### ARTICLE XI Transactions with Directors And Officers

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors

or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of such stockholders, or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders entitled to vote thereon. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## ARTICLE XII

### Compromise and Reorganization

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

## ARTICLE XIII

### Governance of the Corporation During Specified Period

(1) Definitions. As used in this Article XIII, the following terms shall have the following meanings:

(a) "CBS" shall mean CBS Corporation, a Pennsylvania corporation, immediately prior to the Effective Time.

(b) "CBS Directors" shall mean (i) eight (8) of those directors serving as members of the Board of Directors of CBS on September 6, 1999 (or any Independent Directors elected or appointed prior to the Effective Time to serve as a CBS Director) who are designated as such by the Board of Directors of CBS prior to the Effective Time and (ii) any Replacement CBS Director (as defined in Section 2(b) of this Article XIII).

(c) "CEO" shall mean the Chief Executive Officer.

(d) "COO" shall mean the President and Chief Operating Officer.

(e) "Effective Time" shall mean the time of filing of the Certificate of Merger to which this Certificate of Incorporation is attached.

(f) "Independent Director" shall mean a disinterested, independent person (determined in accordance with customary standards for independent directors applicable to U.S. public companies).

(g) "NAI" shall mean National Amusements, Inc., a Maryland corporation, and its successors or assigns.

(h) "Specified Independent Directors" shall mean the directors of the Corporation first elected after 1993 and who are not management of the Corporation or NAI (together with any replacements of such persons).

(i) "Specified Period" shall mean the period of three years commencing at the Effective Time.

(j) "Stockholder Agreement" shall mean the Stockholder Agreement dated as of September 6, 1999, by and between NAI and CBS, relating to Corporation governance matters.

(k) "Viacom Directors" shall mean the ten (10) directors of the Corporation serving as the Board of Directors of the Corporation immediately prior to the Effective Time (including the Specified Independent Directors).

(2) Directors.

(a) Effective immediately at the Effective Time, the Board of Directors shall consist of eighteen (18) directors. The number of directors may be fixed by resolution of the Board from time to time, provided, however, that the size of the Board of Directors may not be changed during the Specified Period without the approval of at least fourteen (14) directors. At the Effective Time, ten (10) directors shall be Viacom Directors and eight (8) directors shall be CBS Directors.

(b) Until the expiration of the Specified Period, the Board of Directors (subject to the fiduciary duties of the directors) shall take all action necessary to ensure that any seat on the Board of Directors held by (i) a CBS Director which becomes vacant is filled promptly by a person qualifying as an Independent Director and designated to fill such seat by a majority of the CBS Directors remaining on the Board of Directors (a "Replacement CBS Director") and (ii) a Specified Independent Director which becomes vacant is filled promptly by an Independent Director who is the chief executive officer, chief operating officer or chief financial officer or former chief executive officer of a Fortune 500 company or a non-U.S. public company of comparable size.

(c) During the Specified Period, all committees of the Board of Directors (other than the Compensation Committee and the Officers Nominating Committee) shall have such number of CBS Directors as equals the total number of members of the Committee multiplied by a fraction, the numerator of which is eight (8) and the denominator of which is eighteen (18), rounded to the closest whole number; provided that in no event shall any committee have (x) fewer than one (1) CBS Director or (y) less than a majority of Viacom Directors.

(d) During the Specified Period, the Board of Directors shall not take any action or fail to take any action which would have the effect of eliminating, limiting, restricting, avoiding or otherwise modifying the effect of the provisions set forth in this Article XIII (e.g., by creating a holding company structure if the certificate of incorporation or similar document of such holding company does not contain equivalent provisions).

(3) Chairman and Chief Executive Officer.

(a) At the Effective Time, Sumner Redstone shall remain the Chairman and CEO. In the event that Sumner Redstone is not the CEO at the Effective Time or ceases to be the CEO at any time during the Specified Period, then Mel Karmazin, if he is COO at such time, shall succeed to the position of CEO for the remainder of the Specified Period. During any such period of succession, Mel Karmazin shall continue to exercise the powers, rights, functions and responsibilities of the COO in addition to exercising those of the CEO.

(b) The Chairman shall chair all meetings of the Board of Directors and stockholders at which he is present.

(c) The CEO shall be responsible, in consultation with the COO, for corporate policy and strategy and the COO shall consult on all major decisions with, and shall report directly to, the CEO, during the Specified

Period; provided, however, that the CEO shall not exercise any powers, rights, functions or responsibilities of the COO unless Mel Karmazin is the CEO.

(4) President and Chief Operating Officer.

(a) At the Effective Time, the President and Chief Operating Officer of the Corporation shall be Mel Karmazin. During the Specified Period, Mel Karmazin may not be terminated or demoted from the position of COO (or, in the event that Sumner Redstone is not the CEO, from the position of CEO) and no COO Functions (as defined below) may be changed without the affirmative vote of at least fourteen (14) directors.

(b) Subject to the requirement that the COO consult with the CEO on all major decisions, the powers, rights, functions and responsibilities of the COO (collectively, the "COO Functions") shall include, without limitation, the following:

(i) supervising, coordinating and managing the Corporation's business, operations, activities, operating expenses and capital allocation;

(ii) matters relating to officers (other than the Chairman, CEO and COO) and employees, including, without limitation, hiring (subject to (A) the specific Board of Directors authority described below with respect to the CFO, the General Counsel and the Controller and (B) Section 5 below), terminating, changing positions and allocating responsibilities of such officers and employees; and

(iii) substantially all of the powers, rights, functions and responsibilities typically exercised by a chief operating officer.

All officers (other than the Chairman, CEO and COO) will report, directly or indirectly, to the COO (this reporting relationship will be deemed a COO Function).

(c) In the event that Mel Karmazin is not COO or CEO, the Board may terminate the COO's employment, eliminate the COO position and the Officers Nominating Committee and reallocate the COO Functions without regard to the other provisions of this Article XVIII.

(5) Officers Nominating Committee; Compensation Committee.

(a) Subject to the powers of the Compensation Committee set forth below, during the Specified Period, all powers of the Board of Directors, including, without limitation, the right to hire, elect, terminate, change positions, allocate responsibilities or determine non-equity compensation, with respect to officers and employees, shall be exercised, subject to clauses (b) and (c) below, by, and delegated to, the Officers Nominating Committee of the Board of Directors. The Officers Nominating Committee shall consist solely of the member of the Board of Directors who is the COO, except that in the event Mel Karmazin succeeds to the position of CEO, the sole member of the Officers Nominating Committee shall be the member of the Board of Directors who is the CEO.

(b) The Officers Nominating Committee shall have no powers with respect to the Chairman, CEO and COO, and shall not have the power to fill the positions of Chief Financial Officer, Controller or General Counsel of the Corporation without the approval of the Board of Directors; provided that this provision shall in no way affect the other powers and authorities of the Officers Nominating Committee with respect to the Chief Financial Officer, Controller and General Counsel positions, including, without limitation, the power to terminate employment of persons holding such positions.

(c) The Compensation Committee shall not be required to, or have any power to, approve the annual compensation of (i) any employee if the total value of such employee's annual cash compensation (assuming for this purpose that the actual bonus of each officer and employee is equal to his or her target bonus) is less than \$1 million or (ii) talent (as such term is commonly used in the media or entertainment industries), in each such case which power shall be delegated to the Officers Nominating Committee. The annual compensation of

all other officers and employees and any equity or equity-based compensation of any officer or employee must be approved by the Compensation Committee.

(d) The Compensation Committee shall consist of three CBS Directors who are Independent Directors and three non-CBS Directors, two of whom will be the Specified Independent Directors and the other of whom will be an Independent Director.

(e) Any decision or determination of the Officers Nominating Committee may be reversed or overridden by (and only by) the affirmative vote of at least fourteen (14) directors.

(6) Stockholder Agreement.

The Stockholder Agreement may not be amended, and no provision thereof may be modified or waived, except with the approval of at least fourteen (14) directors.

(7) Issuance of Voting Stock.

During the Specified Period, in addition to any other approval required by law or by this Restated Certificate of Incorporation, the Corporation may not issue (i) additional shares of Class A Common Stock or (ii) any shares of Preferred Stock or any other class or series of stock or securities, in each case with, or convertible into or exchangeable or exercisable for stock or other securities with, the right to vote on any matter on which stockholders are entitled to vote if the result would be that parties bound by the Stockholder Agreement could fail to own at least a majority of the outstanding shares of voting stock of the Corporation.

(8) Voting.

During the Specified Period, except for those actions set forth on Annex I to this Restated Certificate of Incorporation, which shall require the approval of the Board of Directors, all action by the Board of Directors shall require the affirmative vote of at least fourteen (14) directors. At all meetings of the Board of Directors a majority of the full Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or this Restated Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(9) Amendment.

Until the expiration of the Specified Period the provisions of any Article of this Restated Certificate which refer to this Article XIII, the provisions of this Article XIII, and the provisions of Article VIII of the by-laws of the Corporation, may not be amended, altered, repealed or waived in any respect without the approval of at least fourteen (14) directors.

(10) Successors.

During the Specified Period, the provisions of this Article XIII shall be applicable to (i) any successor to the Corporation as the result of a merger, consolidation or other business combination, whether or not the Corporation is the surviving company in such transaction, or otherwise and (ii) any corporation or other entity with respect to which the Corporation or its successor is or becomes a direct or indirect subsidiary, the Board of Directors shall not permit the Corporation to be a party to any transaction which would not comply with the foregoing without the approval of at least fourteen (14) directors.

(11) Subsidiaries.

The Board of Directors shall have the right, following consultation with the COO or, if Mel Karmazin is the CEO, the CEO, with respect to any public company which is a subsidiary of the Corporation, to take such steps as the Board of Directors reasonably determines are necessary to implement corporate governance arrangements applicable to such subsidiary in a manner as consistent as practicable with the provisions contained in this Restated Certificate of Incorporation; provided that any such steps shall not vest in the Board of Directors greater power or provide the COO with fewer rights than those provided for in this Restated Certificate of Incorporation.



ANNEX I  
TO VIACOM INC. RESTATED  
CERTIFICATE OF INCORPORATION

The provisions of this Annex I shall form a part of, and be incorporated in all respects in, the Restated Certificate of Incorporation to which this Annex I is attached. The following actions shall require the approval of a majority of the directors:

A. Acquisitions, Divestitures, Joint Ventures, Guarantees

- . Any acquisition, equity investment or joint venture (each an "Acquisition") by the Corporation or any of its subsidiaries for more than \$25 million.
- . Any divestiture or other sale of assets (each a "Divestiture") (not in the ordinary course) by the Corporation or any of its subsidiaries for more than \$25 million (based on purchase price or net book value of assets).
- . Any real estate purchase, sale or lease by the Corporation or any of its subsidiaries for more than \$25 million.
- . Any guarantee by the Corporation or any of its subsidiaries of an obligation of a third party where the obligation guaranteed is more than \$25 million.
- . Notwithstanding the above, any Acquisition or Divestiture by the Corporation or any of its subsidiaries of (a) internet or internet related businesses for more than \$25 million but less than \$100 million, with the value thereof represented by multi-year commitments for advertising, promotion and content licensing, is excluded, so long as the aggregate of such Acquisitions or Divestitures, in each case, does not exceed \$550 million and (b) radio or outdoor advertising businesses for more than \$25 million but less than \$100 million, is excluded, so long as the aggregate of such Acquisitions or Divestitures, in each case, does not exceed \$300 million; provided that (i) any Divestiture of shares of a publicly traded internet or internet related business with a value of up to \$75 million is excluded and shall not be included in the calculation of any of the threshold amounts set forth above, (ii) Board approval may be secured (but is not required) for any transaction of more than \$25 million but less than \$100 million where the regular meeting schedule of the Board so permits (and shall not otherwise be required), (iii) the Board will be provided with information about and a status report on such transactions completed without Board approval and (iv) this limit of authority will be reviewed in 12 months from the Effective Time (as defined in Article XIII of the Restated Certificate) and may be amended only with the approval of 14 members of the Board of Directors.
- . Any contract of the Corporation or any of its subsidiaries not in the ordinary course with a value in excess of \$25 million.
- . Notwithstanding the above, any of the foregoing transactions that is approved by the Board shall not be included in the calculation of any of the threshold amounts set forth above.

B. Employee Matters

- . Employee benefit plans (at the Corporation or a subsidiary): (a) creating a new plan, (b) suspending or terminating an existing plan, (c) any amendment that materially increases cost to the Corporation or subsidiary.
- . Entering into any modifications or amendments to the employment agreements with the CEO or the COO.

C. General

- . The Annual Report on Form 10-K.

- . Proxy statement and notice of meeting (including annual or special meeting date, location, record date for voting).
- . Any issuance of Corporation stock, or options, warrants or other similar rights (including stock appreciation rights) or debt or other securities convertible into or exchangeable for Corporation stock.
- . Any issuance of debt unless such debt is short term and is within the spending limits of the annual operating budget or is replacing existing debt.
- . Annual capital expenditure and annual operating budgets and individual capital expenditure transactions in excess of \$25 million for the Corporation or any of its subsidiaries.
- . Any Corporation or subsidiary pays a dividend or repurchases stock from a third party.
- . Review and approve any action or transaction where Board action is required by law (other than (S) 141(a) of the Delaware General Corporation Law) or by the terms of the transaction (in all cases other than as specifically set forth in the Restated Certificate of Incorporation).
- . Review and approve Board minutes.
- . Subject to Article XIII of the Restated Certificate of Incorporation, determine Board administration, including number of directors, meeting schedule, nominees, committees, director compensation, D&O insurance authorization, internal investigations and retention of advisors in connection therewith, and decisions regarding indemnification of individuals.
- . Subject to Article XIII of the Restated Certificate of Incorporation, amendments to the Restated Certificate of Incorporation and by-laws of the Corporation.
- . Commencement and settlement of major litigation.
- . Selection of independent auditors.
- . All matters on which the Corporation Board of Directors has historically taken action other than (1) matters relating to the subject matters addressed in this Annex I and not requiring approval of the Board of Directors hereunder and (2) those matters delegated to the COO, including all of the COO Functions (as defined in Article XIII of this Restated Certificate of Incorporation).

VIACOM INC.  
AMENDED AND RESTATED  
BY-LAWS

ARTICLE I

Offices

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the state of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

Section 1. Meetings of stockholders may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The annual meeting of stockholders may be held at such place, within or without the State of Delaware, as shall be designated by the board of directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. The annual meeting of stockholders for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting shall be held at such date and hour as shall be determined by the board of directors or, in the absence of such determination, on the third Thursday of the ninth month after the month end most nearly coinciding with the close of the fiscal year of the Corporation.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Restated Certificate of Incorporation, may be called by the affirmative vote of a majority of the board of directors, the Chairman of the Board, the Chief Executive Officer, the Vice Chairman of the Board or the President and Chief Operating Officer and shall be called by the Chairman of the Board, the Chief Executive Officer, the Vice Chairman of the Board, the President and Chief Operating Officer or Secretary at the request in writing of the holders of record of at least 50.1% of the aggregate voting power of

all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, acting together as a single class. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the aggregate voting power of the shares of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the aggregate voting power of the shares of the capital stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by provision of applicable law or of the Restated Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. At every meeting of the stockholders, each stockholder shall be entitled to vote, in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, each share of the capital stock having voting power held by such stockholder in accordance with the provisions of the Restated Certificate of Incorporation and, if applicable, the certificate of designations relating thereto, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by stockholders representing not less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. The Secretary shall file such consents with the minutes of the meetings of the stockholders.

Section 12. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 13. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by proxy, attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

## ARTICLE III

### Directors

Section 1. The number of directors which shall constitute the entire Board of Directors shall be fixed as set forth in Article XIII of the Restated Certificate of Incorporation, and shall not be less than three nor more than eighteen. Directors shall have such qualifications as may be prescribed by these by-laws. Directors need not be stockholders. If required by regulations of the Federal Communications Commission, each director shall be a citizen of the United States of America.

Section 2. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the corporation then outstanding (other than the Common Stock), and subject to Article XIII of the Restated Certificate of Incorporation, vacancies in the board of directors for any reason, including by reason of an increase in the authorized number of directors, shall, if occurring prior to the expiration of the term of office in which the vacancy occurs, be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. Subject to Article XIII of the Restated Certificate of Incorporation, if there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. The property and business of the Corporation shall be controlled and managed in accordance with the terms of the Restated Certificate of Incorporation by its board of directors which may, subject to Article XIII of the Restated Certificate of Incorporation, exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of Incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

#### MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the Corporation, or any committees thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. A regular annual meeting of the board of directors, including newly elected directors, shall be held immediately after each annual meeting of stockholders at the place of such stockholders' meeting, and no notice of such meeting to the directors shall be necessary in order legally to constitute the meeting, provided a quorum shall be present. If such meeting is held at any other time or place, notice thereof must be given or waived as hereinafter provided for special meetings of the board of directors.

Section 6. Additional regular meetings of the board of directors shall be held on such dates and at such times and at such places as shall from time to time be determined by the board of directors.

Section 7. The Chairman of the Board, the Chief Executive Officer, Vice Chairman of the Board or the President and Chief Operating Officer of the Corporation and the Secretary may call a special meeting of the board of directors at any time by giving notice, specifying the business to be transacted at and the purpose or purposes of the meeting, to each member of the board at least twenty-four (24) hours before the time appointed.

Section 8. At all meetings of the board a majority of the full board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute, the Restated Certificate of Incorporation or these by-laws. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the Restated Certificate of Incorporation or these by-laws, members of the board of directors, or any committee thereof, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

#### COMMITTEES OF DIRECTORS

Section 11. Designation of Committees. Subject to Article XIII of the Restated Certificate of Incorporation, the board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Subject to Article XIII of the Restated Certificate of Incorporation, the board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Section 12. Vacancies. Subject to Article XIII of the Restated Certificate of Incorporation, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Section 13. Powers. Subject to Article XIII of the Restated Certificate of Incorporation, any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors to the extent provided by Section 141(c) of the General Corporation Law of the State of Delaware as it exists now or may hereafter be amended.

Section 14. Each committee of the board of directors shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### COMPENSATION OF DIRECTORS

Subject to Article XIII of the Restated Certificate of Incorporation:

Section 15. Unless otherwise restricted by the Restated Certificate of Incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. All directors may be paid their expenses, if any, of attendance at each meeting of the board of directors, and directors who are not full-time employees of the Corporation may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation and expenses for attending committee meetings.

#### REMOVAL OF DIRECTORS

Subject to Article XIII of the Restated Certificate of Incorporation:

Section 16. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, (a) any director, or the entire

board of directors, may be removed from office at any time prior to the expiration of his term of office, with or without cause, only by the affirmative vote of the holders of record of outstanding shares representing at least a majority of all of the aggregate voting power of outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class at a special meeting of stockholders called expressly for that purpose; provided that, any director may be removed from office by the affirmative vote of a majority of the entire board of directors, at any time prior to the expiration of his term of office, as provided by law, in the event a director fails to meet the qualifications stated in these by-laws for election as a director or in the event such director is in breach of any agreement between such director and the Corporation relating to such director's service as a director or employee of the Corporation.

#### INDEMNIFICATION OF DIRECTORS

Section 17. The Corporation shall have the right to indemnify directors, officers and agents of the Corporation to the fullest extent permitted by the General Corporation Law of Delaware and by the Restated Certificate of Incorporation, as both may be amended from time to time.

#### ARTICLE IV

##### Notices

Section 1. Whenever, under the provisions of applicable law or of the Restated Certificate of Incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall be construed to mean written or printed notice given either personally or by mail or wire addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage or other charges thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or at the appropriate office for transmission by wire. Notice to directors may also be given by telephone.

Section 2. Whenever any notice is required to be given under the provisions of applicable law or of the Restated Certificate of Incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 3. Attendance at a meeting shall constitute a waiver of notice except where a director or shareholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Neither the business to be transacted at, nor the purpose of, any regular meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

#### ARTICLE V

##### Officers

Subject to Article XIII of the Restated Certificate of Incorporation:

Section 1. The officers of the Corporation shall be elected by the board of directors at its first meeting after each annual meeting of the stockholders and shall be a President and Chief Operating Officer, a Treasurer and a Secretary. The board of directors may also elect a Chairman of the Board, a Chief Executive Officer, one or more Vice Chairmen of the Board and Vice Presidents and one or more Assistant Treasurers and Assistant Secretaries. Any number of offices may be held by the same person, except that the offices of President and Chief Operating Officer and Secretary shall not be held by the same person. Vice Presidents may be given distinctive designations such as Executive Vice President or Senior Vice President. Every officer shall be a citizen of the United States of America.

Section 2. The board of directors may elect such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. The officers of the Corporation shall hold office until their successors are elected or appointed and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of a majority of the whole board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

#### CHAIRMAN OF THE BOARD

Section 4. The Chairman of the Board, if any shall be elected, shall preside at all meetings of the board of directors and the stockholders and shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

#### VICE CHAIRMAN OF THE BOARD

Section 5. The Vice Chairman of the Board, if any shall be elected, or if there be more than one, the Vice Chairmen of the Board in order of their election, shall, in the absence of the Chairman of the Board, or in the case the Chairman of the Board shall resign, retire, become deceased or otherwise cease or be unable to act, perform the duties and exercise the powers of the Chairman of the Board. In addition, the Vice Chairman of the Board shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

#### THE CHIEF EXECUTIVE OFFICER

Section 6. The Chief Executive Officer shall be responsible, in consultation with the President and Chief Operating Officer, for corporate policy and strategy. The President and Chief Operating Officer shall consult on all major decisions with, and shall report directly to, the Chief Executive Officer; provided, however, that the Chief Executive Officer shall not exercise any powers, rights, functions or responsibilities of the President and Chief Operating Officer unless Mel Karmazin is the Chief Executive Officer.

#### THE PRESIDENT AND CHIEF OPERATING OFFICER

Section 7. Subject to Article XIII of the Restated Certificate of Incorporation and to the requirement that the President and Chief Operating Officer consult with the Chief Executive Officer on all major decisions, the President and Chief Operating Officer shall be responsible for:

(i) supervising, coordinating and managing the Corporation's business, operations and activities, operating expenses and capital allocation;

(ii) matters relating to officers (other than the Chairman, the Chief Executive Officer and the President and Chief Operating Officer) and employees, including, without limitation, hiring, terminating, changing positions and allocation of responsibilities of such officers and employees;

(iii) substantially all of the powers, rights, functions and responsibilities typically exercised by a chief operating officer; and

(iv) all officers (other than the Chairman, the Chief Executive Officer and the President and Chief Operating Officer) will report, directly or indirectly, to the President and Chief Operating Officer.



#### THE VICE-PRESIDENTS

Section 8. The Vice-Presidents shall have such powers and perform such duties as may from time to time be assigned to them by the board of directors or the President and Chief Operating Officer.

#### THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees of the board of directors when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the President and Chief Operating Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The Assistant Secretary, if any shall be elected, or if there be more than one, the Assistant Secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors or the President and Chief Operating Officer.

#### THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer, under the supervision of the President and Chief Operating Officer, shall have charge of the corporate funds and securities and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by or at the direction of the board of directors.

Section 12. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by or at the direction of the President and Chief Operating Officer or the board of directors, taking proper vouchers for such disbursements, and subject to the supervision of the President and Chief Operating Officer, shall render to the board of directors, when they or either of them so require, an account of his transactions as Treasurer and of the financial condition of the Corporation.

Section 13. If required by the board of directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 14. The Assistant Treasurer, if any shall be elected, or if there shall be more than one, the Assistant Treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors.

Section 15. In addition to the corporate officers elected by the board of directors pursuant to this Article V, the President and Chief Operating Officer may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the President and Chief Operating Officer may deem appropriate. The President and Chief Operating Officer may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments. Such appointments and termination of appointments shall be reported to the board of directors.

## ARTICLE VI

### Certificates of Stock

Section 1. Every holder of shares of capital stock in the Corporation shall be entitled to have a certificate sealed with the seal of the Corporation and signed by, or in the name of the Corporation by, the Chairman of the Board, the Chief Executive Officer, Vice Chairman of the Board or the President and Chief Operating Officer and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

### LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of capital stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

### TRANSFERS OF STOCK

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

#### FIXING RECORD DATE

Section 5. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution, or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meetings, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

#### REGISTERED STOCKHOLDERS

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

#### ARTICLE VII

##### General Provisions Dividends

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of any statute, the Restated Certificate of Incorporation and these by-laws.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

#### CHECKS

Section 4. All checks or demands for money of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

## FISCAL YEAR

Section 5. The fiscal year of the Corporation shall be as specified by the board of directors.

## SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## CONTRACTS

Section 7. An Officer of the Corporation may sign any note, bond, or mortgage of the Corporation in furtherance of the Corporation's ordinary business and in order to implement any action authorized by these by-laws.

## ARTICLE VIII

### Restated Certificate of Incorporation

In addition to all other provisions of the Restated Certificate of Incorporation, and notwithstanding that these by-laws may contain any provision contrary thereto, these by-laws shall be subject in all respects to Article XIII of the Restated Certificate of Incorporation.

## ARTICLE IX

### Amendments

In furtherance of and not in limitation of the powers conferred by statute, the board of directors of the Corporation from time to time may make, amend, alter, change or repeal the by-laws of the Corporation; provided, that any by-laws made, amended, altered, changed or repealed by the board of directors or the stockholders of the Corporation may be amended, altered, changed or repealed, and that any by-laws may be made, by the stockholders of the Corporation. Notwithstanding any other provisions of the Restated Certificate of Incorporation of the Corporation or these by-laws (and notwithstanding the fact that a lesser percentage may be specified by law, the Restated Certificate of Incorporation or these by-laws), the affirmative vote of not less than a majority of the aggregate voting power of all outstanding shares of capital stock of the Corporation then entitled to vote generally in this election of Directors, voting together as a single class, shall be required for the stockholders of the Corporation to amend, alter, change, repeal or adopt any by-laws of the Corporation.

