
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-9553

VIACOM INC.

(Exact Name Of Registrant As Specified In Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation Or Organization)

04-2949533
(I.R.S. Employer
Identification Number)

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

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value	New York Stock Exchange
Class B Common Stock, \$0.01 par value	New York Stock Exchange
7.75% Senior Notes due 2005	American Stock Exchange
7.625% Senior Debentures due 2016	American Stock Exchange
7.25% Senior Notes due 2051	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None
(Title Of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. //

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes /x/ No //

As of June 28, 2002, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of Viacom Inc. Class A Common Stock, \$0.01 par value ("Class A Common Stock"), held by non-affiliates was approximately \$1,932,768,054 (based upon the closing price of \$44.46 per share as reported by the New York Stock Exchange on that date) and the aggregate market value of the shares of the Viacom Inc. Class B Common Stock, \$0.01 par value ("Class B Common Stock"), held by non-affiliates was approximately \$67,175,168,187 (based upon the closing price of \$44.37 per share as reported by the New York Stock Exchange on that date).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc.'s Notice of the 2003 Annual Meeting and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement") (Part III).

Part I

Item 1. *Business.*

BACKGROUND

Viacom Inc. (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "Viacom") is a diversified worldwide entertainment company with operations, during 2002, in the following segments:

- **CABLE NETWORKS:** The Cable Networks segment operates MTV MUSIC TELEVISION®, SHOWTIME®, NICKELODEON®/NICK AT NITE®, VH1 MUSIC FIRST®, MTV2 MUSIC TELEVISION™, TV LAND®, TNN: THE NATIONAL NETWORK™, CMT®: COUNTRY MUSIC TELEVISION™, the BET CABLE NETWORK™ and BET JAZZ: THE JAZZ CHANNEL™, among other program services.
- **TELEVISION:** The Television segment consists of the CBS® and UPN® television networks, the Company's owned broadcast television stations and its television production and syndication business, including KING WORLD® PRODUCTIONS and PARAMOUNT TELEVISION™.
- **INFINITY:** The Infinity segment owns and operates 185 radio stations through INFINITY RADIO®, and owns and/or operates outdoor advertising properties through VIACOM OUTDOOR™. Beginning January 1, 2003, the Company operates INFINITY as two segments, RADIO and OUTDOOR. Future disclosure of segment results will conform to this new presentation.
- **ENTERTAINMENT:** The Entertainment segment includes PARAMOUNT PICTURES®, which produces and distributes theatrical motion pictures; the publishing and distribution of consumer books and multimedia products, under imprints such as SIMON & SCHUSTER®, POCKET BOOKS®, SCRIBNER® and THE FREE PRESS™; PARAMOUNT PARKS®, which owns and operates five theme parks and a themed attraction in the U.S. and Canada; and movie theater and music publishing operations.
- **VIDEO:** The Video segment consists of an approximately 80.4% equity interest in Blockbuster Inc., which operates and franchises BLOCKBUSTER® video stores worldwide.

For the year ended December 31, 2002, contributions to the Company's consolidated revenues from its segments were as follows: Cable Networks 19%, Television 30%, Infinity 15%, Entertainment 15% and Video 23%. Intercompany revenue eliminations, as a percentage of total revenues, were 2% for the year ended December 31, 2002. The Company generated approximately 16% of its total revenues from international regions in 2002. For the year ended December 31, 2002, approximately 56% and 23% of total international revenues of \$4.0 billion were generated in Europe and Canada, respectively.

The Company was organized in Delaware in 1986 for the purpose of acquiring the stock of a predecessor. In 1994, the Company acquired Paramount Communications Inc. and Blockbuster Entertainment Corporation. In August 1999, Blockbuster Inc. ("Blockbuster") (NYSE: BBI) sold to the public approximately 17.7% of its common stock. The Company, through its ownership of all of the outstanding shares of Blockbuster Class B common stock, as of March 14, 2003, holds approximately 80.4% of the total equity value in, and approximately 95.3% of the combined voting power of, Blockbuster.

On May 4, 2000, the Company completed its merger with CBS Corporation ("CBS") for a total purchase price of approximately \$39.8 billion, which included the issuance of approximately 836.5 million shares of Viacom Class B Common Stock (the "Viacom/CBS Merger"). As a result of the Viacom/CBS Merger, the Company acquired an approximate 64.2% equity interest in Infinity Broadcasting Corporation ("Infinity"). On February 21, 2001, Infinity merged with and into a wholly owned subsidiary of the

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Company (the "Infinity Merger"). In connection with the Infinity Merger, the Company issued approximately 232 million shares of Viacom Class B Common Stock.

On January 23, 2001, the Company completed its acquisition of BET Holdings II, Inc., which operates the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL, among other services, for a total purchase price of approximately \$3 billion, which included the net issuance of approximately 43 million shares of Viacom Class B Common Stock.