VOTING AGREEMENT

By

NATIONAL AMUSEMENTS, INC.  
(Stockholder)

and

CBS CORPORATION

Dated as of September 6, 1999

D-1

## VOTING AGREEMENT

VOTING AGREEMENT, dated as of September 6, 1999 (this "Agreement"), by NATIONAL AMUSEMENTS, INC., a Maryland corporation (the "Stockholder"), to and for the benefit of CBS CORPORATION, a Pennsylvania corporation ("CBS").

WHEREAS, as of the date hereof, the Stockholder owns of record and beneficially 93,658,988 shares of Class A Common Stock (the "Viacom Class A Common Stock"; such shares, together with any shares of Viacom Class A Common Stock and any other shares of voting stock of Viacom acquired by the Stockholder prior to the termination of this Agreement being referred to herein as the "Stockholder's Shares"), par value \$.01 per share, of VIACOM, INC., a Delaware corporation ("Viacom");

WHEREAS, concurrently with the execution of this Agreement, CBS and Viacom are entering into an Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"; capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the Merger Agreement), pursuant to which, upon the terms and subject to the conditions thereof, CBS will be merged with and into Viacom (the "Merger"); and

WHEREAS, as a condition to the willingness of Viacom and CBS to enter into the Merger Agreement, CBS has requested the Stockholder to agree, and in order to induce CBS to enter into the Merger Agreement, the Stockholder is willing to agree, to vote in favor of the Viacom Proposals (as defined in the Merger Agreement), upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Voting of Stockholder's Shares. Until the termination of this Agreement in accordance with the terms hereof, the Stockholder hereby agrees that, at the Viacom Stockholders' Meeting or any other meeting of the stockholders of Viacom, however called, and in any action by written consent of the stockholders of Viacom, the Stockholder will vote all of the Stockholder's Shares (i) in favor of the Viacom Proposals and (ii) against any action, proposal or agreement that would or could reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of Viacom under the Merger Agreement or which would or could reasonably be expected to result in any of the conditions to the Merger Agreement not being fulfilled.

Section 2. No Inconsistent Agreements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, the Stockholder shall not enter into any voting agreement or grant a proxy or power of attorney with respect to the Stockholder's Shares which is inconsistent with this Agreement.

Section 3. Transfer of Stockholder's Shares. The Stockholder hereby covenants and agrees that the Stockholder shall not transfer record or beneficial ownership of any of the Stockholder's Shares unless the transferee unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

Section 4. Representations and Warranties of Stockholder. The Stockholder hereby represents and warrants to CBS as follows:

(a) Authority Relative to This Agreement. The Stockholder has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Stockholder, and no other corporate proceedings on the part of the Stockholder are necessary to authorize this Agreement or to consummate such transactions. This Agreement has been duly and validly executed and delivered by the Stockholder and, assuming the due

authorization, execution and delivery by CBS, constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms.

(b) No Conflict. (i) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, (A) conflict with or violate the Certificate of Incorporation or By-laws or equivalent organizational documents of the Stockholder, (B) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Stockholder or by which the Stockholder's Shares are bound or affected or (C) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the Stockholder's Shares pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Stockholder is a party or by which the Stockholder or the Stockholder's Shares are bound or affected, except, in the case of clauses (B) and (C), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay the performance by the Stockholder of its obligations under this Agreement.

(ii) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity except for applicable requirements, if any, of the Securities Exchange Act of 1934, as amended, and except where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay the performance by the Stockholder of its obligations under this Agreement.

(c) Title to the Shares. As of the date hereof, the Stockholder is the record and beneficial owner of 93,658,988 shares of Viacom Class A Common Stock. The Stockholder's Shares are all the voting securities of Viacom owned, either of record or beneficially, by the Stockholder. The Stockholder's Shares are owned free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Stockholder's voting rights, charges and other encumbrances of any nature whatsoever. The Stockholder has not appointed or granted any proxy, which appointment or grant is still effective, with respect to the Stockholder's Shares.

Section 5. Termination. This Agreement shall terminate upon the earlier to occur of (a) the Effective Time and (b) the termination of the Merger Agreement in accordance with the terms thereof. No such termination of this Agreement shall relieve any party hereto from any liability for any breach of this Agreement prior to termination.

Section 6. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by facsimile, by courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6):

if to the Stockholder:

National Amusements, Inc.  
200 Elm Street  
Dedham, Massachusetts 02026  
Telecopier No.: (781) 461-1412  
Attention: General Counsel

with a copy to:

Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Telecopier No.: (212) 848-7179  
Attention: Creighton O'M. Condon, Esq. and  
Stephen R. Volk, Esq.

if to CBS:

CBS Corporation  
51 West 52nd Street  
35th Floor  
New York, New York 10019  
Telecopier No.: (212) 597-4031  
Attention: Louis J. Briskman, Esq.  
Executive Vice President and  
General Counsel

with copies to:

Cravath, Swaine & Moore  
825 Eighth Avenue  
New York, New York 10019  
Telecopier No.: (212) 474-3700  
Attention: Allen Finkelson, Esq. and  
Scott A. Barshay, Esq.

Section 7. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 8. Entire Agreement; Assignment. This Agreement and the Merger Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise, by either of the parties hereto without the prior written consent of the other party hereto. Any purported assignment in violation of this Section 8 shall be void. Subject to the preceding sentences of this Section 8, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

Section 9. Parties in Interest; Certain Events. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. The Stockholder agrees that this Agreement and the obligations hereunder shall attach to the Stockholder's Shares and shall be binding upon any person or entity to which legal or beneficial ownership of the Stockholder's Shares shall pass, whether by operation of law or otherwise. In the event of any stock split, stock dividend, merger, reorganization, recapitalization or other change in the capital structure of Viacom



affecting the capital stock of Viacom, or the acquisition of additional shares of Viacom Class A Common Stock or other voting securities of Viacom by the Stockholder, the number of Stockholder's Shares shall be adjusted appropriately and this Agreement and the obligations hereunder shall attach to any additional shares of Viacom Class A Common Stock or other voting securities of Viacom issued to or acquired by the Stockholder.

Section 10. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any principles of conflicts of laws of such State.

Section 12. Consent to Jurisdiction. (a) Each of the Stockholder and CBS hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware and to the jurisdiction of the United States District Court for the State of Delaware, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of CBS and the Stockholder hereby irrevocably agrees that all claims in respect to such action or proceeding shall be heard and determined exclusively in any Delaware state or federal court. Each of CBS and the Stockholder agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of CBS and the Stockholder irrevocably consents to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. Nothing in this Section 12 shall affect the right of any party to serve legal process in any other manner permitted by law.

Section 13. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 14. Amendments. This Agreement may be amended or modified, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by each party waiving compliance.

Section 15. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 16. WAIVER OF JURY TRIAL. EACH OF CBS AND THE STOCKHOLDER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF CBS AND THE STOCKHOLDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

National Amusements, Inc.

/s/ Sumner M. Redstone

By \_\_\_\_\_

Name: Sumner M. Redstone  
Title: Chairman, President  
& Chief Executive Officer

CBS Corporation

/s/ Fredric G. Reynolds

By \_\_\_\_\_

Name: Fredric G. Reynolds  
Title: Executive Vice President,  
Chief Financial Officer

STOCKHOLDER AGREEMENT

By

NATIONAL AMUSEMENTS, INC.  
(Stockholder)

and

CBS CORPORATION

Dated as of September 6, 1999

E-1

## STOCKHOLDER AGREEMENT

STOCKHOLDER AGREEMENT, dated as of September 6, 1999 (this "Agreement"), by NATIONAL AMUSEMENTS, INC., a Maryland corporation (the "Stockholder"), to and for the benefit of CBS CORPORATION, a Pennsylvania corporation ("CBS"), and its assigns by operation of law.

WHEREAS, as of the date hereof, the Stockholder owns of record and beneficially 93,658,988 shares of Class A Common Stock (the "Viacom Class A Common Stock"; such shares, together with any shares of Viacom Class A Common Stock and any other shares of voting stock of Viacom (together with the Viacom Class A Common Stock, the "Voting Stock") acquired by the Stockholder during the Specified Period (as defined in Section 1 of this Agreement) being collectively referred to herein as the "Stockholder's Shares"), par value \$.01 per share, of VIACOM INC., a Delaware corporation ("Viacom");

WHEREAS, concurrently with the execution of this Agreement, CBS and Viacom are entering into an Agreement and Plan of Merger, dated as of the date hereof (the "Merger Agreement"; capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the Merger Agreement), pursuant to which, upon the terms and subject to the conditions thereof, CBS will be merged with and into Viacom (the "Merger"); and

WHEREAS, as a condition to the willingness of Viacom and CBS to enter into the Merger Agreement, CBS has requested the Stockholder to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "CBS Directors" shall mean (i) eight (8) of those directors serving as members of the Board of Directors of CBS on the date of this Agreement (or any Independent Directors elected or appointed prior to the Effective Time to serve as a CBS Director) who are designated as such by the Board of Directors of CBS prior to the Effective Time and (ii) any Replacement CBS Director.

(b) "Independent Director" shall mean a disinterested, independent person (determined in accordance with customary standards for independent directors applicable to U.S. public companies).

(c) "Replacement CBS Director" shall mean a person qualifying as an Independent Director and designated by a majority of the CBS Directors remaining on the Board of Directors of Viacom to fill a seat on the Board of Directors of Viacom vacated by a CBS Director or such a seat with respect to which a CBS Director does not seek reelection.

(d) "Specified Independent Directors" shall mean the directors of Viacom first elected after 1993 and who are not management of Viacom or the Stockholder (together with any replacements of such persons).

(e) "Specified Period" shall mean the period of three years commencing at the Effective Time.

Section 2. Covenants of the Stockholder.

(a) The Stockholder shall cause to be nominated and elected each CBS Director, including any Replacement CBS Director, so that there are eight CBS Directors on the Board of Directors of Viacom at all times;

(b) the Stockholder shall take all action necessary to ensure that any seat on the Board of Directors of Viacom vacated by a CBS Director or such a seat with respect to which a CBS Director elects not to seek reelection is filled by a Replacement CBS Director immediately following the designation of such person as such and notice thereof to the Stockholder;

(c) the Stockholder shall take all action necessary to ensure that no CBS Director is removed as a director of Viacom unless such removal is for cause and is approved by at least 14 members of the Board of Directors of Viacom;

(d) in the event that any Specified Independent Director shall resign, vacate his directorship, fail to stand as a director, fail to be elected as a director, or otherwise be removed as or for any reason cease to be a director of Viacom, the Stockholder shall take all necessary action to cause such Specified Independent Director to be replaced by an Independent Director; provided that any such replacement Specified Independent Director shall be the chief executive officer, chief operating officer or chief financial officer or former chief executive officer of a Fortune 500 company or a non-U.S. public company of comparable size;

(e) unless approved by a vote of at least 14 members of the Board of Directors of Viacom, the Stockholder shall not take any action to amend, modify or repeal Article XIII of the Restated Certificate of Incorporation of Viacom (in the form attached as Exhibit A-1 of the Merger Agreement) or Article VIII of the By-laws of Viacom (in the form attached as Exhibit A-2 of the Merger Agreement), or otherwise vote in favor of or take any action or fail to take any action which would have the effect of eliminating, limiting, restricting, avoiding or otherwise modifying the effect of any provision contained therein (e.g., by creating a holding company structure if the certificate of incorporation or similar document of such holding company does not contain equivalent provisions). Without limiting the generality of the foregoing, the Stockholder further agrees to take all necessary action to ensure that such provisions shall be applicable to (i) any successor to Viacom as the result of a merger, consolidation or other business combination, whether or not Viacom is the surviving corporation in such transaction, or otherwise and (ii) any corporation or other entity with respect to which Viacom or its successor is or becomes a direct or indirect subsidiary, and the Stockholder shall take all necessary action to ensure that Viacom shall not be a party to any transaction which would not comply with the provisions of this paragraph (e) unless such transaction is approved by a vote of at least 14 members of the Board of Directors of Viacom;

(f) the Stockholder shall take all necessary action, including without limitation by voting and/or holding the Stockholder's Shares, to ensure that the Stockholder or transferees thereof (in accordance with Section 4 of this Agreement) owns, beneficially and of record, on an outstanding and fully diluted basis, a majority of the shares of Voting Stock, at all times (and refrain from taking any action that would have the opposite result); and

(g) each of the CBS Directors are intended third-party beneficiaries of this Agreement and shall have the right to enforce the provisions of this Agreement.

Section 3. No Inconsistent Agreements. The Stockholder hereby covenants and agrees that the Stockholder shall not enter into any voting agreement or grant a proxy or power of attorney with respect to the Stockholder's Shares which is inconsistent with this Agreement.

Section 4. Transfer of Stockholder's Shares. The Stockholder hereby covenants and agrees that the Stockholder shall not transfer record or beneficial ownership of any of the Stockholder's Shares unless the transferee unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

Section 5. Representations and Warranties of Stockholder. The Stockholder hereby represents and warrants to CBS as follows:

(a) Authority Relative to This Agreement. The Stockholder has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Stockholder, and no other corporate proceedings on the part of the Stockholder are necessary to authorize this Agreement or to consummate such transactions. This

Agreement has been duly and validly executed and delivered by the Stockholder and, assuming the due authorization, execution and delivery by CBS, constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms.

(b) No Conflict. (i) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, (A) conflict with or violate the Certificate of Incorporation or By-laws or equivalent organizational documents of the Stockholder, (B) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Stockholder or by which the Stockholder's Shares are bound or affected or (C) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of or result in the creation of a lien or encumbrance on any of the Stockholder's Shares pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Stockholder is a party or by which the Stockholder or the Stockholder's Shares are bound or affected, except, in the case of clauses (B) and (C), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay the performance by the Stockholder of its obligations under this Agreement.

(ii) The execution and delivery of this Agreement by the Stockholder do not, and the performance of this Agreement by the Stockholder shall not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity except for applicable requirements, if any, of the Securities Exchange Act of 1934, as amended, and except where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay the performance by the Stockholder of its obligations under this Agreement.

(c) Title to the Shares. As of the date hereof, the Stockholder is the record and beneficial owner of 93,658,988 shares of Viacom Class A Common Stock. The Stockholder's Shares are all the voting securities of Viacom owned, either of record or beneficially, by the Stockholder. The Stockholder's Shares are owned free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Stockholders voting rights, charges and other encumbrances of any nature whatsoever. The Stockholder has the sole right to vote and transfer the Stockholder's Shares, and the Stockholder has not appointed or granted any proxy, which appointment or grant is still effective, with respect to the Stockholder's Shares.

Section 6. Effectiveness; Termination. This Agreement shall become effective as of the date of this Agreement, provided that the Stockholder shall have no obligation under Section 2(a), (b), (c) and (e) until the commencement of the Specified Period. This Agreement shall terminate at the close of business on the final day of the Specified Period.

Section 7. Notices. All notices, requests, claims, demand and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in Person, by facsimile, by courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7):

if to Stockholder

National Amusements, Inc.  
200 Elm Street  
Dedham, MA 02026  
Telecopier No.: (781) 461-1412  
Attention: General Counsel

with copies to:

Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Telecopier No.: (212) 848-7179  
Attention: Creighton O'M. Condon, Esq. and  
Stephen R. Volk, Esq.

if to CBS:

CBS Corporation  
51 West 52nd Street  
35th Floor  
New York, New York 10019  
Telecopier No.: (212) 597-4031  
Attention: Louis J. Briskman, Esq.  
Executive Vice President  
and General Counsel

with copies to:

Cravath, Swaine & Moore  
825 Eighth Avenue  
New York, New York 10019  
Telecopier No.: (212) 474-3700  
Attention: Allen Finkelson, Esq. and  
Scott A. Barshay, Esq.

Section 8. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 9. Entire Agreement; Assignment. This Agreement and the Merger Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by either of the parties hereto without the prior written consent of the other party hereto, except that CBS may assign, its rights, interests and obligations under this Agreement to Viacom by operation of law. Any purported assignment in violation of this Section 9 shall be void.

Section 10. Parties in Interest; Certain Events. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement except as set forth in Section 2(g). The Stockholder agrees that this Agreement and the obligations hereunder shall attach to the Stockholder's Shares and shall be binding upon any person or entity to which legal or beneficial ownership of the Stockholder's Shares shall pass, whether by operation of law or otherwise, including the Stockholder's heirs, guardians, administrators or successors. In the event of any stock

split, stock dividend, merger, reorganization, recapitalization or other change in the capital structure of Viacom affecting the capital stock of Viacom, or the acquisition of additional shares of Viacom Class A Common Stock or other voting securities of Viacom by the Stockholder, the number of Stockholder's Shares shall be adjusted appropriately and this Agreement and the obligations hereunder shall attach to any additional shares of Viacom Class A Common Stock or other voting securities of Viacom issued to or acquired by the Stockholder.

Section 11. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any principles of conflicts of laws of such State.

Section 13. Consent to Jurisdiction. (a) Each of the Stockholder and CBS hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware and to the jurisdiction of the United States District Court for the State of Delaware, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of CBS and the Stockholder hereby irrevocably agrees that all claims in respect to such action or proceeding shall be heard and determined exclusively in any Delaware state or federal court. Each of CBS and the Stockholder agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of CBS and the Stockholder irrevocably consents to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. Nothing in this Section 13 shall affect the right of any party to serve legal process in any other manner permitted by law.

Section 14. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 15. Amendments. This Agreement may be amended or modified, and the terms and conditions hereof may be waived, only (i) by a written instrument signed by the parties hereto or, in the case of a waiver, by each party waiving compliance and (ii) after the Effective Time if any such amendment or waiver is concurred in by at least 14 members of the Board of Directors of Viacom.

Section 16. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 17. WAIVER OF JURY TRIAL. EACH OF CBS AND THE STOCKHOLDER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF CBS AND THE STOCKHOLDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.





## VIACOM INC.

September 6, 1999

Sumner M. Redstone  
 The Carlyle Hotel  
 Suite 3201  
 35 East 76th Street  
 New York, New York 10021

Dear Mr. Redstone:

This is to confirm our agreement that, effective as of the Effective Time (as defined in the Agreement and Plan of Merger (the "Merger Agreement") between Viacom Inc. ("Viacom") and CBS Corporation ("CBS"), dated as of the date hereof) (the "Effective Date"), you shall be paid the following compensation by Viacom, in addition to any compensation, benefits and perquisites you have heretofore received from Viacom.

As the sole compensation for services to be rendered by you in all capacities to Viacom, its subsidiaries and affiliates, you will receive the following compensation.

(a) Salary: For all the services rendered by you in any capacity to Viacom, its subsidiaries and affiliates, Viacom agrees to pay you a base salary at the rate of \$1,000,000 per annum ("Salary"), payable in accordance with Viacom's then effective payroll practices.

(b) Bonus Compensation: In addition to your Salary, you shall be entitled to receive bonus compensation for each of the calendar years during your employment with Viacom, determined and payable as follows ("Bonus"):

(i) Your Bonus for each of the calendar years during your employment with Viacom will be based upon a measurement of performance against objectives in accordance with Viacom's Short-Term Incentive Plan and its Senior Executive Short-Term Incentive Plan, as the same may be amended from time to time (collectively, the "STIP"), which objectives shall be no less favorable to you than the objectives used to determine the amount of bonus payable to any other executive of Viacom whose bonus is based in whole or in part on corporate performance and who participates in the STIP.

(ii) Your Target Bonus and Maximum Bonus opportunity for each calendar year (prorated for calendar year 2000 by multiplying such amount by a fraction, the numerator of which is the number of days in 2000 following the Effective Date, and the denominator of which is 365) during your employment with Viacom shall be as follows:

Year	Target	Maximum
----	-----	-----
2000.....	\$5,000,000	\$10,000,000
2001.....	\$5,500,000	\$11,000,000
2002.....	\$6,050,000	\$12,100,000
2003 and thereafter.....	\$6,655,000	\$13,310,000

(iii) Your Bonus for any calendar year shall be payable by February 28 of the following year.

(c) Deferred Compensation: In addition to your Salary and Bonus, you shall earn, in respect of calendar year 2000 and each calendar year thereafter during your employment with Viacom, an additional amount ("Deferred Compensation"), the payment of which (together with the return thereon as provided in this paragraph (c)) shall be deferred until January of the first calendar year following the year in which you cease to be an "executive officer" of Viacom, as defined for purposes of the Securities Exchange Act of 1934, as



## VIACOM INC.

September 6, 1999

Mel Karmazin  
1 Central Park West  
New York, New York 10023

Dear Mel:

Viacom Inc. ("Viacom"), having an address at 1515 Broadway, New York, New York 10036, agrees to employ you and you agree to accept such employment upon the following terms and conditions:

1. Term. The term of your employment hereunder shall commence on the Effective Time (as defined in the Agreement and Plan of Merger between Viacom and CBS Corporation ("CBS"), dated as of the date hereof (the "Merger Agreement"), pursuant to which CBS shall merge with and into Viacom) (the "Effective Date") and, unless terminated by Viacom or you pursuant to paragraph 8 hereof, shall continue through and until December 31, 2003. The period from the Effective Date through December 31, 2003 shall hereinafter be referred to as the "Employment Term," notwithstanding any earlier termination pursuant to paragraph 9. In the event that the Merger Agreement is terminated or otherwise abandoned, this Agreement shall be void ab initio.

2. Duties. During the Employment Term, you agree to devote your entire business time, attention and energies to the business of Viacom and its subsidiaries. This is not intended to prevent you from engaging in other activities that do not conflict with or interfere with the performance of your duties and responsibilities hereunder. You will be President and Chief Operating Officer of Viacom reporting directly and solely to Sumner M. Redstone, the Chairman of the Board and Chief Executive Officer of Viacom (the "Chairman"), and, upon the termination of the Chairman's service as Chief Executive Officer during the Employment Term, you shall be appointed the Chief Executive Officer. You will perform such duties and have such responsibilities set forth in Article XIII of the Amended and Restated Certificate of Incorporation of Viacom to be effective as of the Effective Date (the "Certificate of Incorporation"), a copy of which is attached hereto as Exhibit A. You will have such authority as is necessary for the performance of your obligations hereunder. You shall serve as a member of the Boards of Directors of Viacom and Circular. Your principal place of business shall be at Viacom's headquarters in the New York City metropolitan area and you shall not be required to relocate outside of the New York City metropolitan area. You shall be entitled to continue to serve on the corporate, charitable and educational boards of which you are a member as of the date hereof.

3. Compensation. As the sole compensation for services to be rendered by you during the Employment Term in all capacities to Viacom, its subsidiaries and affiliates, you will receive the following compensation.

(a) Salary: For all the services rendered by you in any capacity to Viacom, its subsidiaries and affiliates, Viacom agrees to pay you a base salary at the rate of \$1,000,000 per annum ("Salary"), payable in accordance with Viacom's then effective payroll practices.

(b) Bonus Compensation: In addition to your Salary, you shall be entitled to receive bonus compensation for each of the calendar years during the Employment Term, determined and payable as follows ("Bonus"):

(i) Your Bonus for each of the calendar years during the Employment Term will be based upon a measurement of performance against objectives in accordance with Viacom's Short-Term Incentive Plan and its Senior Executive Short-Term Incentive Plan, as the same may be amended from time to time

(collectively, the "STIP"), which objectives shall be no less favorable to you than the objectives used to determine the amount of bonus payable to any other executive of Viacom whose bonus is based in whole or in part on corporate performance and who participates in the STIP.

(ii) Your Target Bonus and Maximum Bonus opportunity for each calendar year (prorated for calendar year 2000 by multiplying such amount by a fraction, the numerator of which is the number of days in 2000 following the Effective Date, and the denominator of which is 365) during the Employment Term shall be as follows:

Year	Target	Maximum
----	-----	-----
2000.....	\$5,000,000	\$10,000,000
2001.....	\$5,500,000	\$11,000,000
2002.....	\$6,050,000	\$12,100,000
2003.....	\$6,655,000	\$13,310,000

(iii) Your Bonus for any calendar year shall be payable by February 28 of the following year (even if not during the Employment Term).

(c) Deferred Compensation: In addition to your Salary and Bonus, you shall earn, in respect of calendar year 2000 and each calendar year during the Employment Term after 2000, an additional amount ("Deferred Compensation"), the payment of which (together with the return thereon as provided in this paragraph 3(c)) shall be deferred until January of the first calendar year following the year in which you cease to be an "executive officer" of Viacom, as defined for purposes of the Securities Exchange Act of 1934, as amended. The amount of Deferred Compensation for calendar year 2000 shall be \$2,000,000, prorated by multiplying such amount by a fraction, the numerator of which is the number of days in 2000 following the Effective Date, and the denominator of which is 365. The amount of Deferred Compensation for calendar years 2001 through 2003 shall be subject to annual increases each January 1st, commencing January 1, 2001, in an amount equal to 10% of the sum of your Salary and Deferred Compensation for the preceding year. Deferred Compensation shall be credited to a bookkeeping account maintained by Viacom on your behalf, the balance of which account shall periodically be credited (or debited) with deemed positive (or negative) return calculated in the same manner, and at the same times, as the deemed return on your account under the excess 401(k) plan of Viacom (as such plan may be amended from time to time) is determined (it being understood and agreed that if at any time during which the Deferred Compensation remains payable your excess 401(k) account balance is distributed in full to you, your Deferred Compensation account shall continue to be credited or debited with a deemed return based on the investment portfolio in which your excess 401(k) account was notionally invested immediately prior to its distribution). Viacom's obligation to pay the Deferred Compensation (including the return thereon provided for in this paragraph 3(c)) shall be an unfunded obligation to be satisfied from the general funds of Viacom.

(d) Grant: You will be awarded a grant (the "Grant") under Viacom's 1997 Long-Term Management Incentive Plan (the "1997 LTMIP") of stock options to purchase 2,000,000 shares of Viacom's Class B Common Stock (such number to be adjusted for any stock split, stock dividend or other similar transaction that would result in an adjustment under the terms of the 1997 LTMIP if such options were granted on the date hereof), effective as of the Effective Date, with an exercise price equal to the fair-market value of Viacom's Class B Common Stock on the Effective Date. Except as provided herein, the Grant shall be made in accordance with the standard terms of stock option awards under the 1997 LTMIP (a copy of the standard form of such stock option awards is attached hereto as Exhibit B), shall vest in three equal installments on the first, second and third anniversaries of the Effective Date and shall be for a ten-year term. In the event you cease to be employed by the Company for any reason upon the expiration of the Employment Term, you shall be able to exercise the Grant for two years following such termination.

#### 4. Benefits.

(a) You shall be entitled to participate in such medical, dental and life insurance, 401(k), pension and other plans as Viacom may have or establish from time to time and in which any other Viacom executives are eligible to participate. The foregoing, however, shall not be construed to require Viacom to establish any such plans or to prevent the modification or termination of such plans once established, and no such action or failure thereof shall affect this Agreement; provided, however, that no modification of any plans in which you participate shall be made which results in treating you less favorably than other senior executives of Viacom. It is further understood and agreed that all benefits (including without limitation, Viacom's Pension and Excess Pension Plans, short term disability program, Long-Term Disability program and any supplement thereto, life insurance and any applicable death benefit) you may be entitled to as an employee of Viacom shall be based upon your Salary and, your Deferred Compensation, as set forth in paragraphs 3(a) and (c) hereof, and not upon any bonus compensation due, payable or paid to you hereunder, except where the benefit plan expressly provides otherwise. In addition, it is hereby expressly agreed that you shall retain all benefits that you have accrued under any compensation and benefit plans of CBS. You shall be entitled to four (4) weeks vacation.

(b) Viacom shall provide you with no less than Five Million Dollars (\$5,000,000) of term life insurance during the Employment Term. You shall have the right to assign the policy for such life insurance to your spouse or issue or to a trust or trusts primarily for the benefit of your spouse and/or issue.

(c) In addition to the benefits described in paragraphs 4(a) and (b) hereof, Viacom agrees that you shall be credited for service accrued or deemed accrued prior to the Effective Date with CBS or any of its subsidiaries or predecessors for all purposes under any employee benefit plans, programs or arrangement established or maintained by Viacom or any of its subsidiaries; provided, however that such crediting of service shall not operate to duplicate any benefit or the funding of any such benefit.

(d) Notwithstanding anything herein to the contrary, if it is determined that any payment or benefit provided to you (whether hereunder or otherwise, and including any payments or benefits resulting from the transactions contemplated by the Merger Agreement) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any interest or penalties thereon, is herein referred to as an "Excise Tax"), then you shall be entitled to an additional cash payment (a "Gross-Up Payment") in an amount that will place you in the same after-tax economic position that you would have enjoyed if the Excise Tax had not applied to the payment. The amount of the Gross-Up Payment shall be determined by Viacom's regular independent auditors. No Gross-Up Payments shall be payable hereunder if Viacom's auditors determine that such payments are not subject to an Excise Tax. Viacom's auditors shall be paid by Viacom for services performed hereunder.

5. Business Expenses. During the Employment Term, you shall be reimbursed for such reasonable travel and other expenses incurred in the performance of your duties hereunder as are customarily reimbursed to senior executives of Viacom.

6. Perquisites. You shall be eligible for all perquisites made available by Viacom from time to time during the Employment Term to other senior executives of Viacom. Without limiting the generality of the foregoing, you shall be entitled to (i) a car allowance and insurance in accordance with Viacom's policy and (ii) use of a private airplane on a basis no less favorable than as provided by CBS to you as of the date of execution of this Agreement, or, if more beneficial to you, as provided by Viacom to any of its senior executives.

#### 7. Exclusive Employment, Confidential Information, Etc.

(a) Non-Competition. You agree that your employment hereunder is on an exclusive basis, and that during the period of your employment hereunder and, in the event during the Employment Term, of (x) a termination of your employment pursuant to paragraph 9(a) hereof or (y) your resignation without Good Reason, for a period of eighteen (18) months following the date of such termination or resignation, as the case

may be (the "Non-Compete Period"), you will not engage in any other business activity which is in conflict with your duties and obligations hereunder. You agree that during the Non-Compete Period you shall not directly or indirectly engage in or participate as an officer, employee, director, agent of or consultant for any business directly competitive with that of Viacom, nor shall you make any investments in any company or business competing with Viacom; provided, however, that nothing herein shall prevent you from investing as less than a two (2%) percent shareholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system.

(b) Confidential Information. You agree that you shall not, during the Employment Term or at any time thereafter, use for your own purposes, or disclose to or for the benefit of any third party, any trade secret or other confidential information of Viacom or any of its affiliates or predecessors (except as may be required by law or in the performance of your duties hereunder consistent with Viacom's policies) and that you will comply with any confidentiality obligations of Viacom to a third party, whether under agreement or otherwise. Notwithstanding the foregoing, confidential information shall be deemed not to include information which (i) is or becomes generally available to the public other than as a result of a disclosure by you or any other person who directly or indirectly receives such information from you or at your direction or (ii) is or becomes available to you on a non-confidential basis from a source which is entitled to disclose it to you.

(c) No Employee Solicitation. You agree that, during the Employment Term and for one (1) year thereafter, you shall not, directly or indirectly, engage, employ, or solicit the employment of any person who is then or has been within six (6) months prior thereto, an employee of Viacom or any of Viacom's affiliates or predecessors.

(d) Viacom Ownership. The results and proceeds of your services hereunder, including, without limitation, any works of authorship resulting from your services during your employment with Viacom and/or any of its affiliates or predecessors and any works in progress, shall be works-made-for-hire and Viacom shall be deemed the sole owner throughout the universe of any and all rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner Viacom determines in its sole discretion without any further payment to you whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-for-hire and/or there are any rights which do not accrue to Viacom under the preceding sentence, then you hereby irrevocably assign and agree to assign any and all of your right, title and interest thereto, including, without limitation, any and all copyrights, patents, trade secrets, trademarks and/or other rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed to Viacom, and Viacom shall have the right to use the same in perpetuity throughout the universe in any manner Viacom determines without any further payment to you whatsoever. You shall, from time to time, as may be requested by Viacom, do any and all things which Viacom may deem useful or desirable to establish or document Viacom's exclusive ownership of any and all rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent you have any rights in the results and proceeds of your services that cannot be assigned in the manner described above, you unconditionally and irrevocably waive the enforcement of such rights. This paragraph 7(d) is subject to, and shall not be deemed to limit, restrict, or constitute any waiver by Viacom of any rights of ownership to which Viacom may be entitled by operation of law by virtue of Viacom or any of its affiliates or predecessors being your employer.

(e) Litigation. You agree that, during the Employment Term, for one (1) year thereafter and, if longer, during the pendency of any litigation or other proceeding, (i) you shall not communicate with anyone (other than your own attorneys and tax advisors and, except to the extent required by law or necessary in the performance of your duties hereunder) with respect to the facts or subject matter of any pending or potential litigation, or regulatory or administrative proceeding involving any of Viacom's affiliates or predecessors, other than any litigation or other proceeding in which you are a party-in-opposition, without giving prior notice to Viacom or Viacom's counsel, and (ii) in the event that any other party attempts to obtain information or documents from you with respect to matters possibly related to such litigation or other proceeding, you shall promptly so notify Viacom's counsel unless you are prohibited from doing so under applicable law.

(f) No Right to Write Books, Articles, Etc. During the Employment Term, except as authorized by Viacom, you shall not prepare or assist any person or entity in the preparation of any books, articles, television or motion picture productions or other creations, concerning Viacom or any of Viacom's affiliates or predecessors or any of their officers, directors, agents, employees, suppliers or customers.

(g) Return of Property. All documents, data, recordings, or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for you and utilized by you in the course of your employment with Viacom or any of its affiliates or predecessors shall remain the exclusive property of Viacom. In the event of the termination of your employment for any reason, Viacom reserves the right, to the extent permitted by law and in addition to any other remedy Viacom may have, to deduct from any monies otherwise payable to you the following: (i) the full amount of any debt you owe to Viacom or any of its affiliates or predecessors at the time of or subsequent to the termination of your employment with Viacom, and (ii) the value of the Viacom property which you retain in your possession after the termination of your employment with Viacom. In the event that the law of any state or other jurisdiction requires the consent of an employee for such deductions, this Agreement shall serve as such consent.

(h) Non-Disparagement. You and, to the extent set forth in the next sentence, Viacom agree that each party shall not, during the Employment Term and for one (1) year thereafter criticize, ridicule or make any statement which disparages or is derogatory of the other party in any communications with any customer or client. Viacom's obligations under the preceding sentence shall be limited to communications by its senior corporate executives having the rank of Senior Vice President or above.

(i) Injunctive Relief. Viacom has entered into this Agreement in order to obtain the benefit of your unique skills, talent, and experience. You acknowledge and agree that any violation of paragraphs 7(a) through (k) hereof will result in irreparable damage to Viacom, and, accordingly, Viacom may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraphs, in addition to any other remedies available to Viacom.

(j) Survival; Modification of Terms. Your obligations under paragraphs 7(a) through (i) hereof shall remain in full force and effect for the entire period provided therein notwithstanding the termination of the Employment Term pursuant to paragraph 9 hereof or otherwise. You and Viacom agree that the restrictions and remedies contained in paragraphs 7(a) through (k) are reasonable and that it is your intention and the intention of Viacom that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If it shall be found by a court of competent jurisdiction that any such restriction or remedy is unenforceable but would be enforceable if some part thereof were deleted or the period or area of application reduced, then such restriction or remedy shall apply with such modification as shall be necessary to make it enforceable.

(k) No Selling of Viacom Stock without Board Consent. In consideration of your employment hereunder, you hereunder agree that, except as otherwise provided herein, during the period commencing on the date hereof and ending on the third anniversary of the Effective Date, you shall not sell or dispose of (nor exercise any limited rights or stock appreciation rights with respect to) any shares of capital stock of CBS or Viacom held by you, your immediate family members (which does not include your former spouse), or trusts or other entities in which you or your immediate family members have a controlling interest or are beneficiaries (together, the "Family Affiliates" and each, a "Family Affiliate") that you or any Family Affiliate now hold, or in the future may acquire, including, without limitation, shares that you or any Family Affiliate receive pursuant to the transactions contemplated by the Merger Agreement (whether in exchange for shares of CBS common stock or otherwise), under any stock options or other equity-based compensation awards made to you by CBS or by Viacom under this Agreement or under any other agreement awarding you shares of capital stock of Viacom, without first obtaining the consent of (i) if prior to the Effective Date, the Chairman, or (ii) if on or following the Effective Date, fourteen of the eighteen members of the Board of Viacom. This restriction shall lapse in the event that, during the Employment Term, you are terminated without Cause, resign for Good Reason, die or become disabled. Notwithstanding the foregoing, between the first anniversary of the Effective Date and the second anniversary of the Effective Date you and the Family Affiliates collectively may sell or



dispose of a number of shares equal to up to 10% of the shares held by you and the Family Affiliates on the Effective Date (including, for this purpose, the shares underlying any equity-based compensation awards held by you on the Effective Date, but not shares underlying any equity-based compensation awards granted to you pursuant to paragraph 3(d) or at any time after the Effective Date). Between the second anniversary of the Effective Date and the third anniversary of the Effective Date, you and the Family Affiliates collectively may sell or dispose of a number of shares equal to up to 10% of the shares held by you and the Family Affiliates on the second anniversary of the Effective Date (including, for this purpose, the shares underlying any equity-based compensation awards held by you on the Effective Date, but not shares underlying any equity-based compensation awards granted to you pursuant to paragraph 3(d) or at any time after the Effective Date), plus any shares that were not sold or disposed of by you and the Family Affiliates collectively under the prior year's limits. Notwithstanding the foregoing, you may transfer shares to Family Affiliates, but such shares shall remain subject to the restrictions contained in this paragraph 7(k).

8. Incapacity. In the event you become totally medically disabled at any time during the Employment Term and are not expected to be able to substantially perform your duties for a six (6) consecutive month period, the Chairman, at any time after such disability has in fact continued for 60 consecutive days, may determine that Viacom requires such duties and responsibilities be performed by another executive. In the event you become disabled, you will first receive benefits under Viacom's short-term disability program for the first 26 weeks of consecutive absence. Thereafter, you will be eligible to receive benefits under Viacom's Long-Term Disability ("LTD") program or any supplement thereto, in accordance with its terms.

Upon receipt of benefits under the LTD program you will also be entitled to receive, subject to applicable withholding taxes:

(i) a Target Bonus prorated for the portion of calendar year through the date on which you become eligible to receive benefits under the LTD program, payable at the time that the Bonus for such calendar year would otherwise be paid;

(ii) prorated Deferred Compensation for the calendar year in which such benefits commence and Deferred Compensation attributable to prior calendar years, payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the calendar year following the calendar year in which such benefits commence;

(iii) stock options granted to you under the 1997 LTIP which are exercisable on or prior to the date as of which benefits commence under the LTD program or that would have vested and become exercisable on or before the last day of the Employment Term will be exercisable for two (2) years after the date as of which such benefits commence or, if later, until December 31, 2003, but in no event may such stock options be exercised following the expiration date of such stock options; and

In the event that you thereafter become able to substantially perform your duties, you will then be entitled to receive from Viacom your Salary and Deferred Compensation at the rate being paid to you immediately prior to the commencement of such disability, and your Bonus calculated pursuant to paragraph 3(b) hereof, through the remainder of the Employment Term reduced by any employment compensation earned by you for any work or service performed for any other person.

#### 9. Termination.

(a) Termination for Cause. Viacom may, at its option, terminate your employment under this Agreement forthwith for "cause", and Viacom shall thereafter have no further obligations under this Agreement, including, without limitation, any obligation to pay Salary or Bonus or provide benefits under this Agreement; provided, however, that Viacom may terminate this Agreement pursuant to this paragraph only with the affirmative vote of fourteen of the eighteen members of the Board of Viacom at a meeting called for such purpose at which you and a counsel of your choosing shall have an opportunity to be heard. For purposes of this Agreement, termination of this Agreement for "cause" shall mean termination for embezzlement, fraud or other conduct

which would constitute a felony, conviction of a felony, or willful unauthorized disclosure of confidential information, or if you at any time materially breach this Agreement (including, without limitation, your failure, neglect of or refusal to substantially perform your obligations hereunder as set forth in paragraphs 2, 7(k) and 12 hereof), except in the event of your disability as set forth in paragraph 8. Anything herein to the contrary notwithstanding, Viacom will give you written notice prior to terminating this Agreement for your material breach setting forth the exact nature of any alleged breach and the conduct required to cure such breach. Except for a breach which by its nature cannot be cured, you shall have ten (10) business days from the giving of such notice within which to cure and within which period Viacom cannot terminate this Agreement for the stated reasons.

(b) Good Reason Termination. You may terminate your employment hereunder for "Good Reason" at any time during the Employment Term by written notice to Viacom not more than thirty (30) days after the occurrence of the event constituting "Good Reason". Such notice shall state an effective date no earlier than thirty (30) business days after the date it is given. Viacom shall have ten (10) business days from the giving of such notice within which to cure. Good Reason shall mean any of the following, without your prior written consent, other than in connection with the termination of your employment for "cause" (as defined above) or in connection with your permanent disability:

(i) the assignment to you by Viacom of duties substantially inconsistent with your positions, duties, responsibilities, titles or offices, the withdrawal of a material part of your responsibilities or a change in your reporting relationship, as set forth in paragraph 2 or in Article XIII of the Certificate of Incorporation as in effect on the Effective Date;

(ii) a reduction by Viacom in your Salary or Target Bonus as in effect at the date hereof or as the same may be increased from time to time during the Employment Term;

(iii) Viacom's requiring you to be based anywhere other than the New York City metropolitan area, except for required travel on Viacom's business to any extent substantially consistent with business travel obligations of other senior executives of Viacom;

(iv) Viacom's violation of Article XIII of the Certificate of Incorporation; or

(v) the material breach by Viacom of its obligations hereunder.

(c) Termination Without Cause. Viacom may terminate your employment under this Agreement without "cause" (as defined above) at any time during the Employment Term by written notice to you; provided, however, that Viacom may terminate your employment pursuant to this paragraph only with the affirmative vote of fourteen of the eighteen members of the Board of Viacom.

(d) Termination Payments, Etc. In the event that your employment terminates pursuant to paragraph 9(b) or 9(c) hereof, you shall be entitled to receive, subject to applicable withholding taxes:

(i) your Salary as provided in paragraph 3(a) until the end of the Employment Term, payable in accordance with Viacom's then effective payroll practices;

(ii) bonus compensation for each calendar year during the Employment Term equal to your Target Bonus as set forth in paragraph 3(b);

(iii) Deferred Compensation for each calendar year during the Employment Term as set forth in paragraph 3(c); Deferred Compensation attributable to the calendar year in which the termination pursuant to paragraph 9(b) or 9(c) hereof occurs and to prior calendar years shall be payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the calendar year following such termination; and Deferred Compensation attributable to subsequent calendar years shall be payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of each such following calendar year;

(iv) your perquisites as provided in paragraph 6 until the end of the Employment Term, payable in accordance with Viacom's then effective payroll practices;

(v) medical and dental insurance coverage until the end of the Employment Term or, if earlier, the date on which you become eligible for medical and dental coverage from a third party employer; during this period, Viacom will pay an amount equal to the applicable COBRA premiums (or such other amounts as may be required by applicable law) (which amount will be included in your income for tax purposes to the extent required by applicable law); at the end of such period, you may elect to continue your medical and dental insurance coverage at your own expense for the balance, if any, of the period required by law;

(vi) life insurance coverage as set forth in paragraph 4(b) until the end of the Employment Term (the amount of such insurance to be reduced by the amount of any insurance provided by a new employer without cost to you);

(vii) stock options granted to you under the 1997 LTMIP which are exercisable on or prior to the date of the termination of your employment under paragraph 9(b) or 9(c) or that would have vested and become exercisable on or before the last day of the Employment Term will be exercisable for two (2) years after the date of such termination or, if later, until December 31, 2003, but in no event may such stock options be exercised following the expiration date of such stock options;

(viii) a supplemental pension benefit calculated in accordance with the terms of the Excess Pension Plan and paragraph 4(c) as though you were employed through the end of the Employment Term; and

(ix) provision of an appropriate office and secretarial assistance for up to six (6) months after the termination of your employment.

The payments provided for in (i) above are in lieu of any severance or income continuation or protection under any Viacom plan that may now or hereafter exist. The payments and benefits to be provided pursuant to this paragraph 9(d) shall constitute liquidated damages, and shall be deemed to satisfy and be in full and final settlement of all obligations of Viacom to you under this Agreement.

(e) Termination of Benefits. Notwithstanding anything in this Agreement to the contrary (except as otherwise provided in paragraph 9(d) with respect to medical, dental and life insurance and Excess Pension Plan benefits or in paragraphs 7 and 8 with respect to continued exercisability of options), coverage under all Viacom benefit plans and programs (including, without limitation, vacation, 401(k), excess 401(k) and pension plans, LTD and accidental death and dismemberment and business travel and accident insurance) will terminate upon the termination of your employment except to the extent otherwise expressly provided in such plans or programs.

10. Death. If you die prior to the end of the Employment Term, your beneficiary or estate shall be entitled to receive your Salary up to the date on which the death occurs, a pro-rated Target Bonus and pro-rated Deferred Compensation for the calendar year in which the death occurs and Deferred Compensation attributable to prior calendar years payable, together with the return thereon as provided in paragraph 3(c), prior to January 31 of the following calendar year. In addition, the vesting of all stock options granted under the 1997 LTMIP that are not exercisable as of the date on which the death occurs shall be accelerated, and your beneficiary or estate shall be entitled to exercise such stock options, together with all stock options that are exercisable as of the date of your death, for two (2) years after the date of death or, if later, until December 31, 2003, but in no event may such stock options be exercised following the expiration date of such stock options.

11. Section 317 and 507 of the Federal Communications Act. You represent that you have not accepted or given nor will you accept or give, directly or indirectly, any money, services or other valuable consideration from or to anyone other than Viacom for the inclusion of any matter as part of any film, television program or other production produced, distributed and/or developed by Viacom and/or any of its affiliates or predecessors.

12. Equal Opportunity Employer. You acknowledge that Viacom is an equal opportunity employer. You agree that you will comply with Viacom policies regarding employment practices and with applicable federal, state and local laws prohibiting discrimination on the basis of race, color, creed, national origin, age, sex or disability.

13. Indemnification.

(a) Viacom shall indemnify and hold you harmless, to the maximum extent permitted by law and by the Certificate of Incorporation and/or the By-laws of Viacom, against judgments, fines, amounts paid in settlement of and reasonable expenses incurred by you in connection with the defense of any action or proceeding (or any appeal therefrom) in which you are a party by reason of your position as President and Chief Operating Officer or any other office you may hold with Viacom or its affiliates or by reason of any prior positions held by you with Viacom or any of its affiliates or predecessors or for any acts or omissions made by you in good faith in the performance of any of your duties as an officer of Viacom.

(b) To the extent that Viacom maintains officers' and directors' liability insurance, you will be covered under such policy.

14. Notices. All notices required to be given hereunder shall be given in writing, by personal delivery or by mail at the respective addresses of the parties hereto set forth above, or at such other address as may be designated in writing by either party. Any notice given by mail shall be deemed to have been given three days following such mailing.

15. Assignment. This is an Agreement for the performance of personal services by you and may not be assigned by you or Viacom except that Viacom may assign this Agreement to any affiliate of or any successor in interest to Viacom.

16. New York Law, Etc. This Agreement and all matters or issues collateral thereto shall be governed by the laws of the State of New York applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought in the state or federal courts located in the City of New York.

17. No Implied Contract. Nothing contained in this Agreement shall be construed to impose any obligation on Viacom to renew this Agreement or any portion thereof. The parties intend to be bound only upon execution of a written agreement and no negotiation, exchange of draft or partial performance shall be deemed to imply an agreement. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of this Agreement.

18. Entire Understanding. This Agreement contains the entire understanding of the parties hereto relating to the subject matter herein contained, and can be changed only by a writing signed by both parties hereto.

19. Void Provisions. If any provision of this Agreement, as applied to either party or to any circumstances, shall be adjudged by a court to be void or unenforceable, the same shall be deemed stricken from this Agreement and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

20. Supersedes Previous Agreement. Effective as of the Effective Date, this Agreement shall supersede and cancel all prior agreements relating to your employment by Viacom or any of its affiliates and predecessors, including, without limitation, the employment agreement with Westinghouse Electric Corporation, dated as of June 20, 1996, and any amendments thereto. Notwithstanding the preceding sentence, this Agreement is not intended, and shall not be construed, to affect your rights in any compensation or benefits that have been granted or accrued prior to the beginning of the Employment Term.

If the foregoing correctly sets forth our understanding, please sign one copy of this letter and return it to the undersigned, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

Viacom Inc.

/s/ Michael D. Fricklas

By: \_\_\_\_\_

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

ACCEPTED AND AGREED:

/s/ Mel Karmazin

\_\_\_\_\_  
Mel Karmazin

G-10

EXHIBIT A

Article XIII of the Amended and Restated Certificate of Incorporation  
(attached)

G-11

EXHIBIT B

Form of the Award Agreement  
(attached)

G-12

RESTATED CERTIFICATE OF INCORPORATION  
OF  
VIACOM INC.

ARTICLE XIII

Governance of the Corporation  
During Specified Period

(1) Definitions. As used in this Article XIII, the following terms shall have the following meanings:

(a) "CBS" shall mean CBS Corporation, a Pennsylvania corporation, immediately prior to the Effective Time.

(b) "CBS Directors" shall mean (i) eight (8) of those directors serving as members of the Board of Directors of CBS on September 6, 1999 (or any Independent Directors elected or appointed prior to the Effective Time to serve as a CBS Director) who are designated as such by the Board of Directors of CBS prior to the Effective Time and (ii) any Replacement CBS Director (as defined in Section 2(b) of this Article XIII).

(c) "CEO" shall mean the Chief Executive Officer.

(d) "COO" shall mean the President and Chief Operating Officer.

(e) "Effective Time" shall mean the time of filing of the Certificate of Merger to which this Certificate of Incorporation is attached.

(f) "Independent Director" shall mean a disinterested, independent person (determined in accordance with customary standards for independent directors applicable to U.S. public companies).

(g) "NAI" shall mean National Amusements, Inc., a Maryland corporation, and its successors or assigns.

(h) "Specified Independent Directors" shall mean the directors of the Corporation first elected after 1993 and who are not management of the Corporation or NAI (together with any replacements of such persons).