On May 15, 2002, the Company acquired the assets of KCAL-TV for approximately \$650 million in cash.

As of March 14, 2003, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 1,400 movie screens in the U.S., the U.K. and South America, beneficially owned Class A Common Stock of the Company representing approximately 69% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board and Chief Executive Officer of the Company.

The Company's principal offices are located at 1515 Broadway, New York, New York 10036 (telephone 212/258-6000).

For additional information about principal acquisitions, see Note 3 to the Consolidated Financial Statements.

Cable Networks (19%, 19% and 20% of the Company's consolidated revenues in 2002, 2001 and 2000)

The Company owns and operates advertiser-supported basic cable television program services through MTV Networks ("MTVN") and BET: Black Entertainment Television ("BET") and premium subscription television program services through Showtime Networks Inc. ("SNI") in the U.S. and internationally.

Generally, the Company's cable networks are offered for a fee to customers of cable television operators, distributors of direct-to-home satellite services ("DTH") and other multichannel distributors. Cable television and DTH are currently the predominant means of distribution of the Company's program services in the U.S. Internationally, distribution technology varies territory by territory.

MTV Networks. In the U.S., MTVN's owned and operated program services include MTV: MUSIC TELEVISION ("MTV"), MTV's spin-off, MTV2: MUSIC TELEVISION ("MTV2"), NICKELODEON/NICK AT NITE, TV LAND, VH1 MUSIC FIRST ("VH1"), CMT: COUNTRY MUSIC TELEVISION ("CMT"), TNN: THE NATIONAL NETWORK ("TNN") and COLLEGE TELEVISION NETWORK® ("CTN").

MTV's programming consists of youth-oriented programming appealing primarily to an audience aged 18 to 24, including music videos, music-based programming, music and general lifestyle information, reality-based programming, comedy and dramatic series, animated programs, news specials, interviews and documentaries. Recent programming highlights include MTV's TOTAL REQUEST LIVE, THE OSBOURNES, MTV CRIBS and THE REAL WORLD. In addition to MTV's series programming, MTV continues to exhibit successful annual events such as THE MTV VIDEO MUSIC AWARDS, THE MTV MOVIE AWARDS and MTV ICON, all of which present various artist tributes and performances. At December 31, 2002 according to the Nielsen Media Research report, MTV reached approximately 85.0 million domestic subscriber households. MTV2, a 24-hour, seven-days-a-week spin-off of MTV, offers

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a "freeform" music format which features music videos from a broad range of musical genres and artists. At December 31, 2002 according to the Nielsen Media Research report, MTV2 had approximately 47.6 million domestic subscriber households. MTVN also operates "The Suite from MTV Networks" ("The Suite"), a package containing MTV2 and several digital television program services, including VH1 CLASSIC and seven other music related services including two Spanish-language music services. The Suite is available through DTH distributors and cable operators offering digital technology. On October 31, 2002, MTVN purchased CTN, a program service which offers to students on U.S. college campuses a blend of music, news, sports and college-specific programming.

MTV FILMS® produced the feature films ORANGE COUNTY, MARTIN LAWRENCE LIVE: RUNTELDAT and JACKASS THE MOVIE. The feature film CROSSROADS was also presented in association with MTV FILMS. All of these films were released by PARAMOUNT PICTURES during 2002. MTV offers lines of home video, consumer products and books featuring MTV programming and personalities.

NICKELODEON combines acquired and originally produced programs in a pro-social, non-violent format comprising two distinct program units tailored to age-specific demographic audiences: NICKELODEON, targeted to audiences ages 2 to 11 (which includes NICK JR®, a program block designed for 2 to 5 year olds, and popular shows such as RUGRATS, BLUE'S CLUES and SPONGEBOB SQUAREPANTS); and NICK AT NITE, which attracts primarily audiences ages 18 to 49 and offers mostly situation comedies from various eras, including CHEERS, THE COSBY SHOW, ALL IN THE FAMILY and COACH. At December 31, 2002, according to the Nielsen Media Research report, NICKELODEON/NICK AT NITE reached approximately 86.2 million domestic subscriber households. NICKELODEON licenses its brands and characters for and in connection with merchandise, home video and publishing worldwide. NICKELODEON MOVIES® develops a mix of story-and character-driven projects based on original ideas and NICKELODEON programming, such as the feature films HEY ARNOLD! THE MOVIE and THE WILD THORNBERRYS MOVIE, released in 2002 by PARAMOUNT PICTURES. In addition to services described above, The Suite contains NOGGIN® and three other program services from NICKELODEON. NOGGIN is a 24-hour, seven-days-a-week, children's program service, distributed primarily by digital cable and satellite. NOGGIN seeks to educate and entertain 2 to 12 year olds and their families. NOGGIN's programming line-up includes a mix of live action, news, animated and puppet shows, including many acclaimed series such as Sesame Street and BLUE'S CLUES after their initial network runs. In April 2002, NOGGIN launched THE N™, a tween and teen program block for viewers ages 9 to 17. The Suite also includes NICKELODEON GAS GAMES and SPORTS FOR KIDS®, a program service featuring children's game shows and sports programming for viewers ages 6 to 11. NICKELODEON owns and operates theme park attractions and touring shows under its NICKELODEON RECREATION unit and interactive public attractions and television production studios under its NICKELODEON STUDIOS® unit located at Universal Studios Florida. NICKELODEON also produces original animation at its NICKTOONS® Animation Studio in Burbank, California. Additionally, the Company publishes monthly NICKELODEON MAGAZINE.