(i) "Specified Period" shall mean the period of three years commencing at the Effective Time.

(j) "Stockholder Agreement" shall mean the Stockholder Agreement dated as of September 6, 1999, by and between NAI and CBS, relating to Corporation governance matters.

(k) "Viacom Directors" shall mean the ten (10) directors of the Corporation serving as the Board of Directors of the Corporation immediately prior to the Effective Time (including the Specified Independent Directors).

(2) Directors.

(a) Effective immediately at the Effective Time, the Board of Directors shall consist of eighteen (18) directors. The number of directors may be fixed by resolution of the Board from time to time, provided, however, that the size of the Board of Directors may not be changed during the Specified Period without the approval of at least fourteen (14) directors. At the Effective Time, ten (10) directors shall be Viacom Directors and eight (8) directors shall be CBS Directors.

(b) Until the expiration of the Specified Period, the Board of Directors (subject to the fiduciary duties of the directors) shall take all action necessary to ensure that any seat on the Board of Directors held by (i) a CBS



Director which becomes vacant is filled promptly by a person qualifying as an Independent Director and designated to fill such seat by a majority of the CBS Directors remaining on the Board of Directors (a "Replacement CBS Director") and (ii) a Specified Independent Director which becomes vacant is filled promptly by an Independent Director who is the chief executive officer, chief operating officer or chief financial officer or former chief executive officer of a Fortune 500 company or a non-U.S. public company of comparable size.

(c) During the Specified Period, all committees of the Board of Directors (other than the Compensation Committee and the Officers Nominating Committee) shall have such number of CBS Directors as equals the total number of members of the Committee multiplied by a fraction, the numerator of which is eight (8) and the denominator of which is eighteen (18), rounded to the closest whole number; provided that in no event shall any committee have (x) fewer than one (1) CBS Director or (y) less than a majority of Viacom Directors.

(d) During the Specified Period, the Board of Directors shall not take any action or fail to take any action which would have the effect of eliminating, limiting, restricting, avoiding or otherwise modifying the effect of the provisions set forth in this Article XIII (e.g., by creating a holding company structure if the certificate of incorporation or similar document of such holding company does not contain equivalent provisions).

(3) Chairman and Chief Executive Officer.

(a) At the Effective Time, Sumner Redstone shall remain the Chairman and CEO. In the event that Sumner Redstone is not the CEO at the Effective Time or ceases to be the CEO at any time during the Specified Period, then Mel Karmazin, if he is COO at such time, shall succeed to the position of CEO for the remainder of the Specified Period. During any such period of succession, Mel Karmazin shall continue to exercise the powers, rights, functions and responsibilities of the COO in addition to exercising those of the CEO.

(b) The Chairman shall chair all meetings of the Board of Directors and stockholders at which he is present.

(c) The CEO shall be responsible, in consultation with the COO, for corporate policy and strategy and the COO shall consult on all major decisions with, and shall report directly to, the CEO, during the Specified Period; provided, however, that the CEO shall not exercise any powers, rights, functions or responsibilities of the COO unless Mel Karmazin is the CEO.

(4) President and Chief Operating Officer.

(a) At the Effective Time, the President and Chief Operating Officer of the Corporation shall be Mel Karmazin. During the Specified Period, Mel Karmazin may not be terminated or demoted from the position of COO (or, in the event that Sumner Redstone is not the CEO, from the position of CEO) and no COO Functions (as defined below) may be changed without the affirmative vote of at least fourteen (14) directors.

(b) Subject to the requirement that the COO consult with the CEO on all major decisions, the powers, rights, functions and responsibilities of the COO (collectively, the "COO Functions") shall include, without limitation, the following:

(i) supervising, coordinating and managing the Corporation's business, operations, activities, operating expenses and capital allocation;

(ii) matters relating to officers (other than the Chairman, CEO and COO) and employees, including, without limitation, hiring (subject to (A) the specific Board of Directors authority described below with respect to the CFO, the General Counsel and the Controller and (B) Section 5 below), terminating, changing positions and allocating responsibilities of such officers and employees; and

(iii) substantially all of the powers, rights, functions and responsibilities typically exercised by a chief operating officer.

All officers (other than the Chairman, CEO and COO) will report, directly or indirectly, to the COO (this reporting relationship will be deemed a COO Function).

(c) In the event that Mel Karmazin is not COO or CEO, the Board may terminate the COO's employment, eliminate the COO position and the Officers Nominating Committee and reallocate the COO Functions without regard to the other provisions of this Article XVIII.

(5) Officers Nominating Committee; Compensation Committee.

(a) Subject to the powers of the Compensation Committee set forth below, during the Specified Period, all powers of the Board of Directors, including, without limitation, the right to hire, elect, terminate, change positions, allocate responsibilities or determine non-equity compensation, with respect to officers and employees, shall be exercised, subject to clauses (b) and (c) below, by, and delegated to, the Officers Nominating Committee of the Board of Directors. The Officers Nominating Committee shall consist solely of the member of the Board of Directors who is the COO, except that in the event Mel Karmazin succeeds to the position of CEO, the sole member of the Officers Nominating Committee shall be the member of the Board of Directors who is the CEO.

(b) The Officers Nominating Committee shall have no powers with respect to the Chairman, CEO and COO, and shall not have the power to fill the positions of Chief Financial Officer, Controller or General Counsel of the Corporation without the approval of the Board of Directors; provided that this provision shall in no way affect the other powers and authorities of the Officers Nominating Committee with respect to the Chief Financial Officer, Controller and General Counsel positions, including, without limitation, the power to terminate employment of persons holding such positions.

(c) The Compensation Committee shall not be required to, or have any power to, approve the annual compensation of (i) any employee if the total value of such employee's annual cash compensation (assuming for this purpose that the actual bonus of each officer and employee is equal to his or her target bonus) is less than \$1 million or (ii) talent (as such term is commonly used in the media or entertainment industries), in each such case which power shall be delegated to the Officers Nominating Committee. The annual compensation of all other officers and employees and any equity or equity-based compensation of any officer or employee must be approved by the Compensation Committee.

(d) The Compensation Committee shall consist of three CBS Directors who are Independent Directors and three non-CBS Directors, two of whom will be the Specified Independent Directors and the other of whom will be an Independent Director.

(e) Any decision or determination of the Officers Nominating Committee may be reversed or overridden by (and only by) the affirmative vote of at least fourteen (14) directors.

(6) Stockholder Agreement.

The Stockholder Agreement may not be amended, and no provision thereof may be modified or waived, except with the approval of at least fourteen (14) directors.

(7) Issuance of Voting Stock.

During the Specified Period, in addition to any other approval required by law or by this Restated Certificate of Incorporation, the Corporation may not issue (i) additional shares of Class A Common Stock or (ii) any shares of Preferred Stock or any other class or series of stock or securities, in each case with, or convertible into or exchangeable or exercisable for stock or other securities with, the right to vote on any

matter on which stockholders are entitled to vote if the result would be that parties bound by the Stockholder Agreement could fail to own at least a majority of the outstanding shares of voting stock of the Corporation.

(8) Voting.

During the Specified Period, except for those actions set forth on Annex I to this Restated Certificate of Incorporation, which shall require the approval of the Board of Directors, all action by the Board of Directors shall require the affirmative vote of at least fourteen (14) directors. At all meetings of the Board of Directors a majority of the full Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or this Restated Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(9) Amendment.

Until the expiration of the Specified Period the provisions of any Article of this Restated Certificate which refer to this Article XIII, the provisions of this Article XIII, and the provisions of Article VIII of the by-laws of the Corporation, may not be amended, altered, repealed or waived in any respect without the approval of at least fourteen (14) directors.

(10) Successors.

During the Specified Period, the provisions of this Article XIII shall be applicable to (i) any successor to the Corporation as the result of a merger, consolidation or other business combination, whether or not the Corporation is the surviving company in such transaction, or otherwise and (ii) any corporation or other entity with respect to which the Corporation or its successor is or becomes a direct or indirect subsidiary, the Board of Directors shall not permit the Corporation to be a party to any transaction which would not comply with the foregoing without the approval of at least fourteen (14) directors.

(11) Subsidiaries.

The Board of Directors shall have the right, following consultation with the COO or, if Mel Karmazin is the CEO, the CEO, with respect to any public company which is a subsidiary of the Corporation, to take such steps as the Board of Directors reasonably determines are necessary to implement corporate governance arrangements applicable to such subsidiary in a manner as consistent as practicable with the provisions contained in this Restated Certificate of Incorporation; provided that any such steps shall not vest in the Board of Directors greater power or provide the COO with fewer rights than those provided for in this Restated Certificate of Incorporation.

EXHIBIT B

Form of Agreement Under the  
Viacom Inc.  
1997 Long-Term Management Incentive Plan  
for the 1999 Stock Option Grant

AGREEMENT, dated as of \_\_\_\_\_, by and between Viacom Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Participant"), with respect to the 1999 grant of stock options under the Company's 1997 Long-Term Management Incentive Plan, as amended (the "Plan").

This Agreement, together with the Memorandum dated \_\_\_\_\_ and the agreements delivered under the Plan in connection with each grant of stock options under the Plan, constitutes the prospectus covering the shares of Class B Common Stock subject to the Plan. The Participant can receive additional copies of his or her Plan agreements and the Memorandum upon request to the Administrator, Long-Term Incentive Plans, Viacom Inc., 1515 Broadway, New York, New York 10036.

WITNESSETH:

WHEREAS, the Participant is now employed by the Company or one of its subsidiaries in a key capacity and the Company desires to reward the Participant, in accordance with the terms hereof, for the Participant's contributions to the financial success of the Company by awarding the Participant stock options to purchase shares of Class B Common Stock;

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

ARTICLE I

Terms of Stock Options

Section 1.1 Grant of Stock Options. Subject to the terms and conditions contained herein and in the Plan, the terms of which are hereby incorporated by reference, the Company hereby awards to the Participant, effective as of \_\_\_\_\_ (the "Date of Grant"), a grant of stock options (the "Stock Options") to purchase \_\_\_\_\_ shares of Class B Common Stock at an exercise price of \$ \_\_\_\_\_ for each share (the "Exercise Price"). The capitalized terms used in this Agreement which are not otherwise defined herein shall have the meanings assigned to them in Article III hereof. The Stock Options granted hereunder are not intended to be, or qualify as, "Incentive Stock Options" within the meaning of Section 422 of the Code.

Section 1.2 Terms of Stock Options.

(a) Vesting. The Stock Options shall be exercisable only to the extent the Participant is vested therein. The Stock Options shall vest in one-third increments on \_\_\_\_\_ and \_\_\_\_\_.

(b) Option Period. Except as provided in Section 1.2(c) hereof, the period during which the Stock Options may be exercised shall expire on the tenth anniversary of the Date of Grant (the "Expiration Date").

(c) Exercise in the Event of Termination of Employment, Retirement, Death or Permanent Disability.

(i) Termination other than for Cause, Retirement, Death or Permanent Disability. In the event that (A) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the voluntary termination by the Participant or the termination by the Company or any of its subsidiaries other than for Cause, the Participant may exercise his or her Outstanding Stock Options to the extent then

exercisable until the earlier of six months after the date of such termination (or such longer period, not in excess of the second anniversary of the Date of Grant of such Stock Options, as may be determined by the Committee, in its discretion) or the Expiration Date, (B) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the Participant's Retirement, the Participant may exercise his or her Outstanding Stock Options to the extent then exercisable until the earlier of two years after such date or the Expiration Date, (C) the Participant dies during a period during which his or her Stock Options could have been exercised by him or her, his or her Outstanding Stock Options may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution until the earlier of one year after such death (or such longer period as may be determined by the Committee, in its discretion, prior to the expiration of such one-year period) or the Expiration Date, or (D) the Permanent Disability of the Participant occurs, the Participant may exercise his or her Outstanding Stock Options to the extent exercisable upon the onset of such Permanent Disability until the earlier of one year after such date (or such longer period not in excess of two years after such date as may be determined by the Committee in its discretion) or the Expiration Date. Upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 1.2(c)(i), all rights with respect to Stock Options that are not vested as of such event will be relinquished.

(ii) Termination for Cause. If the Participant's employment with the Company or any of its subsidiaries ends because of a Termination for Cause, all Outstanding Stock Options, whether or not then vested, shall terminate effective as of the date of such termination.

### Section 1.3 Exercise of Stock Options.

(a) Whole or Partial Exercise. Subject to the restrictions of Section 1.2(b) hereof, the Participant may exercise all vested Stock Options granted hereunder at one time or in installments of 100 Stock Options (or in the whole number of unexercised Stock Options in which the Participant is vested, if such number is less than 100) by written notice to the Administrator, Long-Term Incentive Plans, Viacom Inc., 1515 Broadway, New York, New York 10036. Such notice shall (i) state the number of full Stock Options being exercised (ii) be signed by the person or persons so exercising the Stock Options and, in the event the Stock Options are being exercised (pursuant to Section 1.2(c)(i) hereof) by any person or persons other than the Participant accompanied by proof satisfactory to the Company's counsel of the right of such person or persons to exercise the Stock Options, and (iii) be accompanied by full payment as set forth in Section 1.3(b) hereof.

(b) Payment of Aggregate Option Price. The written notice of exercise described above must be accompanied by full payment of the aggregate Exercise Price which shall be determined by multiplying the number of Stock Options being exercised by the Exercise Price. Such Exercise Price shall be paid in cash (e.g. personal bank check, certified check or official bank check). In addition, in accordance with Section 4.3 hereof, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined Federal, state and local withholding tax obligations which arise in connection with the exercise of such Stock Options.

(c) Issuance of Share Certificates. Upon satisfaction of the conditions set forth in Section 1.3(b) hereof, the Company shall deliver (or cause to be delivered) a certificate or certificates for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Options to the Participant.

## ARTICLE II

### Effect of Certain Corporate Changes

In the event of a merger, consolidation, stock split, dividend, distribution, combination, reclassification or recapitalization that changes the character or amount of the Class B Common Stock, the Committee shall make such adjustments to the number of shares of Class B Common Stock subject to the Stock Options or the exercise price of the Stock Options, in each case, as it deems appropriate. Such determinations shall be conclusive and binding for all purposes.

### ARTICLE III

#### Definitions

As used in this Agreement, the following terms shall have the following meanings:

- (a) "Board" shall mean the Board of Directors of the Company.
- (b) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.01 per share, of the Company.
- (c) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto.
- (d) "Committee" shall mean the Senior Executive Compensation Committee of the Board (or such other Committee as may be appointed by the Board) except that (i) the number of directors on the Committee shall not be less than two and (ii) each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act.
- (e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.
- (f) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price of a share of Class B Common Stock on the New York Stock Exchange or such other national securities exchange as may be designated by the Committee or, in the event that the Class B Common Stock is not listed for trading on a national securities exchange but is quoted on an automated quotation system, the average closing bid price per share of the Class B Common Stock on such automated quotation system or, in the event that the Class B Common Stock is not quoted on any such system, the average of the closing bid prices per share of the Class B Common Stock as furnished by a professional marketmaker making a market in the Class B Common Stock designated by the Committee.
- (g) "Outstanding Stock Option" shall mean a Stock Option granted to the Participant which has not yet been exercised and which has not yet expired in accordance with its terms.
- (h) "Permanent Disability" shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a subsidiary thereof for the Participant and in effect on the date of the onset of the Participant's Permanent Disability.
- (i) "Retirement" shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified retirement plan maintained by the Company or a subsidiary in which the Participant participates; provided, however, that no resignation or termination prior to a Participant's 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion.
- (j) "Termination for Cause" shall mean a termination of employment with the Company or any of its subsidiaries which, as determined by the Committee, is by reason of (i) "cause" as such term or a similar term is defined in any employment agreement applicable to the Participant, or (ii) if there is no such employment agreement or if such employment agreement contains no such term, (x) dishonesty, conviction of a felony, or willful unauthorized disclosure of confidential information, (y) failure, neglect of or refusal by the Participant to substantially perform the duties of the Participant's employment, or (z) any other act or omission which is materially injurious to the financial condition or business reputation of the Company or any subsidiary thereof.
- (k) To "vest" a Stock Option held by the Participant shall mean to render such Stock Option exercisable, subject to the terms of the Plan, except where the Participant's employment ends because of a Termination for Cause.

## ARTICLE IV

### Miscellaneous

Section 4.1 No Rights to Continued Employment. Neither this Agreement, the Plan nor any action taken in accordance with such documents shall be construed as giving the Participant any right to be retained by the Company or any of its subsidiaries.

Section 4.2 Restriction on Transfer. The rights of the Participant with respect to the Stock Options shall not be transferable by the Participant except (i) by will or the laws of descent and distribution or (ii) subject to the prior approval of the Committee, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, in each case subject to the condition that the Committee shall be satisfied that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor and subject to such other conditions as the Committee may impose.

Section 4.3 Tax Withholding. As a condition to the exercise of the Stock Options, the Participant shall make a payment (or an arrangement acceptable to the Company for the withholding of such payment) sufficient to satisfy the combined Federal, state and local withholding tax obligations which arise in connection with the exercise of such Stock Options.

Section 4.4 Stockholder Rights. The grant of Stock Options under this Agreement shall not entitle the Participant or any permitted transferee to any rights of a holder of shares of common stock of the Company, other than when and until share certificates are delivered to the Participant upon exercise of a Stock Option.

Section 4.5 No Restriction on Right of Company to Effect Corporate Changes. This Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalization, reorganization or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.6 Amendment. Other than as provided in Article II hereof, this Agreement may not be modified, amended or waived in any manner except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

Section 4.7 Stockholder Approval. The grant of Stock Options under this Agreement is subject to the approval of the stockholders of the Company, at the next annual or special meeting of stockholders, to the extent that the number of shares of Class B Common Stock subject to the Plan is insufficient to cover the number of shares of Class B Common Stock subject to Stock Options awarded under this Agreement.

Section 4.8 Notices. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided. If no such address has been specified by the Participant, such notices or communications shall be sent to the Participant's address as specified in the records of the Company.

Section 4.9 Headings. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement.

Section 4.10 Receipt of Copy of Plan. By executing this Agreement, the Participant acknowledges receipt of a copy of the Plan.

Section 4.11 Governing Law. This Agreement and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

Viacom Inc.

By: \_\_\_\_\_  
Senior Vice President,  
Human Resources and  
Administration

\_\_\_\_\_  
Participant



September 6, 1999

Board of Directors  
Viacom Inc.  
1515 Broadway  
New York, NY 10036

Members of the Board:

We understand that CBS Corporation ("CBS" or the "Company") and Viacom Inc. ("Viacom") have entered into an Agreement and Plan of Merger, dated as of September 6, 1999 (the "Merger Agreement"), which provides, among other things, for the merger of CBS with and into Viacom (the "Merger"). Pursuant to the Merger, each issued and outstanding share of common stock, par value \$1.00 per share, of CBS ("CBS Common Stock") shall be converted into the right to receive 1.085 shares (the "Exchange Ratio") of Class B Common Stock, par value \$0.01 per share (the "Viacom Class B Common Stock") of Viacom. The terms and conditions of the Merger are more fully set forth in the Merger Agreement.

You have asked for our opinion as to whether the Exchange Ratio pursuant to the Merger Agreement is fair from a financial point of view to Viacom.

For purposes of the opinion set forth herein, we have:

(i) reviewed certain publicly available financial statements and other information of CBS and Viacom, respectively;

(ii) reviewed certain internal financial statements and other financial and operating data concerning CBS and Viacom prepared by the respective managements of CBS and Viacom;

(iii) discussed the past and current operations and financial condition and the prospects of CBS and Viacom with senior executives of CBS and Viacom;

(iv) analyzed certain internal financial statements and other financial operating data concerning CBS and Viacom prepared by the respective managements of CBS and Viacom;

(v) discussed the past and current operations and financial condition and the prospects of Viacom with senior executives of Viacom including their estimates of the strategic and operational benefits of the Merger, and analyzed the pro forma impact of the Merger on Viacom's financial ratios;

(vi) reviewed the reported prices and trading activity for the CBS Common Stock and the Viacom Class B Common Stock;

(vii) compared the financial performance of CBS and Viacom and the prices and trading activity of CBS and Viacom with that of certain other comparable publicly-traded companies and their securities;

(viii) participated in discussions and negotiations among representatives of CBS and Viacom and their financial and legal advisors;

(ix) reviewed the Merger Agreement, the Voting Agreement dated as of September 6, 1999 between CBS and certain shareholders of Viacom and certain related documents; and

(x) performed such other analyses and considered such other factors as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this opinion. With respect to the financial projections, including information relating to certain strategic and operational benefits of the Merger, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future

financial performance of CBS and Viacom, respectively. We have not made any independent valuation or appraisal of the assets or liabilities of CBS and Viacom, nor have we been furnished with any such appraisals. We have assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement. Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

We have acted as financial advisor to the Board of Directors of Viacom in connection with this transaction and will receive a fee for our services. In the past, Morgan Stanley & Co. Incorporated and its affiliates have provided financial advisory and financing services for CBS and Viacom and have received fees for the rendering of these services. In the ordinary course of business, Morgan Stanley may from time to time trade in the securities of CBS and Viacom for its own account, the accounts of investment funds under the management of Morgan Stanley and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

It is understood that this letter is for the information of the Board of Directors of Viacom and may not be used for any other purpose without our prior written consent, except that this opinion may be included in its entirety in any filing made by CBS or Viacom in respect of the Merger with the Securities and Exchange Commission. In addition, this opinion does not in any manner address the prices at which Viacom Class B Common Stock will trade following the consummation of the Merger, and Morgan Stanley expresses no opinion or recommendation as to how the stockholders of CBS and Viacom should vote at the respective stockholders' meetings held in connection with the Merger.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Exchange Ratio pursuant to the Merger Agreement is fair from a financial point of view to Viacom.

Very truly yours,

Morgan Stanley & Co. Incorporated

/s/ Paul J. Taubman

By: \_\_\_\_\_  
Paul J. Taubman  
Managing Director

Board of Directors  
CBS Corporation  
51 West 52nd Street  
New York, NY 10019

Members of the Board of Directors:

We understand that CBS Corporation ("CBS") has entered into an Agreement and Plan of Merger dated as of September 6, 1999, by and between Viacom Inc. ("Viacom") and CBS (the "Merger Agreement"). Pursuant to the Merger Agreement, CBS will merge with and into Viacom (the "Merger") and each outstanding share of CBS Common Stock, par value \$1.00 per share (the "CBS Common Stock"), will be converted into the right to receive 1.085 shares of Viacom Class B Common Stock, par value \$0.01 per share ("Viacom Class B Common Stock"), with the number of shares of Viacom Class B Common Stock to be received for each share of CBS Common Stock being referred to herein as the exchange ratio (the "Exchange Ratio").

You have asked us for our opinion as to whether the Exchange Ratio is fair, from a financial point of view, to the holders of CBS Common Stock.

In connection with rendering our opinion, we have, among other things:

(i) analyzed certain publicly available financial statements and other information relating to CBS and Viacom;

(ii) analyzed certain internal financial statements and other non-public financial and operating data concerning CBS, which were prepared by and furnished to us or reviewed for us by the management of CBS, and concerning Viacom, which were prepared by and furnished to us or reviewed for us by the management of Viacom;

(iii) analyzed certain financial projections concerning CBS, which were prepared by the management of CBS, and concerning Viacom, which were prepared by the management of Viacom;

(iv) discussed the past and current operations and financial condition and the prospects of CBS with the management of CBS;

(v) discussed the past and current operations and financial condition and the prospects of Viacom with the management of Viacom;

(vi) reviewed the reported prices and trading activity of the CBS Common Stock and Viacom Class B Common Stock;

(vii) compared the market valuation and financial performance of CBS and Viacom to that of certain other comparable publicly-traded companies;

(viii) reviewed the financial terms to the extent available of certain comparable acquisition transactions;

(ix) participated in discussions and negotiations among representatives of CBS, Viacom, and their financial and legal advisers;

(x) reviewed the Merger Agreement and the related exhibits and schedules in the form provided to us and have assumed that the final form of such Merger Agreement, exhibits and schedules will not vary in any respect material to our analysis;

(xi) reviewed certain information concerning cost savings and combination benefits ("Synergies") expected to result from the Merger that was provided to us or reviewed for us by the managements of CBS and Viacom; and

(xii) performed such other analyses and examinations and considered such other factors as we have in our sole judgment deemed appropriate.

For purposes of our analysis and opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of the information reviewed by us or reviewed for us for purposes of this opinion. With respect to the financial projections of CBS and Viacom and the underlying analysis concerning the potential Synergies which were furnished to us or reviewed for us by the managements of CBS and Viacom, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the future competitive, operating and regulatory environments and related financial performance of CBS and Viacom. We have not made nor assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities of CBS or Viacom, nor have we been furnished with any such appraisals. Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information and Agreements made available to us as of, the date hereof. We have, with your approval, assumed the Merger will qualify as a tax-free reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended. Our opinion does not address CBS's underlying business decision to effect the Merger nor constitute a recommendation to any CBS shareholder as to how such holder should vote with respect to the Merger. Furthermore, we express no opinion as to the price or range of prices at which the shares of Viacom Class B Common Stock will trade subsequent to the consummation of the Merger.

For purposes of rendering our opinion, we have assumed, in all respects material to our analysis, that the representations and warranties of each party contained in the Merger Agreement are true and correct, that each party will perform all the covenants and agreements required under the Merger Agreement, and that all conditions to the consummation of the Merger will be satisfied without waiver thereof.