TV LAND is comprised of a broad range of well-known television programs from various genres, including comedies, dramas, westerns, variety and other formats from the 1950s through today, including THE ANDY GRIFFITH SHOW, MACGYVER, LEAVE IT TO BEAVER, I LOVE LUCY, SANFORD & SON and HAPPY DAYS. In addition, TV LAND offers original programming, including TV LAND LEGENDS: THE 60 MINUTES INTERVIEWS and INSIDE TV LAND. At December 31, 2002, according to the Nielsen Media Research report, TV LAND reached approximately 78.3 million domestic subscriber households.

VH1 presents music and related programming directed at an audience aged 18 to 49 with an emphasis on series which feature viewers' favorite music artists and pop culture highlights. Examples of such programming include: VH1 BEHIND THE MUSIC; DRIVEN; 100 GREATEST ONE HIT WONDERS; ALL ACCESS; I LOVE THE 80'S; and ULTIMATE ALBUMS. In addition, VH1 airs concerts, musically

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themed movies, music videos, as well as special events such as VH1/VOGUE FASHION AWARDS, DIVAS LAS VEGAS, and VH1 BIG IN 2002 AWARDS. At December 31, 2002, according to the Nielsen Media Research report, VH1 reached approximately 83.8 million domestic subscriber households. The VH1 SAVE THE MUSIC® Foundation, in connection with VH1's cable television and satellite affiliates, since its inception, has restored public school music programs in 900 schools located in 75 communities, and has donated over \$21 million of musical instruments benefiting more than 400,000 children. In 2002, the cable television industry recognized the VH1 SAVE THE MUSIC Foundation with three Beacon Awards for excellence in public service.

CMT presents country music-related original programming, specials, live concerts and events, as well as a mix of country music videos by established artists, including world premier videos. CMT is directed at an audience aged 18 to 49 and is offered in the U.S. and Canada. Its original programming in 2002 included CMT's 40 GREATEST WOMEN OF COUNTRY; CROSSROADS; INSIDE FAME; CMT GOT ME IN WITH THE BAND, as well as CMT's FLAMEWORTHY VIDEO MUSIC AWARDS. At December 31, 2002, according to the Nielsen Media Research report, CMT reached approximately 66.0 million domestic subscriber households and Mediastats reports CMT's Canadian distribution at November 2002, at approximately 8.0 million subscriber households.

TNN presents a range of popular programming such as the highly-rated WWE RAW, CSI: CRIME SCENE INVESTIGATION and STAR TREK: THE NEXT GENERATION and original programming such as OBLIVIOUS and SLAMBALL. TNN's programming also includes popular movies such as the James Bond motion picture series and off-network television series such as BLIND DATE, REAL TV, and BAYWATCH. In January 2003, TNN announced that it would build on its strong male audience by becoming the first entertainment network for men, targeting an 18-49 demographic, with a focus on non-fiction programming and animated series. In 2003, TNN expects to introduce animated programming, including THE NEW REN & STIMPY, STRIPPERELLA and GARY THE RAT. The Company offers TNN in the U.S. and in Canada. At December 31, 2002, according to the Nielsen Media Research report, TNN reached approximately 86.0 million domestic subscriber households and Mediastats reports TNN's Canadian distribution at November 2002, at approximately 6.6 million subscriber households.

Internationally, MTVN owns and operates, participates in as a joint venturer, and licenses third parties to operate, MTVN program services, including MTV, VH1, NICKELODEON and TV LAND. The MTVN international program services are described in the chart that follows. Most of the MTVN international program services are regionally customized to suit the local tastes of the particular young adult viewers through the inclusion of local music, programming and on-air personalities, and use of the local language. MTV Networks Europe is Europe's most widely distributed cable and satellite network comprising 29 individual music and kids channels, including MTV (7 regionalized services), VH1 (3 services), MTV2, MTV Hits, MTV Base, MTV Dance, MTV2 Pop, MTV Classic, THE MUSIC FACTORY ("TMF") (3 services), Nickelodeon (9 services) and Kindernet. The network currently reaches more than 100 million households in Europe via a combination of satellite, cable, and terrestrial distribution. On June 26, 2002, the Company acquired Vivendi Universal's interest in the MTV Asia program service, which is now wholly owned by the Company.

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International MTVN Program Services

The following table sets forth information regarding MTVN program services offered internationally as of March 14, 2003:

Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
CMT Canada	Canada	Joint Venture (with Corus Entertainment)	English	September 1996
MTV Europe (includes 7 regional MTV: Music Television feeds; MTV Base; MTV Hits; MTV Dance; MTV2; MTV2POP; and the TMF services in The Netherlands, Belgium and U.K.)	40 territories, including European Union states, Eastern and Central Europe, South Africa, certain countries in the former Soviet Union, the Gulf States, the Middle East, Egypt, Faroe Islands, Israel, Liechtenstein, Malta and Moldova	100% by the Company	7 Regional MTV Feeds presented in local languages— U.K and Ireland (in English), Netherlands (in Dutch), Spain (in Spanish), France (in French), Central (in German), other than Nordic (in English) and European (in English), and 3 Regional TMF Feeds in The Netherlands, Belgium (in Flemish), and the U.K. (in English)	Various: August 1987-2002
MTV Italia	Italy	Joint Venture (with Holding Media e Comunicazione S.p.A., formerly known as Cecchi Gori Communications S.p.A.)	Italian	September 2001
MTV Poland (includes 2 feeds: MTV: Music Television and MTV Classic)	Poland	Joint Venture (with UPC Programming PC)	Polish	July 2000 (MTV: Music Television) June 2002 (MTV Classic)
MTV Romania	Romania	Licensing arrangement between MTV Europe and Transglobal Media SRL (a Romanian company)	Romanian	June 15, 2002
MTV Russia	Russia	Joint Venture (with Russia Partners Company, L.P. and others)	Russian	September 1998
MTV Latin America (includes 3 regional MTV Music Television feeds)	Bolivia, Chile, Ecuador, Peru, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Puerto Rico, Venezuela, other Caribbean, Argentina, Brazil, Paraguay, Uruguay	100% by the Company	3 Regional MTV Feeds presented in Spanish: Central (Bolivia, Chile, Ecuador and Peru); North (Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Puerto Rico, Venezuela, other Caribbean); South (Argentina, Brazil, Paraguay, Uruguay)	October 1993

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
MTV Brasil	Brazil	Joint Venture (with Abril S.A.)	Portuguese	October 1990

MTV Asia (includes 4 regional MTV: Music Television feeds)	Taiwan, certain provinces in China*, Brunei, Singapore, Malaysia, Vietnam, Hong Kong, Papua New Guinea, India, Sri Lanka, Nepal, Maldives, Mauritius and the Middle East	100% by the Company	4 regional MTV Feeds presented in English and local languages: MTV Mandarin (in Mandarin), MTV Southeast Asia (in English), MTV India (in English and Hindi), and MTV China (in Chinese)	Various: April 1995-2003
MTV Indonesia	Indonesia	Joint Venture (through P.T. Ekabinanusa Yamasela and P.T. Bimantara Citra Tbk)	Bahasa Indonesian	May 2002
MTV Korea	South Korea	Joint Venture (with On Media Corp.)	Korean	July 2001 (original Korean language programming blocks since 1999)
MTV Philippines	Philippines	Joint Venture (with Nation Broadcasting Corp.)	English and Tagalog	January 2001
MTV Thailand	Thailand	Joint Venture (with Ten Music Television Co. Ltd.)	Thai and English	November 2001
MTV Japan	Japan	Joint Venture (with @Japan Media K.K. and others)	Japanese	January 2001
MTV Australia	Australia	Licensing Arrangement (with Optus Vision Pty Limited)	English	March 1997
MTV Canada (includes 2 feeds: MTV: Music Television and MTV2)	Canada	Licensing Arrangement (with Craig Broadcast Systems Inc.)	2 Feeds in English	October and December 2001
Nickelodeon Asia (includes 4 regional Nickelodeon feeds)	Japan, India, Malaysia, New Zealand, Indonesia, Hong Kong, Bhutan, Palau, Maldives, Pakistan, Sri Lanka, Philippines, Singapore, Bangladesh, Nepal, China*, South Korea*, Brunei and Papua New Guinea	100% by the Company	4 regional Nickelodeon feeds in English and local languages: Nickelodeon Asia (in English), Nickelodeon Japan (in Japanese), Nickelodeon Philippines (in English and Tagalog) and Nickelodeon India (in English and Hindi)	Various: November 1998-2002
Nickelodeon Latin America	Latin America, Brazil and the Caribbean	100% by the Company	Spanish, Portuguese and English	December 1996
Nickelodeon Australia	Australia	Joint Venture (with XYZ Entertainment Pty Ltd.)	English	October 1995