We have acted as financial advisor to the Board of Directors of CBS in connection with the Merger and will receive a fee for our services upon the rendering of this opinion. In the past, Evercore Partners Inc. has provided financial advisory services for CBS and has received fees for the rendering of these services.

It is understood that this letter and the opinion expressed herein is for the information of the Board of Directors of CBS and may not be quoted or referred to or relied upon or used for any other purpose without our prior written consent except as we and our affiliates have otherwise agreed with CBS in writing.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the holders of CBS Common Stock.

Very truly yours,

Evercore Group Inc.

/s/ David G. Offensend

By: \_\_\_\_\_  
David G. Offensend  
Vice Chairman

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. Indemnification of Officers And Directors

Section 102(b)(7) of the Delaware General Corporation Law ("DGCL") allows a corporation to include in its certificate of incorporation a provision eliminating the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except in cases where the director breached his or her duty of loyalty to the corporation or its stockholders, failed to act in good faith, engaged in intentional misconduct or a knowing violation of the law, willfully or negligently authorized the unlawful payment of a dividend or approved an unlawful stock redemption or repurchase or obtained an improper personal benefit. The registrant's Restated Certificate of Incorporation (the "Viacom Charter") contain provisions that eliminates directors' personal liability, in certain circumstances, as set forth above.

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

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

Section 4 of Article VI of the Viacom Charter provides that any indemnification made pursuant to the above provisions (unless ordered by a court) shall be made by the registrant only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct as set forth above. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceedings, even though less than a quorum, or (2) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders of the registrant entitled to vote thereon.

The Viacom Charter provides that to the extent that a present or former director, officer, employee or agent of the registrant has been successful on the merits or otherwise in defense of any action, suit or proceeding referred above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by that person in connection therewith. The indemnification and advancement of expenses provided by, or granted pursuant to, the indemnification provisions of the Viacom Charter shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in that person's official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the registrant is authorized to enter into an agreement with any director, officer, employee or agent of the registrant providing indemnification for such person against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened pending or completed actions, suit, or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the registrant, that arises by reason of the fact that such person is or was a director, officer, employee or agent of the registrant, or is or was serving at the request of the registrant as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the full extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

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

Pursuant to Section 7 of Article VI of the Viacom Charter, the registrant has purchased certain liability insurance for its officers and directors as permitted by Section 145(g) of the DGCL.

ITEM 21. Exhibits and Financial Statement Schedules

(a) The following documents are exhibits to the Registration Statement.

Exhibit Number -----	Description of Document -----
2.1	Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom Inc., CBS Corporation and Viacom/CBS LLC (attached as Annex A to the Joint Proxy Statement/Prospectus**) (incorporated by reference to Amendment No. 1 to the Registration Statement on Form S-4 filed by Viacom Inc. on November 12, 1999)
*3.1	Restated Certificate of Incorporation of Viacom Inc. (attached as Annex B to the Joint Proxy Statement/Prospectus**)
*3.2	By-laws of Viacom Inc. (attached as Annex C to the Joint Proxy Statement/Prospectus**)
4.1	Specimen certificate representing Viacom Inc. Class B Non-Voting Common Stock (incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1990) (File No. 1-9553)
*4.2	Specimen certificate representing Viacom Inc. Series C Preferred Stock
*5.1	Opinion of Michael D. Fricklas, Senior Vice President, General Counsel and Secretary of Viacom Inc., as to the legality of the securities being registered
*8.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison as to the material United States federal income tax consequences of the Merger
*8.2	Opinion of Cravath Swaine & Moore as to the material United States federal income tax consequences of the Merger

Exhibit Number -----	Description of Document -----
*10.1	Voting Agreement, dated September 6, 1999, between National Amusements, Inc. and CBS Corporation (attached as Annex D to the Joint Proxy Statement/Prospectus**)
*10.2	Stockholder Agreement, dated September 6, 1999, between National Amusements, Inc. and CBS Corporation (attached as Annex E to the Joint Proxy Statement/Prospectus**)
*10.3	Employment Letter Agreement, dated as of September 6, 1999, between Viacom Inc. and Sumner Redstone (attached as Annex F to the Joint Proxy Statement/Prospectus**)
*10.4	Employment Letter Agreement, dated as of September 6, 1999, between Viacom Inc. and Mel Karmazin (attached as Annex G to the Joint Proxy Statement/Prospectus**)
10.5	Agreement, dated as of September 6, 1999, between Viacom Inc. and Philippe Dauman (incorporated by reference to the Report on Form 8-K filed by Viacom Inc. on September 7, 1999)
10.6	Agreement, dated as of September 6, 1999, between Viacom Inc. and Thomas Dooley (incorporated by reference to the Report on Form 8-K filed by Viacom Inc. on September 7, 1999)
*10.7	Voting Agreement, dated as of November 9, 1999, between National Amusements, Inc. and Viacom Inc.
10.8	Viacom Inc. 1989 Long-Term Management Incentive Plan (as amended and restated through April 23, 1990, as further amended and restated through April 27, 1995, and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)
10.9	Viacom Inc. 1994 Long-Term Management Incentive Plan (as amended and restated through April 27, 1995 and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)
*10.10	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended July 29, 1999 and as further amended September 6, 1999)
10.11	Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through March 27, 1996 and as further amended and restated through March 18, 1999) (incorporated by reference to Exhibit B to the Definitive Proxy Statement filed by Viacom Inc. on April 10, 1999)
10.12	Viacom Inc. Long-Term Incentive Plan (Divisional) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 1-9553)
10.13	Viacom International Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated through December 17, 1992) (incorporated by reference to Exhibit 10(e) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1992, as amended by Form 10-K/A Amendment No. 1 dated November 29, 1993 and as further amended by Form 10-K/A Amendment No. 2 dated December 9, 1993) (File No. 1-9553)
10.14	Viacom Inc. and Viacom International Inc. Retirement Income Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(f) to the Annual Report on Form 10-K of Viacom Inc., for the fiscal year ended December 31, 1989) (File No. 1-9553)
10.15	Viacom Inc. Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 1-9553)
10.16	Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Definitive Proxy Statement dated April 28, 1995)
10.17	Viacom Inc. Excess Investment Plan (incorporated by reference to Exhibit 4.1 to the Viacom Inc. Registration Statement on Form S-8) (File No. 1-9553)





Exhibit Number -----	Description of Document -----
10.18	Excess Pension Plan for Certain Key Employees of Viacom International Inc. (incorporated by reference to Exhibit 10(i) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1990) (File No. 1-9553)
10.19	Agreement, dated as of January 1, 1996, between Viacom Inc. and Michael D. Fricklas, as amended by an Agreement dated March 31, 1998, and as further amended by an Agreement dated October 12, 1998 (incorporated by reference to Exhibit 10(n) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998)
10.20	Agreement, dated as of April 1, 1995, between Viacom Inc. and George S. Smith, Jr., as amended by an Agreement dated as of March 30, 1998 (incorporated by reference to Exhibit 10(o) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1997) (File No. 1-9553)
10.21	Service Agreement, dated as of March 1, 1994, between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1994) (File No. 1-9553)
10.22	Viacom Inc. Executive Severance Plan for Senior Vice Presidents (Effective as of September 6, 1999) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1999)
10.23	Blockbuster Entertainment Corporation ("BEC") stock option plans assumed by Viacom Inc. after the Blockbuster Merger consisting of the following: <ul style="list-style-type: none"> <li>(i) BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 31, 1989)</li> <li>(ii) Amendments to BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 3, 1991)</li> <li>(iii) BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 29, 1990)</li> <li>(iv) Amendments to BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)</li> <li>(v) BEC's 1991 Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)</li> <li>(vi) BEC's 1991 Non-Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)</li> <li>(vii) BEC's 1994 Stock Option Plan (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K of BEC for the fiscal year ended December 31, 1993) (File No. 0-12700)</li> </ul>
10.24	Parents Agreement dated as of July 24, 1995 among Viacom Inc., Tele-Communications, Inc. and TCI Communications, Inc. (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.25	Implementation Agreement dated as of July 24, 1995 between Viacom International Inc. and Viacom International Services Inc. (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.26	Subscription Agreement dated as of July 24, 1995 among Viacom International Inc., Tele-Communications, Inc. and TCI Communications, Inc. (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.27	Stock Purchase Agreement, dated as of February 16, 1997, between Viacom International Inc. and Evergreen Media Corporation of Los Angeles (incorporated by reference to Exhibit 10(u) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)



Exhibit Number -----	Description of Document -----
10.28	Stock Purchase Agreement, dated as of May 17, 1998, among Viacom International Inc., Pearson Inc., and Pearson plc (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1998) (File No. 1-9553), as amended by Amendment No. 1 dated as of November 25, 1998 (filed herewith)
10.29	Agreement and Plan of Merger among Viacom International Inc., VSEG Acquisition Inc. and Spelling Entertainment Group Inc., dated as of May 17, 1999 (incorporated by reference to the report filed on Form 8-K by Viacom Inc. on May 18, 1999)
10.30	Amendment No. 3, dated as of May 21, 1999, 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 NT&SA, as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bancamerica Robertson Stephens (formerly known as Bancamerica Securities, Inc.), 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 (incorporated by reference to Exhibit 10.1 to the Quarterly Report filed on Form 10-Q of Viacom Inc. for the quarter ended March 31, 1999)
10.31	Amendment No. 1, dated as of May 21, 1999, 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 NT&SA, as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bancamerica Robertson Stephens (formerly known as Bancamerica Securities, Inc.), 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 (incorporated by reference to Exhibit 10.2 to the Quarterly Report filed on Form 10-Q of Viacom Inc. for the quarter ended March 31, 1999)
21.1	Subsidiaries of Viacom Inc. (incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998) (File No. 1-9553)
*23.1	Consent of PricewaterhouseCoopers LLP
*23.2	Consent of KPMG LLP
*23.3	Consent of Arthur Andersen
23.4	Consent of Michael D. Fricklas, Senior Vice President, General Counsel and Secretary of Viacom Inc. (included in his opinion in Exhibit 5.1)
23.5	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in its opinion in Exhibit 8.1)
23.6	Consent of Cravath, Swaine & Moore (included in its opinion in Exhibit 8.2)
*23.7	Consent of Morgan Stanley & Co. Incorporated
*23.8	Consent of Evercore Group Inc.
*24.1	Powers of Attorney
*99.1	Form of consent card for the Shareholders of Viacom Inc.
*99.2	Form of proxy card for the Special Meeting of Shareholders CBS Corporation

Exhibit Number -----	Description of Document -----
*99.3	Form of Chairman Letter to the Shareholders of Viacom Inc.
*99.4	Form of Chairman Letter to the Shareholders of CBS Corporation
*99.5	Form of Notice of Consent Solicitation of Shareholders of Viacom Inc.
*99.6	Form of Notice of Special Meeting of Shareholders of CBS Corporation
*99.7	Opinion of Morgan Stanley & Co. Incorporated (attached as Annex H to the Joint Proxy Statement/Prospectus)
*99.8	Opinion of Evercore Group Inc. (attached as Annex I to the Joint Proxy Statement/Prospectus)

- -----  
\* Filed herewith.

\*\* Schedules referred to in the Agreement and Plan of Merger are omitted from this filing. The Registrant agrees to furnish supplementally a copy of any omitted schedule to the Commission upon request, in accordance with Item 601(b)(2) of Regulation S-K.

(b) Not applicable.

(c) The respective opinions of Morgan Stanley & Co. Incorporated and Evercore Group Inc. are included as Annex H and Annex I, respectively, to this joint proxy statement/prospectus which is part of this registration statement.

#### ITEM 22. Undertakings

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) (1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) The registrant undertakes that every prospectus (i) that is filed pursuant to the paragraph immediately preceding, or (ii) that purports to meet the requirements of section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director,

officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the Joint Proxy Statement/Prospectus pursuant to Item 4, 10(b), 11, or 13 of this Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES OF VIACOM INC.

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of New York, State of New York, on this 22nd day of November, 1999.

Viacom Inc.

/s/ Sumner M. Redstone

By: \_\_\_\_\_  
Sumner M. Redstone  
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
<p>/s/ Sumner M. Redstone _____ Sumner M. Redstone</p>	<p>Chairman of the Board of Directors, Chief Executive Officer and Director (Principal Executive Officer)</p>	<p>November 22, 1999</p>
<p>/s/ George S. Smith, Jr. _____ George S. Smith, Jr.</p>	<p>Senior Vice President and Chief Financial Officer (Principal Financial Officer)</p>	<p>November 22, 1999</p>
<p>/s/ Susan C. Gordon _____ Susan C. Gordon</p>	<p>Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)</p>	<p>November 22, 1999</p>
<p>* _____ George S. Abrams</p>	<p>Director</p>	
<p>* _____ Philippe P. Dauman</p>	<p>Director</p>	
<p>* _____ Thomas E. Dooley</p>	<p>Director</p>	
<p>* _____ Ken Miller</p>	<p>Director</p>	
<p>* _____ Brent D. Redstone</p>	<p>Director</p>	
<p>* _____ Shari Redstone</p>	<p>Director</p>	
<p>* _____ Frederic V. Salerno</p>	<p>Director</p>	
<p>* _____ William Schwartz</p>	<p>Director</p>	
<p>* _____ Ivan Seidenberg</p>	<p>Director</p>	
<p>*By /s/ Michael D. Fricklas _____ Michael D. Fricklas Attorney-in-Fact</p>		<p>November 22, 1999</p>

EXHIBIT INDEX

Exhibit Number -----	Description of Document -----
2.1	Agreement and Plan of Merger, dated as of September 6, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom Inc., CBS Corporation and Viacom/CBS LLC (attached as Annex A to the Joint Proxy Statement/Prospectus**) (incorporated by reference to Amendment No. 1 to the Registration Statement on Form S-4 filed by Viacom Inc. on November 12, 1999)
*3.1	Restated Certificate of Incorporation of Viacom Inc. (attached as Annex B to the Joint Proxy Statement/Prospectus**)
*3.2	By-laws of Viacom Inc. (attached as Annex C to the Joint Proxy Statement/Prospectus**)
4.1	Specimen certificate representing Viacom Inc. Class B Non-Voting Common Stock (incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1990) (File No. 1-9553)
*4.2	Specimen certificate representing Viacom Inc. Series C Preferred Stock
*5.1	Opinion of Michael D. Fricklas, Senior Vice President, General Counsel and Secretary of Viacom Inc., as to the legality of the securities being registered
*8.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison as to the material United States federal income tax consequences of the Merger
*8.2	Opinion of Cravath Swaine & Moore as to the material United States federal income tax consequences of the Merger
*10.1	Voting Agreement, dated September 6, 1999, between National Amusements, Inc. and CBS Corporation (attached as Annex D to the Joint Proxy Statement/Prospectus**)
*10.2	Stockholder Agreement, dated September 6, 1999, between National Amusements, Inc. and CBS Corporation (attached as Annex E to the Joint Proxy Statement/Prospectus**)
*10.3	Employment Letter Agreement, dated as of September 6, 1999, between Viacom Inc. and Sumner Redstone (attached as Annex F to the Joint Proxy Statement/Prospectus**)
*10.4	Employment Letter Agreement, dated as of September 6, 1999, between Viacom Inc. and Mel Karmazin (attached as Annex G to the Joint Proxy Statement/Prospectus**)
10.5	Agreement, dated as of September 6, 1999, between Viacom Inc. and Philippe Dauman (incorporated by reference to the Report on Form 8-K filed by Viacom Inc. on September 7, 1999)
10.6	Agreement, dated as of September 6, 1999, between Viacom Inc. and Thomas Dooley (incorporated by reference to the Report on Form 8-K filed by Viacom Inc. on September 7, 1999)
*10.7	Voting Agreement, dated as of November 9, 1999, between National Amusements, Inc. and Viacom Inc.
10.8	Viacom Inc. 1989 Long-Term Management Incentive Plan (as amended and restated through April 23, 1990, as further amended and restated through April 27, 1995, and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)
10.9	Viacom Inc. 1994 Long-Term Management Incentive Plan (as amended and restated through April 27, 1995 and as further amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)
*10.10	Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended on July 29, 1999 and as further amended on September 6, 1999)

Exhibit Number -----	Description of Document -----
10.11	Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through March 27, 1996 and as further amended and restated through March 18, 1999) (incorporated by reference to Exhibit B to the Definitive Proxy Statement filed by Viacom Inc. on April 10, 1999)
10.12	Viacom Inc. Long-Term Incentive Plan (Divisional) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 1-9553)
10.13	Viacom International Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated through December 17, 1992) (incorporated by reference to Exhibit 10(e) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1992, as amended by Form 10-K/A Amendment No. 1 dated November 29, 1993 and as further amended by Form 10-K/A Amendment No. 2 dated December 9, 1993) (File No. 1-9553)
10.14	Viacom Inc. and Viacom International Inc. Retirement Income Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(f) to the Annual Report on Form 10-K of Viacom Inc., for the fiscal year ended December 31, 1989) (File No. 1-9553)
10.15	Viacom Inc. Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1993) (File No. 1-9553)
10.16	Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Definitive Proxy Statement dated April 28, 1995)
10.17	Viacom Inc. Excess Investment Plan (incorporated by reference to Exhibit 4.1 to the Viacom Inc. Registration Statement on Form S-8) (File No. 1-9553)
10.18	Excess Pension Plan for Certain Key Employees of Viacom International Inc. (incorporated by reference to Exhibit 10(i) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1990) (File No. 1-9553)
10.19	Agreement, dated as of January 1, 1996, between Viacom Inc. and Michael D. Fricklas, as amended by an Agreement dated March 31, 1998, and as further amended by an Agreement dated October 12, 1998 (incorporated by reference to Exhibit 10(n) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998)
10.20	Agreement, dated as of April 1, 1995, between Viacom Inc. and George S. Smith, Jr., as amended by an Agreement dated as of March 30, 1998 (incorporated by reference to Exhibit 10(o) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1997) (File No. 1-9553)
10.21	Service Agreement, dated as of March 1, 1994, between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1994) (File No. 1-9553)
10.22	Viacom Inc. Executive Severance Plan for Senior Vice Presidents (Effective as of September 6, 1999) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1999)
10.23	Blockbuster Entertainment Corporation ("BEC") stock option plans assumed by Viacom Inc. after the Blockbuster Merger consisting of the following: <ul style="list-style-type: none"> <li>(i) BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 31, 1989)</li> <li>(ii) Amendments to BEC's 1989 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 3, 1991)</li> <li>(iii) BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated March 29, 1990)</li> </ul>



Exhibit Number -----	Description of Document -----
	(iv) Amendments to BEC's 1990 Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)
	(v) BEC's 1991 Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)
	(vi) BEC's 1991 Non-Employee Director Stock Option Plan (incorporated by reference to BEC's Proxy Statement dated April 15, 1991)
	(vii) BEC's 1994 Stock Option Plan (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K of BEC for the fiscal year ended December 31, 1993) (File No. 0-12700)
10.24	Parents Agreement dated as of July 24, 1995 among Viacom Inc., Tele-Communications, Inc. and TCI Communications, Inc. (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.25	Implementation Agreement dated as of July 24, 1995 between Viacom International Inc. and Viacom International Services Inc. (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.26	Subscription Agreement dated as of July 24, 1995 among Viacom International Inc., Tele-Communications, Inc. and TCI Communications, Inc. (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 filed by Viacom International Inc.) (File No. 33-64467)
10.27	Stock Purchase Agreement, dated as of February 16, 1997, between Viacom International Inc. and Evergreen Media Corporation of Los Angeles (incorporated by reference to Exhibit 10(u) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1996) (File No. 1-9553)
10.28	Stock Purchase Agreement, dated as of May 17, 1998, among Viacom International Inc., Pearson Inc., and Pearson plc (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 1998) (File No. 1-9553), as amended by Amendment No. 1 dated as of November 25, 1998 (filed herewith)
10.29	Agreement and Plan of Merger among Viacom International Inc., VSEG Acquisition Inc. and Spelling Entertainment Group Inc., dated as of May 17, 1999 (incorporated by reference to the report filed on Form 8-K by Viacom Inc. on May 18, 1999)
10.30	Amendment No. 3, dated as of May 21, 1999, 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 NT&SA, as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bancamerica Robertson Stephens (formerly known as Bancamerica Securities, Inc.), 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 (incorporated by reference to Exhibit 10.1 to the Quarterly Report filed on Form 10-Q of Viacom Inc. for the quarter ended March 31, 1999)
10.31	Amendment No. 1, dated as of May 21, 1999, 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 NT&SA, as a Managing Agent, The Chase Manhattan Bank, as a Managing Agent, JP Morgan Securities Inc., as a Syndication Agent, Bancamerica Robertson Stephens (formerly known as Bancamerica Securities, Inc.), 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 (incorporated by reference to Exhibit 10.2 to the Quarterly Report filed on Form 10-Q of Viacom Inc. for the quarter ended March 31, 1999)

Exhibit Number -----	Description of Document -----
21.1	Subsidiaries of Viacom Inc. (incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1998) (File No. 1-9553)
*23.1	Consent of PricewaterhouseCoopers LLP
*23.2	Consent of KPMG LLP
*23.3	Consent of Arthur Andersen
23.4	Consent of Michael D. Fricklas, Senior Vice President, General Counsel and Secretary of Viacom Inc. (included in his opinion in Exhibit 5.1)
23.5	Consent of Paul, Weiss, Rifkind, Wharton & Garrison (included in its opinion in Exhibit 8.1)
23.6	Consent of Cravath, Swaine & Moore (included in its opinion in Exhibit 8.2)
*23.7	Consent of Morgan Stanley & Co. Incorporated
*23.8	Consent of Evercore Group Inc.
*24.1	Powers of Attorney
*99.1	Form of consent card for the Shareholders of Viacom Inc.
*99.2	Form of proxy card for the Special Meeting of Shareholders of CBS Corporation
*99.3	Form of Chairman Letter to the Shareholders of Viacom Inc.
*99.4	Form of Chairman Letter to the Shareholders of CBS Corporation
*99.5	Form of Notice of Consent Solicitation of Shareholders of Viacom Inc.
*99.6	Form of Notice of Special Meeting of Shareholders of CBS Corporation
*99.7	Opinion of Morgan Stanley & Co. Incorporated (attached as Annex H to the Joint Proxy Statement/Prospectus)
*99.8	Opinion of Evercore Group Inc. (attached as Annex I to the Joint Proxy Statement/Prospectus)

- - - - -  
\* Filed herewith.

\*\* Schedules referred to in the Agreement and Plan of Merger are omitted from this filing. The Registrant agrees to furnish supplementally a copy of any omitted schedule to the Commission upon request, in accordance with Item 601(b)(2) of Regulation S-K.

Incorporated under the Laws of the State of Delaware

Number	VIACOM INC.	Shares
	Series C Preferred Stock	

THIS CERTIFIES THAT Viacom Inc. is the registered holder of ( ) fully paid and nonassessable shares, par value \$0.01 per share, of the Series C Preferred Stock of Viacom Inc. (hereinafter and on the reverse hereof called the "Corporation"), transferable on the books of the Corporation only upon request of the holder hereof in person or of such holder's attorney, therunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and upon surrender of this Certificate properly endorsed or accompanied by a stock power duly executed.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly authorized officers this th day of , .

-----

Name:	Name:
Title: President	Title: Secretary

THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO SECTION FIVE OF ARTICLE FOUR OF VIACOM INC.'S CERTIFICATE OF INCORPORATION, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF VIACOM INC. AND MAY BE AVAILABLE UPON REQUEST AND IS ATTACHED HERETO.

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto \_\_\_\_\_  
 (Please print or type name and address of assignee)

\_\_\_\_\_ Shares evidenced by the within Certificate, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Shares on the books of the within-named Corporation, with full power of substitution in the premises.

Dated \_\_\_\_\_

In presence of: \_\_\_\_\_

-----

SECTION FIVE OF ARTICLE FOUR OF VIACOM INC.'S CERTIFICATE OF INCORPORATION

(5) Series C Preferred Stock

(a) Designation and Amount. The shares of this series shall be designated as "Series C Preferred Stock" (the "Series C Preferred Stock"). The par value of each share of Series C Preferred Stock shall be \$.01. The number of shares constituting the Series C Preferred Stock shall initially be the Preferred Exchange Ratio (as defined in the Amended and Restated Agreement and Plan of Merger dated as of September 6, 1999, as amended and restated as of October 8, 1999, as it may be further amended from time to time, among the Corporation and CBS (as defined in Article XIII of this Restated Certificate of Incorporation)(the "Merger Agreement")) multiplied by the number of shares of CBS Series B Participating Preferred Stock, par value \$1.00 per share, issued and outstanding immediately prior to the Effective Time (as defined in the Merger Agreement). The Corporation is authorized to issue fractional shares of Series C Preferred Stock to 1/1000th of a share in accordance with the terms herein. All references herein to shares of Series C Preferred Stock shall be deemed to include, if applicable, references to such fractional shares.

(b) Dividends and Distributions.