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Program Service	Territory	Ownership	Regional Feeds/ Language(1)	Launch/ Commencement Date
Nickelodeon Europe (includes 9 regional Nickelodeon services)	CIS/Baltic Republics (including Russia, Uzbekistan, Ukraine, Kazakhstan, Kyrgyzstan, Moldova, Georgia, Belarus, Estonia, Latvia and Lithuania); Nordic region (including Sweden, Norway, Denmark and Finland); Central and Eastern Europe countries (including Hungary, Turkey, Malta); The Netherlands; Spain; Cyprus*; Greece*; Switzerland* and Africa*	100% by the Company	9 Regional Nickelodeon Services in local languages: CIS/Baltic Republics (Russian), Nordic Region (Swedish, Norwegian, Danish, English), Central and Eastern Europe (Hungarian-Magyar, English) Spain (Castilian), The Netherlands (Dutch), Cyprus* (Greek Hellenic), Switzerland* (German), Africa* (English) and Greece* (Greek Hellenic)	Various: February 1997-2001
Nickelodeon U.K.* (includes 3 Nickelodeon services)	U.K.	Joint Venture (with British Sky Broadcasting Limited)	3 Nickelodeon services presented in English: Nickelodeon UK; Nick Jr. and Nick Toons	September 1993 (Nick) September 1999 (Nick Jr.) September 2002 (Nick Toons)
TV Land Canada	Canada	Licensing Arrangement (with Craig Broadcast Systems Inc.)	English	September 2001
VH1 U.K./VH1 European/VH1 Classic	All European Union states, the Gulf States, the Middle East, South Africa, Scandinavia, Israel, Malta, Moldova, South Africa and Eastern Europe	100% by the Company	English	September 1994
VH1 Thailand*	Thailand*	License Arrangement (with MTV Music Television Networks Co., Ltd.)	English and Thai	October 2002

* Denotes program services that are not 24 hours-a-day/seven-days-a-week.
(1) All MTV and VH1 program services include English language music videos.

MTVN, in exchange for cash and advertising time or for promotional consideration only, licenses from record companies' music videos for exhibition on MTV, MTV2, VH1, CMT and other MTVN program services. MTVN has entered into multi-year global music video licensing agreements with the major record companies. These agreements generally cover a three-to-five year period and contain provisions regarding video exhibition. MTVN also has entered into global or regional license agreements with certain independent record companies. MTVN expects to renew or initiate additional global or regional license agreements with the foregoing record companies and other record companies. However, there can be no assurance that such renewals or agreements can be concluded on favorable terms (see "Viacom Business Segments—Competition—Cable Networks").

MTVN derives revenues principally from two sources: the sale of time on its own networks to advertisers and the license of its networks to cable television operators, DTH and other distributors. The sale of MTVN advertising time is affected by viewer demographics, viewer ratings and market conditions for advertising time. Adverse changes to any of these factors could have an adverse effect on revenues. In addition, continued consolidation among cable and/or DTH distributors could have an adverse effect on MTVN's license fee revenue (see "Viacom Business Segments—Competition—Cable Networks").

MTVN operates Internet sites that appeal to the current audiences of its various MTV, VH1, CMT, TNN, NICKELODEON and CTN television program services, as well as to new online audiences. In

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addition to providing entertainment and information on such Web sites, these Web sites provide an additional outlet for sales of Company-licensed and third-party merchandise. In addition, MTVN has numerous music Web site destinations around the world, including MTV.com, VH1.com, CMT.com and collegetelevision.com. In December 2002, MTVN's Web sites attracted over 8.0 million U.S. monthly unique visitors, according to Nielsen/Net Ratings, a leading online audience research measurement service. MTV.com offers users the latest music news, information on artists and MTV programs, and interactive entertainment through programs such as DIRECT EFFECT, TOTAL REQUEST LIVE and VJ FOR A DAY. VH1.com offers users interactive entertainment, music news, fan club information, daily polls and community features. Collegetelevision.com provides information as a special feature relating to the programming of CTN. MTVN, on behalf of its Web sites, currently obtains much of its Web site content from record labels, music publishers and artists. If these providers begin to charge significant fees for their content, or otherwise alter or discontinue their relationship with MTVN's Web sites, then the respective Web site's content offering and business could be adversely affected.

NICKELODEON operates Web sites that feature NICKELODEON properties, including Nick.com, NickJr.com, Nick-at-Nite.com, Gas.Nick.com and Teachers.Nick.com. Nick.com is a leading Web site for kids, offering convergent entertainment, online games, entertainment tools and services, information on NICKELODEON celebrities and programs and other content for kids. NickJr.com is a leading Web site for parents and their pre-school aged kids, offering parenting advice and information, as well as a pre-school area featuring interactive games, art, stories and music. In December 2002, the Nick.com and NickJr.com Web sites attracted over 3.52 and 1.86 million U.S. monthly unique visitors, respectively, according to Nielsen/Net Ratings. MTVN also operates the TVLand.com and TNNonline.com Web sites providing information and special features relating to the programming on those cable networks.

BET: Black Entertainment Television. BET's owned and operated cable program services include the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL ("BET JAZZ") and, during 2002, BET GOSPEL® and BET HIP HOP® were launched in Atlanta.

The BET CABLE NETWORK targets the African-American viewing audience, appealing primarily to the 18 to 49 age group, by providing a broad mix of music, entertainment, sports, news and public affairs programming, consisting of both original and acquired programs. BET's programming includes original entertainment specials, hosted music video programs, talk shows, sports, news and public affairs offerings, comedy shows as well as acquired movies, series and gospel music programs.

Entertainment specials are the most popular form of original programming on the BET CABLE NETWORK. In 2002, BET produced and aired the 2nd ANNUAL BET AWARDS SHOW, the 8th ANNUAL WALK OF FAME, SPRING BLING and the 2nd ANNUAL CELEBRATION OF GOSPEL. The 2002 presentations of these entertainment specials along with 106 & PARK and COMIC VIEW yielded some of the year's highest rated programming on the BET CABLE NETWORK.

Hosted music video programs are also featured on the BET CABLE NETWORK. Record companies generally provide BET with music videos at no cost in exchange for exposure on the BET CABLE NETWORK. Some of the network's most widely-watched music video programs include 106 & PARK, 106 & PARK: PRIME and RAP CITY: THA BASSMENT. Original programming also includes sports related and entertainment shows such as COMICVIEW, a stand-up comedy show; NYLA, an entertainment show that features movie premieres, fashion trends and music highlights; and MAAD SPORTS, a sports magazine show that examines the lifestyle of today's professional athletes. To complement its originally produced programming, BET acquires the rights to and airs movies of the week such as ALI: AN AMERICAN HERO, PURPLE RAIN and COOLEY HIGH and drama and comedy series such as SOUL FOOD®, THE PARKERS, GIRLFRIENDS and the new animated series, HEY MONIE.

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Music and entertainment fare on the BET CABLE NETWORK is balanced with original news and public affairs programming such as BET NIGHTLY NEWS and JOURNEYS IN BLACK, a documentary series that highlights the lives and achievements of African-Americans.

BET JAZZ, the only U.S. cable network devoted solely to jazz music, targets the 25 to 54 year old viewing audience. Programming on BET JAZZ consists of a mixture of in-studio performances, festivals, concerts and celebrity interviews. Licensed programs on BET JAZZ feature artists such as Duke Ellington, Billie Holiday and Frank Sinatra. Original programming aired on the network includes JOURNEY WITH JAZZ AT LINCOLN CENTER, hosted by Wynton Marsalis; LYRIC CAFÉ, a poetry show hosted by celebrity guests; and JAZZ PADS, a broadcast that highlights the celebrity homes of jazz artists. During 2002, BET JAZZ also enhanced its original programming through partnerships and sponsorship alliances with major advertisers and industry partners.

Both the BET CABLE NETWORK and BET JAZZ derive their revenues from the sale of advertising time on the networks and from subscription fees generated by license of the network to cable television operators, DTH and other distributors. As of December 31, 2002, according to the Nielsen Media Research report, the BET CABLE NETWORK reached approximately 74.5 million domestic subscriber households. BET JAZZ is marketed to a niche audience and is made available on both digital and analog distribution platforms.

BET GOSPEL and BET HIP HOP, BET's digital services, launched in the summer of 2002 serving the Atlanta market. BET GOSPEL features gospel music programming, gospel artist performances and interviews, religious ministries, family programming and programming fare designed to provide spiritual fulfillment. BET HIP HOP features hip-hop and rap music videos, artists and performances.

BET EVENT PRODUCTIONS® produces special musical events and festivals featuring music genres such as jazz, Latin jazz and rhythm & blues. Its services include event management, venue selection, talent recruitment and sound, light and stage production. BET EVENT PRODUCTIONS also supports the production needs of BET JAZZ. BET BOOKS® is BET's book publishing division which publishes romance, inspirational and mainstream fiction books targeted

to the African-American market. Its revenues are generated by book sales through a subscriber book club, retail outlets, discount stores and online book merchants.