(1) Subject to the provisions for adjustment hereinafter set forth, the holders of outstanding shares of Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, a cash dividend in an amount per share (rounded to the nearest cent) equal to 1000 times the aggregate per share amount of each cash dividend declared or paid on the Class B Common Stock. In addition, in the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, pay any dividend or make any distribution on the shares of Class B Common Stock of the Corporation, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Corporation or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than (x) cash dividends subject to the immediately preceding sentence, (y) a distribution of shares of Class B Common Stock or other capital stock of the Corporation subject to paragraph (h)(1) below or (z) a distribution of rights or warrants to acquire any such shares subject to paragraph (h)(3) or (h)(5) below, including as such a right any debt security convertible into or exchangeable for any such shares, at a price less than the Fair Market Value (as hereinafter defined) of such shares on the date of issuance of such rights or warrants), then, and in each such event, the Corporation shall simultaneously pay on each then outstanding share of Series C Preferred Stock a distribution, in like kind, of 1000 times such distribution paid on a share of Class B Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series C Preferred Stock to which holders thereof are entitled pursuant to the first and second sentences of this paragraph (b)(1) are hereinafter referred to as "Dividends" and the multiple of such cash and non-cash dividends and distributions on the Class B Common Stock applicable to the determination of the Dividends, which shall be 1000 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Dividends which holders of shares of Series C Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class B Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

(2) The Corporation shall declare each Dividend at the same time it declares any cash or non-cash dividend or distribution on the Class B Common Stock in respect of which a Dividend is required to be paid. No cash or non-cash dividend or distribution on the Class B Common Stock in respect of which a Dividend is

required to be paid shall be paid or set aside for payment on the Class B Common Stock unless a Dividend in respect of such dividend or distribution on the Class B Common Stock shall be simultaneously paid, or set aside for payment, on the Series C Preferred Stock.

(3) All Dividends paid with respect to shares of the Series C Preferred Stock shall be paid pro rata on a share-by-share basis to the holders entitled thereto.

(4) The holders of shares of Series C Preferred Stock shall not be entitled to receive any dividends or distributions except as provided herein.

(c) Voting Rights. The holders of record of outstanding shares of Series C Preferred Stock shall have the following voting rights:

(1) Subject to the provisions for adjustment hereinafter set forth, each share of Series C Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the holders of the Common Stock. The number of votes which a holder of a share of Series C Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend on Class A Common Stock, payable in shares of Class A Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class A Common Stock into a greater or lesser number of shares of Class A Common Stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series C Preferred Stock shall be entitled after such event shall be the Vote Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided in this Restated Certificate of Incorporation or required by law, the holders of shares of Series C Preferred Stock and the holders of shares of Class A Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(3) Except as otherwise provided in this Restated Certificate of Incorporation or required by law, holders of Series C Preferred Stock shall have no other special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Class A Common Stock as set forth herein) for the taking of any corporate action.

(d) Conversion. The shares of Series C Preferred Stock shall be convertible as follows:

(1) Each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for the Series C Preferred Stock. Subject to the provisions for adjustment hereinafter set forth, each share of Series C Preferred Stock shall be convertible into 1000 shares of Class B Common Stock. The number of shares of Class B Common Stock into which each share of Series C Preferred Stock may be converted is hereinafter referred to as the "Conversion Rate." In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Conversion Rate thereafter applicable shall be the Conversion Rate applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Class B Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class B Common Stock that were outstanding immediately prior to such event.

(2) No fractional shares of Class B Common Stock shall be issued upon conversion of the Series C Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then Fair Market Value per share of the Class B Common Stock. For such purpose, all shares of Series C Preferred Stock being converted by a holder shall be aggregated, and any resulting fractional share of Class B Common Stock shall be paid in cash. Before any holder of shares of Series C Preferred Stock shall be entitled to convert the same into full shares of Class B Common Stock, and to receive certificates therefor, the holder shall surrender the certificate or certificates representing the shares of Series C Preferred Stock, duly endorsed, at the office of the Corporation or of any transfer agent for the Series C Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same.

The Corporation shall, as soon as practicable after such delivery, issue and deliver at such office to such holder of Series C Preferred Stock a certificate or certificates for the number of shares of Class B Common Stock to which such holder shall be entitled and a check payable to such holder in the amount of any cash amount payable as the result of a conversion into fractional shares of Class B Common Stock, plus any declared and unpaid dividends on the converted Series C Preferred Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of receipt of such surrender of the shares of Series C Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock on such date.

(3) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of Series C Preferred Stock, such number of shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series C Preferred Stock.

(4) Any notice required by the provisions of this Section 4 to be given to the holders of shares of Series C Preferred Stock or to the Corporation shall be given via facsimile transmission or via certified or registered U.S. mail or via private overnight delivery service, if to the holder, at (615) 316-6570 or such holder's address appearing on the books of the Corporation, and if to the Corporation, at 1515 Broadway, New York, NY 10036, attention General Counsel, facsimile no.: 212-258-6134, or such other facsimile number or address as the holder or the Corporation shall notify the other of in accordance with the notice provisions set forth in this paragraph (d)(5). Notice shall be deemed to have been given on the date of facsimile transmission (if the notice is faxed) or five days after mailing (if the notice is mailed) or the day after the notice is given to the delivery service (if sent by overnight courier).

(e) Certain Restrictions.

(1) Whenever Dividends are in arrears or the Corporation shall be in default on payment thereof, thereafter and until all accrued and unpaid Dividends, whether or not declared, on shares of Series C Preferred Stock outstanding shall have been paid or set irrevocably aside for payment in full, and in addition to any and all other rights which any holder of shares of Series C Preferred Stock may have in such circumstances, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series C Preferred Stock, unless dividends are paid ratably on the Series C Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph (e)(1), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series C Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series C Preferred Stock, or any shares of stock ranking on a parity with the Series C Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up) except as permitted by subparagraph (iii) of this paragraph (e)(1) or in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(2) The Corporation shall not permit any Subsidiary (as hereinafter defined) of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (1) of this paragraph (e), purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Corporation shall mean any corporation or other entity of which securities or other ownership interests entitled to cast at least a majority of the votes that would be entitled to be cast in an election of the board of directors of such corporation or other entity or other persons performing similar functions are beneficially owned, directly or indirectly, by the Corporation or by any corporation or other entity that is otherwise controlled by the Corporation.

(3) The Corporation shall not issue any shares of Series C Preferred Stock except pursuant to the Merger Agreement, a copy of which is on file with the Secretary of the Corporation at its principal executive offices and shall be made available to holders of Series C Preferred Stock without charge upon written request therefor addressed to the Secretary of the Corporation at the address set forth in paragraph (d)(4) above. Notwithstanding the foregoing sentence, nothing contained in the provisions of this Article IV shall prohibit or restrict the Corporation from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series C Preferred Stock or, subject to the limitations set forth in paragraph (n), from creating other securities senior to, junior to or on a parity with the Series C Preferred Stock.

(f) Reacquired Shares. Any shares of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of Preferred Stock, without designation as to series, and such shares may be redesignated and reissued as part of any series of Preferred Stock.

(g) Liquidation, Dissolution or Winding Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of stock ranking junior (upon liquidation, dissolution or winding up) to the Series C Preferred Stock unless the holders of shares of Series C Preferred Stock outstanding shall have received out of the assets of the Corporation available for distribution to its shareholders after payment or provision for payment of any securities ranking senior to the Series C Preferred Stock, for each share of Series C Preferred Stock, subject to adjustment as hereinafter provided, (A) \$.01 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment or, (B) if greater than the amount specified in clause (i)(A) of this sentence, an amount equal to 1000 times the aggregate amount to be distributed per share to holders of Class B Common Stock, as the same may be adjusted as hereinafter provided, and (ii) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series C Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series C Preferred Stock and all other shares of such parity stock in proportion to the total

amounts to which the holders of shares of Series C Preferred Stock are entitled under clause (i)(A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series C Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Corporation pursuant to clause (i)(B) of the foregoing sentence is hereinafter referred to as the "Participation Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Class B Common Stock upon the liquidation, dissolution or winding up of the Corporation applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple". In the event the Corporation shall, at any time after the issuance of any share or fraction of a share of Series C Preferred Stock, declare or pay any dividend or make any distribution on Class B Common Stock payable in shares of Class B Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Class B Common Stock into a greater or lesser number of shares of Class B Common Stock, then in each such case the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series C Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. Except as provided in this paragraph (g)(1), holders of Series C Preferred Stock shall not be entitled to any distribution in the event of liquidation, dissolution or winding up of the Corporation.

(2) For the purposes of this paragraph (g), none of the following shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation:

(i) the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation;

(ii) the consolidation or merger of the Corporation with or into one or more other corporations or other associations;

(iii) the consolidation or merger of one or more corporations or other associations with or into the Corporation; or

(iv) the participation by the Corporation in a share exchange.

(h) Certain Reclassifications and Other Events.

(1) In the event that holders of shares of Class B Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any share of capital stock of the Corporation (other than any share of Class B Common Stock), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Class B Transaction"), then, and in each such event, the dividend rights, conversion rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall be adjusted so that after such Transaction the holders of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, (i) to such additional dividends as equal the Dividend Multiple in effect immediately prior to such Class B Transaction multiplied by the additional dividends which the holder of a share of Class B Common Stock shall be entitled to receive by virtue of the receipt in the Class B Transaction of such capital stock, (ii) upon surrender of shares of Series C Preferred Stock for conversion, to the aggregate number and kind of shares of capital stock of the Corporation which, if such shares of Series C Preferred Stock had been converted immediately prior to such Class B Transaction, such holder would have been entitled to receive by virtue of such Class B Transaction and (iii) to such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Liquidation Multiple in effect immediately prior to such Class B Transaction multiplied by the additional amount which the holder of a share



of Class B Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation by virtue of the receipt in the Class B Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(2) In the event that holders of shares of Class A Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any share of capital stock of the Corporation (other than any share of Class A Common Stock), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Class A Transaction"), then, and in each such event, the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such Class A Transaction the holders of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to such additional voting rights as equal the Vote Multiple in effect immediately prior to such Class A Transaction multiplied by the additional voting rights to which the holder of a share of Class A Common Stock shall be entitled by virtue of the receipt in the Class A Transaction of such capital stock.

(3) In the event that holders of shares of Class B Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any right or warrant to purchase Class B Common Stock (including as such a right, for all purposes of this paragraph (h)(3), any security convertible into or exchangeable for Class B Common Stock) at a purchase price per share less than the Fair Market Value of a share of Class B Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, conversion rights and rights upon the liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Conversion Rate and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Conversion Rate and the Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Class B Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Class B Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Class B Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Class B Common Stock which could be purchased, at the Fair Market Value of the Class B Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(4) In the event that holders of shares of Class A Common Stock receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any right or warrant to purchase Class A Common Stock (including as such a right, for all purposes of this paragraph (h)(4), any security convertible into or exchangeable for Class A Common Stock) at a purchase price per share less than the Fair Market Value of a share of Class A Common Stock on the date of issuance of such right or warrant, then and in each such event the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such event the Vote Multiple shall be the product of the Vote Multiple in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Class A Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Class A Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Class A Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Class A Common Stock which could be purchased, at the Fair Market Value of the Class A Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(5) In the event that holders of shares of Class B Common Stock of the Corporation receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class B Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Class B Common Stock), including as such a right, for all purposes of this paragraph (h)(5), any security convertible

into or exchangeable for capital stock of the Corporation (other than Class B Common Stock) at a purchase price per share less than the Fair Market Value of a share of such capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, conversion rights and rights upon liquidation, dissolution or winding up of the Corporation of the shares of Series C Preferred Stock shall each be adjusted so that after such event each holder of a share of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Class B Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Discount Fraction (as hereinafter defined), (ii) such additional conversion rights as equal the Conversion Rate in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the Fair Market Value per share of Class B Common Stock on the date of such event less the Fair Market Value of the portion of the right or warrant so distributed applicable to one share of Class B Common Stock and the denominator of which shall be the Fair Market Value per share of Class B Common Stock on the date of such event and (iii) such additional distributions upon liquidation, dissolution or winding up of the Corporation as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Class B Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Corporation upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Class B Common Stock of the Corporation as contemplated by this paragraph (h)(5) immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(6) In the event that holders of shares of Class A Common Stock of the Corporation receive, after the issuance of any share or fraction of a share of Series C Preferred Stock, in respect of their shares of Class A Common Stock any right or warrant to purchase capital stock of the Corporation (other than shares of Class A Common Stock), including as such a right, for all purposes of this paragraph (h)(6), any security convertible into or exchangeable for capital stock of the Corporation (other than Class A Common Stock) at a purchase price per share less than the Fair Market Value of a share of such capital stock on the date of issuance of such right or warrant, then and in each such event the voting rights of the shares of Series C Preferred Stock shall be adjusted so that after such event each holder of a share of Series C Preferred Stock shall be entitled, in respect of each share of Series C Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Class A Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise, and multiplied again by the Voting Discount Fraction (as hereinafter defined). For purposes of this paragraph, the "Voting Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Class A Common Stock of the Corporation as contemplated by this paragraph (h)(6) immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.]

(7) For purposes of this Section 5 of Article IV, the "Fair Market Value" of a share of capital stock of the Corporation on any date shall be deemed to be the average of the daily closing price per share thereof over the 15 consecutive Trading Days (as hereinafter defined) immediately prior to such date; provided, however, that in the event the Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 15 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock

payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such capital stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Corporation to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Corporation. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Corporation is open. If the shares are not publicly held or not so listed or traded on any day within the 15 Trading Day period applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Corporation. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Corporation.

(i) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, division, share exchange, combination, sale of all or substantially all of the Corporation's assets, or other transaction in which the shares of Class B Common Stock are exchanged for or changed into other securities, cash and/or any other property, then in any such case each outstanding share of Series C Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Class B Common Stock is changed or exchanged multiplied by the highest of the Dividend Multiple, the Conversion Rate or the Liquidation Multiple in effect immediately prior to such event; provided, however, that no fractional share or scrip representing fractional shares of any other securities shall be issued. Instead of any fractional interest in a share of such other securities which would otherwise be deliverable pursuant to this paragraph (i), the Corporation will pay to the holder thereof an amount in cash (computed to the nearest cent) equal to the same fraction of the Fair Market Value of a share of such other security or such other amount as may be set forth in the agreement governing the related consolidation, division, share exchange, combination, sale of all or substantially all of the Corporation's assets or other transactions.

(j) Effective Time of Adjustments.

(1) Adjustments to the Series C Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(2) The Corporation shall give prompt written notice to each holder of a share of outstanding Series C Preferred Stock of the effect of any adjustment to the voting rights, dividend rights, conversion rights or rights upon liquidation, dissolution or winding up of the Corporation of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Corporation to give such notice shall not affect the validity or the force or effect of, or the requirement for, such adjustment.

(k) No Redemption. The shares of Series C Preferred Stock shall not be redeemable at the option of the Corporation or any holder thereof. Notwithstanding the foregoing sentence of this paragraph (11), the Corporation may acquire shares of Series C Preferred Stock in any other manner permitted by law, the provisions of this Restated Certificate of Incorporation.

(l) Ranking. Unless otherwise provided in this Restated Certificate of Incorporation or in any certificate of designation relating to the determination of a subsequent series of Preferred Stock, the Series C Preferred Stock shall rank senior to the Class B Common Stock and the Class A Common Stock and the Series C Preferred Stock shall rank junior to all other series of Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up.

(m) Limitations. Except as may otherwise be required by law, the shares of Series C Preferred Stock shall not have any powers, preferences or relative, participating, optional or other special rights other than those specifically set forth in this Article IV (as such may be amended from time to time) or otherwise in the Restated Certificate of Incorporation.

(n) Amendment. So long as any shares of the Series C Preferred Stock are outstanding, the Corporation shall not amend this Article IV or the Restated Certificate of Incorporation in any manner which would alter or change the rights, preferences or limitations of the Series C Preferred Stock so as to affect such rights, preferences or limitations in any material respect prejudicial to the holders of the Series C Preferred Stock without, in addition to any other vote of shareholders required by law, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting together as a single class either in writing or by resolution adopted at an annual or special meeting called for the purpose; provided, however, that the creation of another series of Preferred Stock ranking senior to or on a parity with the Series C Preferred Stock as to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or which has equivalent or greater voting rights than the Series C Preferred Stock, in each case shall not be deemed to be prejudicial to the holders of the Series C Preferred Stock for the purposes of this paragraph (n).

[VIACOM LETTERHEAD]

November 24, 1999

Viacom Inc.

1515 Broadway

New York, New York 10036

Ladies and Gentlemen:

This letter sets forth my opinion regarding the legality of the securities being registered by Viacom, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company with the Securities and Exchange Commission of a Joint Proxy Statement/Registration Statement on Form S-4 (No. 333-88613), as amended (the "Joint Proxy Statement/Registration Statement"), and the prospectus contained in the Joint Proxy Statement/Registration Statement (the "Prospectus"), covering the registration under the Securities Act of 1933, as amended (the "Act"), of 907,746,991 shares of the Class B common stock, par value \$.01 per share, and 11,003 shares of Series C Preferred Stock, par value \$.01 per share, to be issued by the Company (collectively, the "Shares") pursuant to the Amended and Restated Agreement and Plan of Merger among Viacom Inc., CBS Corporation 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 (the "Merger Agreement"). The Shares are described in the Joint Proxy Statement/Registration Statement, to which this opinion is an exhibit.

In connection with the foregoing, I have examined the originals, or copies certified or otherwise identified to my satisfaction, of such records, documents, certificates and other instruments as in my judgment are necessary or appropriate to enable me to render the opinion expressed below. In my examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity with the originals of all documents submitted to us as copies. I have also assumed that the Merger Agreement is amended and restated on November 23, 1999 in the form attached to the Joint Proxy Statement/Registration Statement as Annex A thereto.

Based upon the foregoing, I am of the opinion that the Shares to which the Prospectus relates have been duly authorized and, when issued as contemplated by the Merger Agreement, will be validly issued, fully paid and non-assessable.

My opinion expressed above is limited to the General Corporation Law of the state of Delaware and I do not express any opinion herein concerning any other law.

I hereby consent to the use of this opinion as Exhibit 5.1 to the Joint Proxy Statement/Registration Statement and to the use of my name under the caption "LEGAL MATTERS" contained in the Prospectus. In giving this consent, I do not thereby concede that I come within the category of persons whose consent is required by the Act or the general rules and regulations promulgated thereunder.

Very truly yours,

/s/ Michael D. Fricklas

-----  
Michael D. Fricklas

Senior Vice President, General  
Counsel and Secretary

[Letterhead of Paul, Weiss, Rifkind, Wharton & Garrison.]

November 22, 1999

Viacom, Inc.

1515 Broadway

New York, NY 10036

Ladies and Gentlemen:

We have acted as tax counsel for Viacom Inc., a Delaware corporation ("Viacom"), in connection with the proposed merger (the "Merger") of CBS Corporation, a Pennsylvania corporation ("CBS"), with and into Viacom pursuant to an Agreement and Plan of Merger dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999 (the "Merger Agreement") among Viacom, CBS and Viacom/CBS LLC, a Delaware limited liability company, under which each issued and outstanding share of the capital stock of CBS will be converted into capital stock of Viacom. Any capitalized term used but not defined herein shall have the meaning given to such term in the Merger Agreement.

In that connection, you have requested our opinion regarding certain United States federal income tax consequences of the Merger. In providing our opinion, we have examined the Merger Agreement, the Joint Proxy Statement/ Prospectus of CBS and Viacom dated as of November 22, 1999 (the "Proxy Statement/Prospectus") filed by Viacom with the Securities and Exchange Commission, and such other documents, instruments and corporate records as we have deemed necessary or appropriate for purposes of our opinion. In addition, we have assumed that (i) the Merger will be consummated as a direct merger of CBS with and into Viacom and otherwise in the manner contemplated by the Proxy Statement/Prospectus and in accordance with the provisions of the Merger Agreement, (ii) the statements concerning the Merger set forth in the Merger Agreement and the Proxy Statement/Prospectus are and will remain true, correct and complete, (iii) the representations made to us by CBS and Viacom in their respective letters to us each dated as of the date hereof and delivered to us for purposes of this opinion are and will remain true, correct and complete (such letters, the "Representation Letters"), and (iv) any representations made in the Representation Letters or in the Merger Agreement "to the best knowledge of" or similarly qualified are true, correct and complete without such qualification.

In our examination of documents, we have assumed, with your consent, that (i) all documents submitted to us are authentic originals, or if submitted as photocopies, that they faithfully reproduce the originals thereof; (ii) all such documents have been or will be duly executed to the extent required; (iii) all representations and statements set forth in such documents are true and correct; (iv) any representation or statement made as a belief or made "to the knowledge of," or similarly qualified is correct and accurate without such qualification; (v) all obligations imposed by any such documents on the parties thereto have been or will be performed or satisfied in accordance with their terms; and (vi) that the Merger Agreement will be further amended and restated as of November 23, 1999, in the form attached to the Proxy Statement/Prospectus as Annex A.

If any of the above-described assumptions are untrue for any reason or if the Merger is consummated in a manner that is inconsistent with the manner in which it is described in the Merger Agreement and Proxy Statement/Prospectus, our opinions as expressed below may be adversely affected and may not be relied upon.

Based upon the foregoing, in our opinion, for United States federal income tax purposes, (i) the Merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and each of Viacom and CBS will be a party to such reorganization within the meaning of Section

368(b) of the Code, (ii) except for any payment received in lieu of fractional shares and to the extent that any payment by Viacom of transfer taxes is treated as taxable consideration received by the CBS shareholders, a CBS shareholder will not recognize any income, gain or loss as a result of the receipt of shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock in the Merger, (iii) a CBS shareholder's tax basis for the shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock received in the Merger, including any fractional share interest for which payment is received, will equal each such shareholder's tax basis in the shares of CBS Common Stock or CBS Series B Preferred Stock exchanged therefor, and (iv) a CBS shareholder's holding period for the shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock received in the Merger will include the period during which the shares of CBS Common Stock or CBS Series B Preferred Stock exchanged therefor were held.

The opinions expressed herein are based upon existing statutory, regulatory and judicial authority, any of which may be changed at any time with retroactive effect. Any change in applicable laws or the facts and circumstances surrounding the Merger, or any inaccuracy in the statements, facts, assumptions or representations upon which we have relied, may affect the continuing validity of our opinions as set forth herein. We assume no responsibility to inform you of any such change or inaccuracy that may occur or come to our attention. Our opinion is also subject to the other conditions and qualifications described in the Proxy Statement/Prospectus under the heading "The Merger--Federal Income Tax Consequences." Finally, our opinions are limited to the tax matters specifically covered hereby, and we have not been asked to address, nor have we addressed, any other tax consequences of the Merger or any other transaction.

This opinion is being provided for the benefit of Viacom so that Viacom may comply with its obligation under the federal securities laws. We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm name therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,

/s/ Paul, Weiss, Rifkind, Wharton &  
Garrison

-----

Paul, Weiss, Rifkind, Wharton &  
Garrison

[Letterhead of Cravath, Swaine &amp; Moore.]

November 22, 1999

Ladies and Gentlemen:

We have acted as tax counsel for CBS Corporation, a Pennsylvania corporation ("CBS"), in connection with the proposed merger (the "Merger") of CBS with and into Viacom, Inc., a Delaware corporation ("Viacom"), pursuant to an Agreement and Plan of Merger dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999 (the "Merger Agreement") among Viacom, CBS and Viacom/CBS LLC, a Delaware limited liability company, under which each issued and outstanding share of the capital stock of CBS will be converted into capital stock of Viacom. Any capitalized term used but not defined herein shall have the meaning given to such term in the Merger Agreement.

In that connection, you have requested our opinion regarding certain United States federal income tax consequences of the Merger. In providing our opinion, we have examined the Merger Agreement, the Joint Proxy Statement/Prospectus of CBS and Viacom dated as of November 22, 1999 (the "Proxy Statement/Prospectus") filed by CBS with the Securities and Exchange Commission, and such other documents, instruments and corporate records as we have deemed necessary or appropriate for purposes of our opinion. In addition, we have assumed that (i) the Merger will be consummated as a direct merger of CBS with and into Viacom and otherwise in the manner contemplated by the Proxy Statement/Prospectus and in accordance with the provisions of the Merger Agreement, (ii) the statements concerning the Merger set forth in the Merger Agreement and the Proxy Statement/Prospectus are and will remain true, correct and complete, (iii) the representations made to us by CBS and Viacom in their respective letters to us each dated as of the date hereof and delivered to us for purposes of this opinion are and will remain true, correct and complete (such letters, the "Representation Letters"), and (iv) any representations made in the Representation Letters or in the Merger Agreement "to the best knowledge of" or similarly qualified are true, correct and complete without such qualification.

In our examination of documents, we have assumed, with your consent, that (i) all documents submitted to us are authentic originals, or if submitted as photocopies, that they faithfully reproduce the originals thereof; (ii) all such documents have been or will be duly executed to the extent required; (iii) all representations and statements set forth in such documents are true and correct; (iv) any representation or statement made as a belief or made "to the knowledge of," or similarly qualified is correct and accurate without such qualification; (v) all obligations imposed by any such documents on the parties thereto have been or will be performed or satisfied in accordance with their terms; and (vi) that the Merger Agreement will be further amended and restated as of November 23, 1999, in the form attached to the Proxy Statement/Prospectus as Annex A.

If any of the above-described assumptions are untrue for any reason or if the Merger is consummated in a manner that is inconsistent with the manner in which it is described in the Merger Agreement and Proxy Statement/Prospectus, our opinions as expressed below may be adversely affected and may not be relied upon.

Based upon the foregoing, in our opinion, for United States federal income tax purposes, (i) the Merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and each of Viacom and CBS will be a party to such reorganization within the meaning of Section



368(b) of the Code, (ii) except for any payment received in lieu of fractional shares and to the extent that any payment by Viacom of transfer taxes is treated as taxable consideration received by the CBS shareholders, a CBS shareholder will not recognize any income, gain or loss as a result of the receipt of shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock in the Merger, (iii) a CBS shareholder's tax basis for the shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock received in the Merger, including any fractional share interest for which payment is received, will equal each such shareholder's tax basis in the shares of CBS Common Stock or CBS Series B Preferred Stock exchanged therefor, and (iv) a CBS shareholder's holding period for the shares of Viacom Class B Common Stock or Viacom Series C Preferred Stock received in the Merger will include the period during which the shares of CBS Common Stock or CBS Series B Preferred Stock exchanged therefor were held.

The opinions expressed herein are based upon existing statutory, regulatory and judicial authority, any of which may be changed at any time with retroactive effect. Any change in applicable laws or the facts and circumstances surrounding the Merger, or any inaccuracy in the statements, facts, assumptions or representations upon which we have relied, may affect the continuing validity of our opinions as set forth herein. We assume no responsibility to inform you of any such change or inaccuracy that may occur or come to our attention. Our opinion is also subject to the other conditions and qualifications described in the Proxy Statement/Prospectus under the heading "The Merger--Federal Income Tax Consequences." Finally, our opinions are limited to the tax matters specifically covered hereby, and we have not been asked to address, nor have we addressed, any other tax consequences of the Merger or any other transaction.

This opinion is being provided for the benefit of CBS so that CBS may comply with its obligation under the federal securities laws. We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm name therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,

/s/ Cravath, Swaine & Moore  
-----

Cravath, Swaine &  
Moore

CBS Corporation

51 West 52nd Street

New York, NY 10019

-----  
-----  
VOTING AGREEMENT

By

NATIONAL AMUSEMENTS, INC.

(Stockholder)

and

VIACOM INC.

Dated as of November 9, 1999

-----  
-----

## VOTING AGREEMENT

VOTING AGREEMENT, dated as of November 9, 1999 (this "Agreement"), by NATIONAL AMUSEMENTS, INC., a Maryland corporation (the "Stockholder"), to and for the benefit of VIACOM INC., a Delaware corporation ("Viacom").

WHEREAS, as of the date hereof, the Stockholder owns of record and beneficially 93,658,828 shares of Class A Common Stock (the "Viacom Class A Common Stock"; such shares, together with any of Viacom Class A Common Stock and any other shares of voting stock of Viacom acquired by the Stockholder prior to the termination of this Agreement being referred to herein as the "Stockholder's Shares"), par value \$.01 per share, of Viacom;

WHEREAS, on September 6, 1999, CBS CORPORATION, a Pennsylvania corporation ("CBS"), and Viacom entered into an Agreement and Plan of Merger, which agreement was amended and restated October 8, 1999 (as amended, the "Merger Agreement") pursuant to which, upon the terms and subject to the conditions thereof, CBS will be merged with and into Viacom;

WHEREAS, on July 29, 1999 and September 6, 1999, the Viacom Board of Directors amended the Viacom 1997 Long-Term Management Incentive Plan (the "1997 Plan") to increase the number of shares of Viacom Class B common stock (the "Viacom Class B Common Stock") authorized for issuance under the 1997 Plan by an additional 10 million shares to a total of 50 million shares of Viacom Class B Common Stock (the "1997 Plan Proposal"); and

WHEREAS, Viacom intends to submit the 1997 Plan Proposal for approval by the affirmative vote of the holders of a majority of the shares of the Viacom Class A Common Stock at the Viacom Stockholders' Meeting (as defined in the Merger Agreement), however called, or in any action by written consent of the stockholders of Viacom;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. Voting of Stockholder's Shares. Until the termination of this Agreement in accordance with the terms hereof, the Stockholder hereby agrees that, at the Viacom Stockholders' Meeting or any other meeting of the stockholders of Viacom, however called, and in any action by written consent of the stockholders of Viacom, the Stockholder will vote all of the Stockholder's Shares in favor of the 1997 Plan Proposal.

Section 2. No Inconsistent Agreements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, the Stockholder shall not enter into any voting agreement or grant a proxy or power of attorney with respect to the Stockholder's Shares which is inconsistent with this Agreement.

Section 3. Termination. This Agreement shall terminate upon the earlier to occur of (a) the approval of the 1997 Plan Proposal by the Viacom stockholders and (b) the first anniversary of the date hereof. No such termination of this Agreement shall relieve any party hereto from any liability for any breach of this Agreement prior to termination.

Section 4. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by facsimile, by courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6):

if to the Stockholder:

National Amusements, Inc.  
200 Elm Street  
Dedham, Massachusetts 02026  
Telecopier No.: (781) 461-1412  
Attention: General Counsel

if to Viacom:

Viacom Inc.  
1515 Broadway  
New York, New York 10036  
Telecopier No.: (212) 258-6099  
Attention: Michael D. Fricklas, Senior Vice President,  
General Counsel and Secretary

Section 5. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 6. Entire Agreement; Assignment. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. This Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

Section 7. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any principles of conflicts of laws of such State.

Section 10. Consent to Jurisdiction. (a) Each of the Stockholder and Viacom hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware and to the jurisdiction of the United States District Court for the State of Delaware, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of Viacom and the Stockholder hereby irrevocably agrees that all claims in respect to such action or proceeding shall be heard and determined exclusively in any Delaware state or federal court. Each of Viacom and the Stockholder agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of Viacom and the Stockholder irrevocably consents to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. Nothing in this Section 10 shall affect the right of any party to serve legal process in any other manner permitted by law.

Section 11. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 12. Amendments. This Agreement may be amended or modified, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by each party waiving compliance.

Section 13. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NATIONAL AMUSEMENTS, INC.

/s/ Sumner M. Redstone

By \_\_\_\_\_

Name: Sumner M. Redstone

Title: Chairman, President and

Chief Executive Officer

VIACOM INC.

/s/ Michael D. Fricklas

By \_\_\_\_\_

Name: Michael D. Fricklas

Title: Senior Vice President,

General Counsel and  
Secretary

VIACOM INC.

1997 LONG-TERM MANAGEMENT INCENTIVE PLAN

(as amended and restated through July 29, 1999

and as further amended and restated through September 6, 1999)

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the Viacom Inc. 1997 Long-Term Management Incentive Plan (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by rewarding certain key employees of the Company and its subsidiaries for their contributions to the financial success of the Company and thereby motivate them to continue to make such contributions in the future.

Section 1.2 Definitions.

As used in the Plan, the following terms shall have the following meanings:

(a) "Agreement" shall mean the written agreement governing a Grant under the Plan, in a form approved by the Committee, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.

(b) "Appreciation Value" shall mean the excess, if any, of the Value of a Phantom Share on the applicable Valuation Date or date of termination of employment or of the Participant's death, Retirement or Permanent Disability (as described in Section 4.5(a) hereof), as the case may be, over the Initial Value of such Phantom Share.

(c) "Beneficiary" or "Beneficiaries" shall mean the person(s) designated by the Participant pursuant to the provisions of the Agreement to receive payments pursuant to such Agreement upon the Participant's death. If no Beneficiary is so designated by the Participant or if no Beneficiary is living at the time such a payment is due pursuant to such Agreement, payments shall be made to the estate of the Participant. The Agreement shall provide the Participant with the right to change the designated Beneficiaries from time to time by written instrument executed by the Participant and filed with the Committee in accordance with such rules as may be specified by the Committee. No such written designation shall be effective unless received by the Committee prior to the date of death of the Participant.

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.01 per share, of the Company.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto.

(g) "Committee" shall mean the Senior Executive Compensation Committee of the Board (or such other Committee as may be appointed by the Board) except that (i) the number of directors on the Committee shall be not less than two and (ii) each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act.

(h) "Date of Grant" shall mean the date of the Grant of the Stock Options, Stock Appreciation Rights, Restricted Shares and/or Phantom Shares as set forth in the applicable Agreement.

(i) "Effective Date" shall have the meaning set forth in Article IX.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.

(k) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price of a share of Class B Common Stock on the New York Stock Exchange or such other national securities exchange as may be designated by the Committee, or, in the event that the Class B Common Stock is not listed for trading on a national securities exchange but is quoted on an automated quotation system, the average closing bid per share of the Class B Common Stock on such automated quotation system or, in the event that the Class B Common Stock is not quoted on any such system, the average of the closing bid prices per share of the Class B Common Stock as furnished by a professional marketmaker making a market in the Class B Common Stock designated by the Committee.

(l) "Grant" shall mean a grant under the Plan which may consist of a grant of Stock Options, Stock Appreciation Rights, Restricted Shares or Phantom Shares or a combination of any of the above.

(m) "Initial Value" shall mean the value of a Phantom Share as specified by the Committee as of the Date of Grant or the Value of a Phantom Share calculated as of the Date of Grant or such earlier date as the Committee may determine.

(n) "Outstanding Phantom Share" shall mean a Phantom Share granted to a Participant for which the Valuation Date has not yet occurred.

(o) "Outstanding Stock Option" shall mean a Stock Option granted to a Participant which has not yet been exercised and which has not yet expired in accordance with its terms.

(p) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 hereof and to whom an outstanding Grant has been made under the Plan.

(q) "Permanent Disability" shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a subsidiary thereof for the Participant and in effect on the date of the onset of the Participant's Permanent Disability, unless the Committee determines otherwise, in its discretion, and sets forth an alternative definition in the applicable Agreement.

(r) "Phantom Share" shall mean a contractual right granted to a Participant pursuant to Article IV, to receive an amount equal to the Appreciation Value at such time, and subject to such terms and conditions, as are set forth in the Plan and the applicable Agreement.

(s) "Restricted Share" shall mean a share of Class B Common Stock granted to a Participant pursuant to Article III, which is subject to the restrictions set forth in Section 3.3 hereof, and subject to such other terms and conditions as are set forth in the Plan and the applicable Agreement.

(t) "Retirement" shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified retirement plan maintained by the Company or a subsidiary in which the Participant participates; provided, however, that no resignation or termination prior to a Participant's 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion.

(u) "Stock Appreciation Right" shall mean a contractual right granted to a Participant pursuant to Article II, to receive an amount determined in accordance with Section 2.5 of the Plan.

(v) "Stock Option" shall mean a contractual right granted to a Participant pursuant to Article II, to purchase shares of Class B Common Stock at such time and price, and subject to such other terms and conditions, as are set forth in the Plan and the applicable Agreement. Stock Options may be "Incentive Stock Options" within the meaning of Section 422 of the Code or "Non-Qualified Stock Options" which do not meet the requirements of such Code section.

(w) "Termination for Cause" shall mean a termination of employment with the Company or any of its subsidiaries which, as determined by the Committee, is by reason of (i) "cause" as such term or a similar term is defined in any employment agreement applicable to the Participant, or (ii) if there is no such employment agreement or if such employment agreement contains no such term, (x) dishonesty, conviction of a felony, or willful unauthorized disclosure of confidential information, (y) failure, neglect of or refusal by a Participant to substantially perform the duties of such Participant's employment, or (z) any other act or omission which is materially injurious to the financial condition or business reputation of the Company or any subsidiary thereof.

(x) "Valuation Date" shall mean the date on which the Appreciation Value of a Phantom Share shall be measured and fixed in accordance with Section 4.2(a) hereof.

(y) The "Value" of a Phantom Share shall be determined by reference to the "average Fair Market Value" of a share of Class B Common Stock. The "average Fair Market Value" on a given date of a share of Class B Common Stock shall be determined over the 30-day period ending on such date or such other period as the Committee may decide shall be applicable to a Grant of Phantom Shares, determined by dividing (i) by (ii), where (i) shall equal the sum of the Fair Market Values on each day that the Class B Common Stock was traded and a closing price was reported on such national securities exchange or on such automated quotation system or by such marketmaker, as the case may be, during such period, and (ii) shall equal the number of days on which the Class B Common Stock was traded and a closing price was reported on such national securities exchange or on such automated quotation system or by such marketmaker, as the case may be, during such period.

(z) To "vest" a Stock Option, Stock Appreciation Right, Restricted Stock or Phantom Share held by a Participant shall mean, with respect to a Stock Option or Stock Appreciation Right, to render such Stock Option or Stock Appreciation Right exercisable, subject to the terms of the Plan, and, in the case of a Restricted Share or Phantom Share, to render such Restricted Share or Phantom Share nonforfeitable, except where, with respect to Stock Options, Stock Appreciation Rights and Phantom Shares, a Participant's employment ends because of a Termination for Cause.

#### Section 1.3 Administration of the Plan.

The Plan shall be administered by the Committee which shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration and application of the Plan shall be determined by a majority of the members of the Committee then in office, except that the Committee may authorize any one or more of its members, or any officer of the Company, to execute and deliver documents on behalf of the Committee. The determination of such majority shall be final and binding as to all matters relating to the Plan. The Committee shall have authority to select Participants from among the class of eligible persons specified in Section 1.4 below and to determine the number of Stock Options, Stock Appreciation Rights, Restricted Shares or Phantom Shares (or combination thereof) to be granted to each Participant. The Committee shall also have the authority to amend the terms of any outstanding Grant; provided, however, that no amendment shall impair the rights of the holder thereof.

#### Section 1.4 Eligible Persons.

Grants may be awarded to any employee of the Company or any of its subsidiaries selected by the Committee.

#### Section 1.5 Class B Common Stock Subject to the Plan.

The total aggregate number of shares of Class B Common Stock that may be distributed under the Plan (whether reserved for issuance upon grant of Stock Options or Stock Appreciation Rights or granted as Restricted Shares) shall be 50,000,000, subject to adjustment pursuant to Article V hereof. The shares of Class B Common Stock shall be made available from authorized but unissued Class B Common Stock or from Class



B Common Stock issued and held in the treasury of the Company. The delivery of shares of Class B Common Stock upon exercise of a Stock Option or Stock Appreciation Right in any manner and the vesting of Restricted Shares shall result in a decrease in the number of shares which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Option or Stock Appreciation Right is exercised or by the number of Restricted Shares which vest. Shares of Class B Common Stock with respect to which Stock Options and Stock Appreciation Rights expire, are canceled without being exercised or are otherwise terminated or, in the case of Stock Appreciation Rights, are exercised for cash, may be regranted under the Plan. Restricted Shares that are forfeited for any reason shall not be deemed granted for purposes of this Section 1.5 and may thereafter be regranted under the Plan.

#### Section 1.6 Limit on Grants to Participants.

The maximum aggregate number of (i) shares of Class B Common Stock that may be distributed under the Plan (whether reserved for issuance upon grant of Stock Options or Stock Appreciation Rights or granted as Restricted Shares) and (ii) Phantom Shares that may be granted under the Plan to any Participant during the five-year period starting on the Effective Date of the Plan is 10,000,000.

#### Section 1.7 Agreements.

Each Agreement (i) shall state the Date of Grant and the name of the Participant, (ii) shall specify the terms of the Grant, (iii) shall be signed by the Participant and a person designated by the Committee, (iv) shall incorporate the Plan by reference and (v) shall be delivered to the Participant. The Agreement shall contain such other terms and conditions as are required by the Plan and, in addition, such other terms not inconsistent with the Plan as the Committee may deem advisable.

### ARTICLE II

#### PROVISIONS APPLICABLE TO STOCK OPTIONS

#### Section 2.1 Grants of Stock Options.

The Committee may from time to time grant to eligible employees Stock Options on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Each Agreement covering a Grant of Stock Options shall specify the number of Stock Options granted, the exercise price of such Stock Options, whether such Stock Options are Incentive Stock Options or Non-Qualified Stock Options and the period during which such Stock Options may be exercised.

#### Section 2.2 Exercise Price.

The Committee shall establish the per share exercise price at the time any Stock Option is granted at such amount as the Committee shall determine, except that with respect to an Incentive Stock Option, such exercise price shall not be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant. The exercise price will be subject to adjustment in accordance with the provisions of Article V of the Plan.

#### Section 2.3 Exercise of Stock Options.

(a) **Exercisability.** Stock Options shall be exercisable only to the extent the Participant is vested therein. A Participant shall vest in Stock Options over such time and in such increments as the Committee shall determine and specify in a vesting schedule set forth in the applicable Agreement. The Committee may, however, in its sole discretion, accelerate the time at which a Participant vests in his Stock Options.

(b) Option Period. For each Stock Option granted, the Committee shall specify the period during which the Stock Option may be exercised; provided, however, that anything in the Plan or in the applicable Agreement to the contrary notwithstanding:

(i) Latest Exercise Date. No Stock Option granted under the Plan shall be exercisable after the tenth anniversary of the Date of Grant thereof.

(ii) Registration Restrictions. A Stock Option shall not be exercisable, no transfer of shares of Class B Common Stock shall be made to any Participant, and any attempt to exercise a Stock Option or to transfer any such shares shall be void and of no effect, unless and until (A) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable Federal or state securities or blue sky laws or (B) the Committee, in its sole discretion, determines, or the Participant, upon the request of the Committee, provides an opinion of counsel satisfactory to the Committee, that such registration or qualification is not required as a result of the availability of an exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Committee shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock subject to such Stock Option under any Federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option shall not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(c) Exercise in the Event of Termination of Employment, Retirement, Death or Permanent Disability.

(i) Termination other than for Cause, Retirement, Death or Permanent Disability. Except as otherwise provided in this Section 2.3, in the event that (A) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the voluntary termination by the Participant or the termination by the Company or any of its subsidiaries other than for Cause, his Outstanding Stock Options may be exercised to the extent then exercisable until the earlier of six months after the date of such termination (or such longer period as may be determined by the Committee, in its discretion) or the expiration of such Stock Options, (B) the Participant ceases to be an employee of the Company or any of its subsidiaries by reason of the Participant's Retirement, the Participant may exercise (x) his Outstanding Stock Options granted prior to August 1, 1999 to the extent exercisable on the date of Retirement until the earlier of six months after such date (or such longer period, not in excess of the second anniversary of the Date of Grant of such Stock Options, as may be determined by the Committee, in its discretion) or the expiration of such Stock Options, and (y) his Outstanding Stock Options granted effective as of August 1, 1999 or thereafter to the extent exercisable on the date of Retirement until the earlier of two years after such date or the expiration of such Stock Options, (C) a Participant dies during a period during which his Stock Options could have been exercised by him, his Outstanding Stock Options may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution or permitted transfer until the earlier of one year after such death (or such longer period as may be determined by the Committee, in its discretion, prior to the expiration of such one-year period) or the expiration of such Stock Options, and (D) the Permanent Disability of the Participant occurs, his Outstanding Stock Options may be exercised to the extent exercisable upon date of the onset of such Permanent Disability until the earlier of one year after such date (or such longer period not in excess of two years after such date as may be determined by the Committee, in its discretion) or the expiration of such Stock Options. Upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 2.3(c)(i), all rights with respect to Stock Options that are not vested as of such event will be relinquished.

(ii) Termination for Cause. If a Participant's employment with the Company or any of its subsidiaries ends because of a Termination for Cause, then unless the Committee, in its discretion,

determines otherwise, all Outstanding Stock Options, whether or not then vested, shall terminate effective as of the date of such termination.

(iii) Maximum Exercise Period. Anything in this Section 2.3 to the contrary notwithstanding, no Stock Option shall be exercisable after the earlier to occur of (A) the expiration of the option period set forth in the applicable Agreement or (B) the tenth anniversary of the Date of Grant thereof.

#### Section 2.4 Payment of Purchase Price Upon Exercise.

Every share purchased through the exercise of a Stock Option shall be paid for in full at the time of exercise in cash or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares or such other securities.

#### Section 2.5 Stock Appreciation Rights.

The Committee may grant Stock Appreciation Rights only in tandem with a Stock Option, either at the time of Grant or by amendment at any time prior to the exercise, expiration or termination of such Stock Option. Each Stock Appreciation Right shall be subject to the same terms and conditions as the related Stock Option and shall be exercisable only at such times and to such extent as the related Stock Option is exercisable. A Stock Appreciation Right shall entitle the holder to surrender to the Company the related Stock Option unexercised and receive from the Company in exchange therefor an amount equal to the excess of the Fair Market Value of the shares of Class B Common Stock subject to such Stock Option, determined as of the day preceding the surrender of such Stock Option, over the Stock Option aggregate exercise price. Such amount shall be paid in cash or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares or such other securities.

### ARTICLE III

#### PROVISIONS APPLICABLE TO RESTRICTED SHARES

##### Section 3.1 Grants of Restricted Shares.

The Committee may from time to time grant to eligible employees Restricted Shares on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Each Agreement covering a Grant of Restricted Shares shall specify the number of Restricted Shares granted and the vesting schedule (as provided for in Section 3.2 hereof) for such Restricted Shares.

##### Section 3.2 Vesting.

The Committee shall establish the vesting schedule applicable to Restricted Shares granted hereunder, which vesting schedule shall specify the period of time and the increments in which a Participant shall vest in the Grant of Restricted Shares.

##### Section 3.3 Rights and Restrictions Governing Restricted Shares.

As of the Date of Grant of Restricted Shares, one or more certificates representing the appropriate number of shares of Class B Common Stock granted to a Participant shall be registered in his name but shall be held by the Company for the account of the Participant. The Participant shall have all rights of a holder as to such shares of Class B Common Stock (including, to the extent applicable, the right to receive dividends and to vote), subject to the following restrictions: (a) the Participant shall not be entitled to delivery of certificates representing such shares of Class B Common Stock until such shares have vested; (b) none of the Restricted Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such shares have vested; and (c) except as otherwise provided in Section 3.6 below, all unvested Restricted Shares shall be immediately forfeited upon a Participant's termination of employment with the Company for any reason or the Participant's death, Retirement or Permanent Disability.

### Section 3.4 Adjustment with Respect to Restricted Shares.

Any other provision of the Plan to the contrary notwithstanding, the Committee may, in its discretion, at any time accelerate the date or dates on which Restricted Shares vest.

### Section 3.5 Delivery of Restricted Shares.

On the date on which Restricted Shares vest, all restrictions contained in the Agreement covering such Restricted Shares and in the Plan shall lapse as to such Restricted Shares and one or more stock certificates for the appropriate number of shares of Class B Common Stock, free of the restrictions set forth in the Plan and applicable Agreement, shall be delivered to the Participant or such shares shall be credited to a brokerage account if the Participant so directs; provided, however, that such certificates shall bear such legends as the Committee, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable Federal or state securities laws.

### Section 3.6 Termination of Employment, Retirement, Death or Permanent Disability.

In the event that (i) the Participant's employment with the Company or any of its subsidiaries ends by reason of voluntary termination by the Participant, termination by the Company or any of its subsidiaries other than for Cause, termination by the Company or any of its subsidiaries for Cause or the Participant's Retirement, or (ii) the Participant's death or Permanent Disability, prior to the date or dates on which Restricted Shares vest, the Participant shall forfeit all unvested Restricted Shares as of the date of such event, unless, other than in the case of a termination by the Company or its subsidiaries for Cause, the Committee determines that the circumstances in the particular case so warrant and provides that some or all of such Participant's unvested Restricted Shares shall vest as of the date of such event, in which case certificates representing such shares shall be delivered, in accordance with Section 3.5 above, to the Participant or in the case of the Participant's death, to the person or persons who acquired the right to receive such certificates by will or the laws of descent and distribution.

## ARTICLE IV

### PROVISIONS APPLICABLE TO PHANTOM SHARES

#### Section 4.1 Grants of Phantom Shares.

The Committee may from time to time grant to eligible employees Phantom Shares, the value of which is determined by reference to a share of Class B Common Stock, on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan as the Committee, in its discretion, may from time to time determine. Each Agreement covering a Grant of Phantom Shares shall specify the number of Phantom Shares granted, the Initial Value of such Phantom Shares, the Valuation Dates, the number of Phantom Shares whose Appreciation Value shall be determined on each such Valuation Date, any applicable vesting schedule (as provided for in Section 4.3 hereof) for such Phantom Shares, and any applicable limitation on payment (as provided for in Section 4.4 hereof) for such Phantom Shares.

#### Section 4.2 Appreciation Value.

(a) Valuation Dates; Measurement of Appreciation Value. The Committee shall provide in the Agreement for one or more Valuation Dates on which the Appreciation Value of the Phantom Shares granted pursuant to the Agreement shall be measured and fixed, and shall designate in the Agreement the number of such Phantom Shares whose Appreciation Value is to be calculated on each such Valuation Date. Unless otherwise determined by the Committee, each Valuation Date shall be December 15 and no Valuation Date shall occur later than the year in which the eighth (8th) anniversary of the Date of Grant occurs.

(b) Payment of Appreciation Value. Except as otherwise provided in Section 4.5 hereof, and subject to the limitation contained in Section 4.4 hereof, the Appreciation Value of a Phantom Share shall be paid to a Participant in cash in a lump sum as soon as practicable following the Valuation Date applicable to such Phantom Share.

#### Section 4.3 Vesting.

The Committee may, in its discretion, provide in the Agreement that Phantom Shares granted thereunder shall vest (subject to such terms and conditions as the Committee may provide in the Agreement) over such period of time, not in excess of five years from the Date of Grant, as may be specified in a vesting schedule contained therein.

#### Section 4.4 Limitation on Payment.

The Committee may, in its discretion, establish and set forth in the Agreement a maximum dollar amount payable under the Plan for each Phantom Share granted pursuant to such Agreement.

#### Section 4.5 Termination of Employment, Death, Retirement or Permanent Disability.

(a) Voluntary Termination, Termination by the Company Other Than for Cause, Death, Retirement or Permanent Disability. Except as otherwise provided in this Section 4.5, if, before the occurrence of one or more Valuation Dates applicable to the Participant's Outstanding Phantom Shares, (i) the Participant's employment with the Company or any of its subsidiaries ends by reason of the voluntary termination by the Participant, the termination by the Company or any of its subsidiaries other than for Cause or the Participant's Retirement or (ii) the Participant's death or Permanent Disability occurs, then, unless the Committee, in its discretion, determines otherwise, the Appreciation Value of each Outstanding Phantom Share as to which the Participant's rights are vested as of the date of such event shall be the lesser of (x) the Appreciation Value of such Phantom Share calculated as of the date of such event or (y) the Appreciation Value of such Phantom Share calculated as of the originally scheduled Valuation Date applicable thereto. Unless the Committee, in its

discretion, determines otherwise, the Appreciation Value so determined for each such vested Outstanding Phantom Share shall then be payable to the Participant or the Participant's Beneficiary following the originally scheduled Valuation Date applicable thereto in accordance with Section 4.2(b) hereof. Upon the occurrence of an event described in this Section 4.5(a), all rights with respect to Phantom Shares that are not vested as of such date will be relinquished.