BET has an approximately 42% interest in BET INTERACTIVE, LLC, a company which, through its Web site, BET.com, offers users content and interactive features for news, entertainment, community and other areas tailored to the unique interests and issues of African Americans. BET.com also provides program schedules for the BET CABLE NETWORK and BET JAZZ, the latest music news, artist information, music offerings and interactive entertainment for programs such as 106 & PARK and BET.COM COUNTDOWN. In December 2002, BET.com attracted approximately 761,000 U.S. monthly unique visitors, according to Nielsen/NetRatings. BET.com obtains music content from record labels, music publishers and artists. The National Association of Black Journalists awarded BET.com "Best Online News Project" and "Best Use of Interactivity" for 2002.

Showtime Networks Inc. SNI owns and operates three commercial-free, premium subscription television program services in the U.S.: SHOWTIME®, offering recently released theatrical feature films, original motion pictures and series, boxing and other special events; THE MOVIE CHANNEL™, offering recently released theatrical feature films and related programming; and FLIX®, offering theatrical feature films primarily from the 70s, 80s and 90s as well as selected other titles. At December 31, 2002, SHOWTIME, THE MOVIE CHANNEL and FLIX, in the aggregate, had approximately 35.4 million subscriptions in the 50 states, certain U.S. territories and Bermuda. SUNDANCE CHANNEL®, a venture (among SNI, an affiliate of Robert Redford and Universal Studios) managed by SNI through a management agreement which expires on December 31, 2004, is a commercial-free premium subscription television program service in the U.S., dedicated to independent film, featuring top-quality American

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independent films, documentaries, foreign and classic art films, shorts and animation, with an emphasis on recently released titles.

SNI also owns and operates several different channels of SHOWTIME and THE MOVIE CHANNEL in the U.S., including SHOWTIME BEYOND®, a genre-based channel featuring sci-fi, horror and fantasy programming; SHOWTIME EXTREME®, a genre-based channel featuring action/adventure programming; SHOWTIME TOO™ offering additional viewing choices of original programming and top-end theatrical features; SHOWTIME SHOWCASE, featuring the best of SHOWTIME's original programming; SHOWTIME NEXT®, a channel targeting 18 to 24 year-olds; SHOWTIME WOMEN®, focusing on women in front of and behind the camera; SHOWTIME FAMILYZONE®, a channel featuring no R-rated programming; and TMC XTRA, an additional channel of THE MOVIE CHANNEL, offering more and varied movie viewing choices. SNI also transmits SHOWTIME HDTV®, a high definition television version of SHOWTIME. In 2002, SNI launched SHOWTIME ON DEMAND® and THE MOVIE CHANNEL ON DEMAND™, which provide SHOWTIME and THE MOVIE CHANNEL subscribers with the ability to watch available programming on demand. SNI also owns with Zone Vision Enterprises Limited, a U.K. company, an advertiser-supported basic television program service in Turkey currently named SHOWTIME. In addition, SNI owns a 50% interest in an advertiser-supported basic television program service in Spain named SHOWTIME EXTREME®, also owned by Media Park, S.A., a leader in thematic channel production based in Barcelona.

SNI also provides special events, such as sports and musical events, to licensees on a pay-per-view basis. SHOWTIME EVENT TELEVISION™ is a pay-per-view distributor of these special events, including high-profile boxing events. The unit has produced and distributed seven of the top ten pay-per-view events of all time, including the top four: Holyfield vs. Tyson II, Lewis vs. Tyson, Tyson vs. Holyfield I and Tyson vs. McNeeley. In addition to boxing, SHOWTIME EVENT TELEVISION has been instrumental in bringing other events to the viewing public, including numerous music concerts.

The costs of acquiring premium television rights to programming and producing original motion pictures and series are the principal expenses of SNI. In order to exhibit theatrical motion pictures on premium subscription television, SNI enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for SHOWTIME and THE MOVIE CHANNEL, from major or independent motion picture producers and other distributors. SNI's exhibition rights typically cover the U.S. and Bermuda and may, on a contract-by-contract basis, cover additional territories. SNI has the exclusive U.S. premium subscription television rights to PARAMOUNT PICTURES' feature films theatrically released beginning January 1, 1998, as well as non-exclusive rights to certain titles from PARAMOUNT PICTURES' film library (see "Viacom Business Segments—Entertainment"). SNI also has significant theatrical motion picture license agreements with other motion picture producers and distributors, including Metro-Goldwyn-Mayer Studios Inc. ("MGM"), Artisan Pictures Inc., and Buena Vista Television (a subsidiary of The Walt Disney Company) for Dimension Films theatrical pictures, covering motion pictures initially theatrically released through various dates up to December 31, 2008. Theatrical motion pictures that are licensed to SNI on an exclusive basis are generally exhibited first on SHOWTIME and THE MOVIE CHANNEL after an initial period or "window" for theatrical, home video and pay-per-view exhibition and before the period commences for standard broadcast television and basic cable television exhibition. Many of the motion pictures which appear on FLIX have been previously available for standard broadcast and other exhibitions (but are shown on FLIX unedited and commercial-free).