(b) Termination for Cause. If a Participant's employment with the Company or any of its subsidiaries ends because of a Termination for Cause, then, unless the Committee, in its discretion, determines otherwise, all Outstanding Phantom Shares, whether or not vested, and any and all rights to the payment of Appreciation Value with respect to such Outstanding Phantom Shares shall be forfeited effective as of the date of such termination.

### ARTICLE V

#### EFFECT OF CERTAIN CORPORATE CHANGES

In the event of a merger, consolidation, stock split, dividend, distribution, combination, reclassification or recapitalization that changes the character or amount of the Class B Common Stock, the Committee shall make such adjustments to the number of shares of Class B Common Stock subject to any Stock Options or Stock Appreciation Rights or the number of Restricted Shares or Phantom Shares granted to each Participant, the exercise price of any Outstanding Stock Options or Stock Appreciation Rights or the Initial Value of any Outstanding Phantom Shares, and the maximum number of shares of Class B Common Stock referred to in Section 1.5 and Section 1.6 of the Plan, in each case, as it deems appropriate. Such determinations shall be conclusive and binding for all purposes.

ARTICLE VI

MISCELLANEOUS

Section 6.1 No Rights to Grants or Continued Employment.

No employee shall have any claim or right to receive Grants under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained by the Company or any of its subsidiaries.

Section 6.2 Restriction on Transfer.

The rights of a Participant with respect to Stock Options, Stock Appreciation Rights, Restricted Shares or Phantom Shares shall not be transferable by the Participant to whom such Stock Options, Stock Appreciation Rights, Restricted Shares or Phantom Shares are granted, except (i) by will or the laws of descent and

distribution or (ii) with respect to Non-Qualified Stock Options, subject to the prior approval of the Committee, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, in each case subject to the condition that the Committee shall be satisfied that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor and subject to such other conditions as the Committee may impose.

Section 6.3 Tax Withholding.

The Company or a subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant's Beneficiary any Federal, state or local taxes required by law to be withheld with respect to such payments. The Committee, in its discretion, may require, as a condition to the exercise of any Stock Option or Stock Appreciation Right, that an additional amount be paid in cash equal to the amount of any Federal, state or local taxes owed as a result of such exercise.

Section 6.4 Stockholder Rights.

No Grant under the Plan shall entitle a Participant or Beneficiary or permitted transferee to any rights of a holder of shares of common stock of the Company, except as provided in Article III with respect to Restricted Shares or when and until share certificates are delivered upon exercise of a Stock Option or when and until share certificates are delivered in settlement of a Stock Appreciation Right.

Section 6.5 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalization, reorganization or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stock whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 6.6 Source of Payments.

The general funds of the Company shall be the sole source of cash settlements of Stock Appreciation Rights under the Plan and payments of Appreciation Value, and the Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan.

Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other person. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

#### ARTICLE VII

##### AMENDMENT AND TERMINATION

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that any amendment which must be approved by the stockholders of the Company in order to maintain the continued qualification of the Plan under Rule 16b-3 under the Exchange Act shall not be effective unless and until such stockholder approval has been obtained in compliance with such rule. No termination or amendment of the Plan may, without the consent of the Participant to whom a grant has been made, adversely affect the rights of such Participant in the Stock Options, Stock Appreciation Rights, Restricted Shares or Phantom Shares covered by such Grant. Unless previously terminated pursuant to this Article VII, the Plan shall terminate on the fifth anniversary of the Effective Date (as defined below), and no further Grants may be awarded hereunder after such date.

#### ARTICLE VIII

##### INTERPRETATION

Section 8.1 Governmental Regulations.

The Plan, and all Grants hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 8.2 Headings.

The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 8.3 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

#### ARTICLE IX

##### EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan became effective as of March 27, 1997 (the "Effective Date"). The first amendment and restatement thereof became effective as of July 29, 1999. The second amendment and restatement shall be effective as of September 6, 1999; provided, however, that it shall be a condition to the effectiveness of the increase in the number of shares of Class B Common Stock authorized to be issued under the Plan from 40,000,000 to 50,000,000 reflected in the second amendment and restatement of the Plan that a majority of the stockholders of the Company consent to such increase on or before December 23, 1999. In the event that stockholder approval is not obtained on or before such date, the increase in the number of shares of Class B Common Stock authorized to be issued under the Plan from 40,000,000 to 50,000,000 reflected in the second amendment and restatement of the Plan shall be void ab initio and of no effect.

PricewaterhouseCoopers

PricewaterhouseCoopers LLP  
1301 Avenue of the Americas  
New York NY 10019-6013  
Telephone (212) 259 1000  
Facsimile (212) 259 1301

Consent of Independent Accountants

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of Viacom Inc. of our report dated February 8, 1999, except for the first paragraph of Note 2, which is as of February 25, 1999, relating to the financial statements and financial statement schedule appearing in Viacom Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

New York, New York

November 22, 1999



CONSENT OF INDEPENDENT AUDITORS

We consent to the use of our report dated January 27, 1999, appearing on page 21 of CBS Corporation's Form 10-K/A and page 55 of CBS Corporation's Form 10-K for the year ended December 31, 1998, incorporated by reference in this Proxy Statement/Prospectus of Viacom Inc., and the reference to our firm under the heading "Experts" in this Proxy Statement/Prospectus.

/s/ KPMG LLP

New York, New York

November 22, 1999

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-4 of our report dated November 18, 1999, with respect to the consolidated balance sheets of King World Productions, Inc. as of August 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three year period ended August 31, 1999, which report appears in the Form 8-K of CBS Corporation.

/s/ Arthur Andersen LLP

New York, New York

November 18, 1999

November 22, 1999

Viacom Inc.  
1515 Broadway  
New York, NY 10026

Dear Sirs and Mesdames:

We hereby consent to the inclusion in Amendment No. 2 to the Registration Statement on Form S-4, dated November 22, 1999, relating to the proposed merger of CBS Corporation with and into Viacom Inc., of our opinion letter appearing as Annex H to the Joint Proxy Statement / Prospectus which is a part of the Registration Statement, and to the references to our firm name therein. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended (the "Securities Act"), or the rules and regulations adopted by the Securities and Exchange Commission (the "Commission") thereunder, nor do we admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

Morgan Stanley & Co. Incorporated

By: /s/ Paul J. Taubman

-----  
Paul J. Taubman  
Managing Director

CONSENT OF EVERCORE GROUP INC.

Board of Directors  
CBS Corporation  
51 West 52nd Street  
New York, New York 10019

We hereby consent to the inclusion of our opinion letter, dated as of September 6, 1999, to the Board of Directors of CBS Corporation ("CBS") as Annex I to the Joint Proxy Statement/Prospectus which forms a part of the Registration Statement on Form S-4 relating to the proposed merger of CBS and Viacom Inc. and to the references therein to Evercore Group Inc. and Evercore Partners Inc. under the captions "Summary--Fairness Opinions of Financial Advisors," "The Merger--Background to the Merger," "The Merger--Reason for the Merger and Board Recommendations," and "The Merger--Opinions of Financial Advisors." In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder, not do we thereby admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Evercore Group Inc.

By: [Signature appears here]

---

New York, New York  
September 30, 1999

## POWER OF ATTORNEY

The undersigned Directors of Viacom Inc. (the "Company") hereby constitute and appoint Michael D. Fricklas and Philippe P. Dauman, each in an individual capacity, as true and lawful attorneys-in-fact for the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, to sign and file with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), the Company's Registration Statement on Form S-4 relating to the proposed merger with CBS Corporation and any and all amendments (including post-effective amendments) and exhibits thereto with the Commission, any related registration statement and its amendments and exhibits filed pursuant to Rule 462(b) under the Securities Act and any and all applications and other documents to be filed with the Commission pertaining to the registration of the securities covered thereby or under any related registration statement or any amendment thereto, with full power and authority to do and perform each and every act and thing requisite and necessary or desirable, hereby ratifying and confirming all that such attorney-in-fact or its substitute shall lawfully do or cause to be done by virtue hereof.

Signature -----	Title -----	Date -----
/s/ George S. Abrams _____ George S. Abrams	Director	October 4, 1999
/s/ Philippe P. Dauman _____ Philippe P. Dauman	Director	October 4, 1999
/s/ Thomas E. Dooley _____ Thomas E. Dooley	Director	October 4, 1999
/s/ Ken Miller _____ Ken Miller	Director	October 4, 1999
/s/ Brent D. Redstone _____ Brent D. Redstone	Director	October 4, 1999
/s/ Shari Redstone _____ Shari Redstone	Director	October 4, 1999
/s/ Sumner M. Redstone _____ Sumner M. Redstone	Director	October 4, 1999
/s/ Frederic V. Salerno _____ Frederic V. Salerno	Director	October 4, 1999
/s/ William Schwartz _____ William Schwartz	Director	October 4, 1999
/s/ Ivan Seidenberg _____ Ivan Seidenberg	Director	October 4, 1999

Preliminary Proxy Materials

Form of Consent Card

[LOGO]

VIACOM INC.

1515 Broadway

New York, New York 10036

November , 1999

To the holders of Viacom Class A common stock,

The enclosed materials seek your consent in connection with the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom, CBS Corporation, a Pennsylvania corporation, and Viacom/CBS LLC, a Delaware limited liability company, a copy of which is attached as Annex A to the joint proxy statement/prospectus that accompanies this consent card. The merger agreement provides for the merger of CBS with and into Viacom (or, under specified circumstances, a wholly owned subsidiary of Viacom), the issuance of shares of Viacom Class B common stock, par value \$.01 per share, and shares of Viacom Series C preferred stock, par value \$.01 per share, in the merger and the adoption of the proposed new Restated Certificate of Incorporation for Viacom. If the merger agreement is adopted and the merger is consummated, each issued and outstanding share of CBS common stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Class B common stock and each issued and outstanding share of CBS Series B preferred stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock.

Holders of record of Viacom Class A common stock at the close of business on November 12, 1999 will be entitled to submit consent cards.

Detailed information concerning the merger, the merger agreement, related agreements, Viacom's proposed new Restated Certificate of Incorporation and other important information is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

If you hold Viacom Class A common stock, please complete, sign, date and mail your signed written consent card in the enclosed return envelope. In order for it to count, we must receive your properly completed and executed consent card no later than 12:00 noon, New York City time, on , 1999. You may revoke your written consent in the manner described in the joint proxy statement/prospectus at any time prior to 12:00 noon, New York City time, on

By Order of the Board of Directors,  
Michael D. Fricklas  
Secretary

YOUR CONSENT IS IMPORTANT.

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR CONSENT CARD.

Detach Consent Card Here

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

Pursuant to Section 228 of the Delaware General Corporation Law, as to all of the shares held by the undersigned, or, if this consent card is being submitted by a custodian, trustee or other nominee for more than one beneficial owner of shares, as to the number of shares held by the undersigned indicated below the signature boxes appearing below with respect to the proposals set forth below, the undersigned hereby consents to:

- 1. If the merger is structured as a merger of CBS into Viacom, the adoption of the merger agreement: FOR [ ] AGAINST [ ] ABSTAIN [ ]
- 2. If the merger is structured as a merger of CBS into Viacom/CBS LLC, the adoption of the proposed new Restated

Certificate of Incorporation of Viacom:

- 3. If the merger is structured as a merger of CBS into Viacom/CBS LLC, the issuance of up to 907,746,991 shares of Viacom Class B common stock to the holders of CBS common stock and up to 11,003 shares of Viacom Series C preferred stock to the holders of CBS Series B preferred stock in the merger, in accordance with the terms set forth in the merger agreement: and
- 4. The amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan by an additional 10 million shares:

FOR  AGAINST  ABSTAIN

FOR  AGAINST  ABSTAIN

FOR  AGAINST  ABSTAIN

Change of Address  
and/or  
Comments Mark Here

Please sign exactly as your name(s) appear hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

DATED: \_\_ , 1999

SIGNED: \_\_\_\_\_

Votes MUST be indicated (x) in Black or Blue ink\_\_\_\_.[X]

(Please sign, date and return this proxy in the enclosed postage prepaid envelope.)

Please Detach Here

You Must Detach This Portion of the Proxy Card  
Before Returning It in the Enclosed Envelope

-----

-----  
VIACOM INC.

1515 Broadway

New York, New York 10036

The Board of Directors of Viacom has declared that the merger agreement is advisable and has unanimously approved the merger agreement and unanimously recommends that shareholders consent to the adoption of the merger agreement. The Board of Directors of Viacom has also unanimously approved the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and declared advisable and approved the proposed new Restated Certificate of Incorporation, and unanimously recommends that you consent to the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and to the adoption of the proposed new Restated Certificate of Incorporation. In addition, the Board of Directors has approved the amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan and unanimously recommends that you consent to the amendment.

VIACOM INC.

P.O. BOX 11033

NEW YORK, N.Y. 10203-0033

(Continued, and to be signed and dated on the reverse side.)  
-----



Preliminary Proxy Materials

CBS CORPORATION

Proxy solicited by the Board of Directors for Special Meeting of Shareholders, , 1999

(See Joint Proxy Statement/Prospectus for discussion of item 1.)

The undersigned hereby appoints David T. McLaughlin, Mel Karmazin and Louis J. Briskman and each of them, jointly and severally, as proxies, with power of substitution, to vote all shares of CBS Corporation common stock which the undersigned is entitled to vote on all matters which may properly come before the Special Meeting of Shareholders of CBS Corporation or any adjournment thereof. Attendance of the undersigned at the meeting or any adjourned session of the meeting will not be deemed to revoke this proxy unless the undersigned affirmatively indicates the intention of the undersigned to vote the shares represented by this proxy in person before the exercise of this proxy.

If you are a participant in an employee savings plan (or 401(k) Plan) through which you own an interest in CBS common stock, this proxy card will also constitute your voting instructions to the trustee of that plan.

(change of address)

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

If you have written in the above space, please mark the corresponding box on the reverse side of this card.

CBS CORPORATION

P. O. BOX 11009

NEW YORK, N.Y. 10203-0009

You are encouraged to specify your choice by marking the appropriate box on the reverse side. The proxies cannot vote your shares unless you sign and return this proxy card.

(Continued, and to be signed and dated, on the reverse side.)

(continued from other side)

PRELIMINARY PROXY MATERIALS

DETACH PROXY CARD HERE

-----  
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 1.  
-----

1. To adopt the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among CBS Corporation, Viacom Inc., and Viacom/CBS LLC.

FOR  AGAINST  ABSTAIN

The shares represented by this Proxy Card will be voted as specified above, but if no specification is made they will be voted FOR Item 1. They will be voted at the discretion of the proxies on any other matter that may properly come before the meeting.

Please sign, date and return promptly in the accompanying envelope.

Note: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, give full name and title as such.

-----  
Signature of Share Owner(s)  
-----

-----  
Signature of Share Owner(s)  
-----

Dated: \_\_\_\_\_, 1999

Votes MUST be indicated (x) in black or blue ink.

To change your address, mark this box and correct on reverse side.

If you plan to attend the Special Meeting, please check this box.

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

[VIACOM LOGO]

1515 Broadway  
New York, New York 10036

November 24, 1999

Dear Viacom Shareholder,

As you no doubt have heard, Viacom and CBS have agreed to a merger. The new company, which will retain the Viacom name, will be the largest seller of advertising across the media landscape, with extraordinary assets in broadcast and cable television, a leading radio and outdoor media company, a preeminent motion picture studio, a world-class consumer publishing group, a leading regional theme park operation and a growing portfolio of Internet ventures. This merger advances the vision we share with CBS of building the preeminent global media and entertainment company. The new Viacom will have exceptional content and a portfolio of some of the world's most powerful brands.

Viacom is soliciting consents from holders of Viacom Class A common stock in connection with this merger.

Under the terms of the merger, holders of CBS common stock will have the right to receive 1.085 shares of Viacom Class B common stock for each share of CBS common stock that they own and holders of CBS Series B preferred stock will have the right to receive 1.085 shares of newly created Viacom Series C preferred stock for each share of CBS Series B preferred stock that they own. Both Viacom Class A and Class B common stock and CBS common stock are primarily traded on the New York Stock Exchange.

National Amusements, Inc., which owns approximately 68% of Viacom's Class A common stock, has agreed to consent to the merger and the other proposals described in this joint proxy statement/prospectus. Therefore, approval of these proposals by the shareholders of Viacom is assured.

If you hold Viacom Class A common stock, please complete, sign, date and mail your signed written consent card in the enclosed return envelope. Approval of these matters by Viacom's shareholders will occur when the holders of a majority of the outstanding Viacom Class A common stock deliver dated and properly executed consents to Viacom. National Amusements is expected to deliver its consent at 12:00 noon, New York City time, on December . , 1999. Therefore, for your consent to be counted, we must receive it, dated and properly executed, no later than 12:00 noon, New York City time, on December . , 1999. You may revoke your written consent in the manner described in this document at any time prior to the time that sufficient consents are delivered to Viacom.

Detailed information concerning the merger, the merger agreement, related agreements, Viacom's proposed new Restated Certificate of Incorporation and other important information is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

Sincerely,

Sumner M. Redstone  
Chairman and Chief Executive Officer

For a discussion of risk factors which you should consider in evaluating the merger, see "Risk Factors" beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated November 24, 1999, and is first being mailed to shareholders on or about November 24, 1999.

PRELIMINARY PROXY STATEMENT--SUBJECT TO COMPLETION

[LOGO]

CBS CORPORATION  
51 West 52nd Street  
New York, New York 10019

November 24, 1999

Dear CBS Shareholder,

You are cordially invited to attend a special meeting of shareholders of CBS Corporation to be held on December . , 1999 at . , New York, New York, commencing at 10:00 a.m., eastern standard time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among CBS, Viacom Inc. and Viacom/CBS LLC, which provides for the merger of CBS and Viacom or, under specified circumstances, Viacom/CBS LLC, a wholly owned subsidiary of Viacom. Under the terms of the merger agreement, each issued and outstanding share of CBS common stock will be converted into the right to receive 1.085 shares of Viacom non-voting Class B common stock and each issued and outstanding share of CBS Series B preferred stock will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock. Both Viacom's Class B common stock and CBS' common stock are listed and traded on the New York Stock Exchange.

The merger agreement advances the vision we share with Viacom of building the preeminent global media and entertainment company. The combination of our companies, our powerful brands and our highly complementary businesses will create a company we believe is uniquely qualified to capitalize on new opportunities domestically and around the world.

Your participation in the special meeting, in person or by proxy, is important. Even if you anticipate attending in person, we urge you to mark, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope to ensure that your shares of CBS common stock and CBS Series B preferred stock will be represented at the special meeting. If you do attend in person, you will be entitled to vote your shares in person.

The joint proxy statement/prospectus that accompanies this letter contains information about Viacom and CBS and describes in detail the merger and related matters. Attached to the joint proxy statement/prospectus is a copy of the merger agreement, related agreements and other important information.

Thank you, and we look forward to seeing you at the special meeting.

Very truly yours,

David T. McLaughlin  
Chairman of the Board

Mel Karmazin  
President and Chief Executive Officer

For a discussion of risk factors which you should consider in evaluating the merger, see "Risk Factors" beginning on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated November 24, 1999, and is first being mailed to shareholders on or about November 24, 1999.

[VIACOM LOGO]

1515 Broadway  
New York, New York 10036

NOTICE OF CONSENT SOLICITATION

To the Shareholders of Viacom:

The enclosed materials seek your consent in connection with the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among Viacom, CBS Corporation, a Pennsylvania corporation, and Viacom/CBS LLC, a Delaware limited liability company, a copy of which is attached as Annex A to the joint proxy statement/prospectus that accompanies this notice. The merger agreement provides for the merger of CBS with and into Viacom or, under specified circumstances, with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom, the issuance of shares of Viacom Class B common stock, par value \$.01 per share, and shares of Viacom Series C preferred stock, par value \$.01 per share, in the merger, and the adoption of the proposed new Restated Certificate of Incorporation for Viacom. If the merger agreement is adopted and the merger is consummated, each issued and outstanding share of CBS common stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Class B common stock and each issued and outstanding share of CBS Series B preferred stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock.

Viacom's Class A shareholders are requested to take action by written consent to approve all of the following:

1. if the merger is structured as a merger of CBS into Viacom, the adoption of the merger agreement;
2. if the merger is structured as a merger of CBS into Viacom/CBS LLC, the adoption of the proposed new Restated Certificate of Incorporation of Viacom;
3. if the merger is structured as a merger of CBS into Viacom/CBS LLC, the issuance of up to 907,746,991 shares of Viacom Class B common stock to the holders of CBS common stock and up to 11,003 shares of Viacom Series C preferred stock to the holders of CBS Series B preferred stock in the merger, in accordance with the terms set forth in the merger agreement; and
4. the amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan by an additional 10 million shares.

Holders of record of Viacom Class A common stock at the close of business on November 12, 1999 will be entitled to take action by written consent concerning these proposals.

The Board of Directors of Viacom has declared that the merger agreement is advisable and has unanimously approved the merger agreement and unanimously recommends that shareholders approve the adoption of the merger agreement. The Board of Directors of Viacom has also unanimously approved the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and declared advisable and approved the proposed new Restated Certificate of Incorporation, and unanimously recommends that you approve the issuance of Viacom Class B common stock and Viacom Series C preferred stock in connection with the merger and the adoption of the proposed new Restated Certificate of Incorporation. In addition, the Board of Directors has approved the amendment to increase the number of shares of Viacom Class B common stock authorized to be issued under the Viacom incentive plan and unanimously recommends that you approve the amendment.

Detailed information concerning the merger, the merger agreement, related agreements, Viacom's proposed new Restated Certificate of Incorporation and other important information is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

If you hold Viacom Class A common stock, please complete, sign, date and mail your signed written consent card in the enclosed return envelope. Approval of these matters by Viacom's shareholders will occur when the holders of a majority of the outstanding Viacom Class A common stock deliver dated and properly executed consents to Viacom. National Amusements is expected to deliver its consent at 12:00 noon, New York City time, on December . , 1999. Therefore, for your consent to count, we must receive it, dated and properly executed, no later than 12:00 noon, New York City time, on December . , 1999. You may revoke your written consent in the manner described in this document at any time prior to the time that sufficient consents are delivered to Viacom.

By Order of the Board of Directors,

Michael D. Fricklas  
Secretary

November 24, 1999

YOUR CONSENT IS IMPORTANT.

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR CONSENT CARD.

[LOGO]

CBS CORPORATION  
51 West 52nd Street  
New York, New York 10019

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held December . , 1999

To the Shareholders of CBS:

A special meeting of shareholders of CBS Corporation, a Pennsylvania corporation, will be held on December . , 1999 at 10:00, a.m., eastern standard time, at . , New York, New York to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999, among CBS, Viacom Inc., a Delaware corporation, and Viacom/CBS LLC, a Delaware limited liability company, a copy of which is attached as Annex A to the joint proxy statement/prospectus that accompanies this notice. The merger agreement provides for the merger of CBS with and into Viacom or, under specified circumstances, with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom. If the merger agreement is adopted and the merger is consummated each issued and outstanding share of CBS common stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom non-voting Class B common stock, par value \$.01 per share, and each issued and outstanding share of CBS Series B preferred stock, par value \$1.00 per share, will be converted into the right to receive 1.085 shares of Viacom Series C preferred stock, par value \$.01 per share.

Holders of record of CBS common stock and CBS Series B preferred stock at the close of business on November 17, 1999, will be entitled to vote at the special meeting or any adjournments or postponements of the special meeting.

The Board of Directors of CBS has determined that the merger is in the best interests of CBS and its shareholders, has unanimously approved the merger and the merger agreement and unanimously recommends that shareholders vote to adopt the merger agreement.

Detailed information concerning the merger, the merger agreement, related agreements and other related matters is contained in the attached joint proxy statement/prospectus and its annexes. Please read this information carefully.

The vote of each CBS shareholder is important. We urge you to mark, sign and return your proxy card promptly in the enclosed postage-paid envelope to ensure that your shares of CBS common stock and CBS Series B preferred stock will be represented at the special meeting. If you attend the special meeting in person, you will be entitled to vote your shares in person.

If you plan to attend the special meeting, please keep the admission ticket that is attached to your proxy card, and also check the appropriate box on your proxy card. Shareholders who own shares through banks or brokers and who plan to attend must send a written notification, along with proof of ownership, such as a bank or brokerage firm account statement, to the Secretary's Office, CBS Corporation, 51 West 52nd Street, New York, New York 10019. The names of those shareholders indicating they plan to attend will be placed on an admission list held at the entrance to the meeting. Admission tickets will not be mailed in advance of the meeting.

On behalf of the Board of Directors,

Angeline C. Straka  
Secretary  
New York, New York

YOUR VOTE IS IMPORTANT.  
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.

HOLDERS OF CBS COMMON STOCK AND CBS SERIES B PREFERRED STOCK  
SHOULD NOT SEND STOCK CERTIFICATES WITH THEIR PROXY CARDS.