SNI also arranges for the development, production, acquisition and, in many cases, distribution of original programs, series and motion pictures. SNI's original series include THE CHRIS ISAAK SHOW, a quirky series featuring rock musician Chris Isaak; QUEER AS FOLK, a dramatic series focusing on the relationships, careers, loves and ambitions of a group of gay men and lesbians; SOUL FOOD®, a dramatic series (based on the theatrical motion picture of the same name) that follows the lives of three African-American sisters and their families; and STREET TIME, a critically acclaimed dramatic series that portrays a gritty look at parolees and parole officers. SNI's original programming in recent years has been

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honored with three George Foster Peabody awards, two Humanitas Prizes, and the Academy of Television Arts & Sciences' prestigious Governor's Award for diversity in programming. As part of its original programming strategy, SNI premiered 23 original motion pictures on SHOWTIME in 2002, and expects to premiere approximately 10 original motion pictures on SHOWTIME in 2003. The producers of some of SNI's original motion pictures are given an opportunity to seek a theatrical release prior to such pictures' exhibition on SHOWTIME or THE MOVIE CHANNEL. If the producers are not successful in obtaining such a theatrical release, these pictures then premiere in the U.S. on SHOWTIME or THE MOVIE CHANNEL. SNI has entered into and plans to continue to enter into co-financing, co-production and/or co-distribution arrangements with other parties to reduce the net cost to SNI for its original programming. In 2002, Hallmark Entertainment Distribution LLC, PARAMOUNT TELEVISION, MGM and Columbia TriStar Domestic Television were the predominant co-producers, co-financiers and co-distributors of SNI's original motion pictures, programs and series for that year. BLOCKBUSTER and SNI have an agreement whereby BLOCKBUSTER will license from SNI the exclusive domestic home video rights to up to 180 SNI original motion pictures and other programs through March 31, 2005.

SNI derives revenue principally from the license of its networks to cable television operators, DTH and other distributors. The failure to renew agreements with these distributors on favorable terms or continued consolidation among distributors could have an adverse effect on SNI's revenues.

Cable Networks Joint Ventures. COMEDY CENTRAL®, a joint venture of the Company and Home Box Office ("HBO"), a unit of AOL Time Warner Inc., is an advertiser-supported basic cable television program service which features comedy programming, including SOUTH PARK. The Company is a joint venturer in GULF DTH LDC, a satellite direct-to-home platform offering the following channels in the Middle East, among others: MTV, VH1, NICKELODEON, TV LAND and THE PARAMOUNT COMEDY CHANNEL™.

Television (30%, 31% and 27% of the Company's consolidated revenue in 2002, 2001 and 2000)

The Television segment consists of the CBS and UPN television networks, the Company's owned broadcast television stations, and its television production and syndication business.

Television Networks. The CBS TELEVISION NETWORK™ through CBS NEWS™, CBS SPORTS™ and CBS ENTERTAINMENT™ distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming, and feature films to more than 200 domestic affiliates, including 20 of the Company's owned and operated television stations, and to certain overseas affiliated stations. The affiliates serve, in the aggregate, all 50 states and the District of Columbia, reaching virtually every television home in the U.S. The CBS TELEVISION NETWORK is responsible for sales of advertising time for its network broadcasts.

CBS NEWS operates a worldwide news organization, providing the CBS TELEVISION NETWORK and the CBS RADIO NETWORK® with regularly scheduled news and public affairs broadcasts, including 60 MINUTES, the pioneering news magazine now in its 35th season, and its offspring, 60 MINUTES II, the CBS EVENING NEWS WITH DAN RATHER, 48 HOURS INVESTIGATES, THE EARLY SHOW, FACE THE NATION, THE SATURDAY EARLY SHOW and CBS NEWS SUNDAY MORNING—as well as special reports. CBS NEWS maintains 18 news bureaus and offices around the world, in addition to its headquarters operations in New York City. CBS Radio News serves more than 500 radio stations with hourly newscasts, instant coverage of breaking stories, special reports, updates, features, customized reports and news feed material. Among its many features are "World News Roundup" and "World News Roundup—Late Edition." CBS News Productions, the off-network production company created by CBS NEWS, produces original nonfiction programming for domestic and international outlets, including the cable television, home video, CD-ROM, audio-book and in-flight markets, as well as schools and libraries.

CBS SPORTS broadcasts comprehensive regular-season golf and college football and basketball lineups on network television, in addition to the NFL's American Football Conference regular season

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schedule, the Post Season Divisional Playoff games and the AFC championship game. Among the events CBS SPORTS broadcasts are THE NFL TODAY; certain NCAA championships such as the NCAA Division I Men's Basketball Championship Tournament, including the Final Four; golf, including the Masters Tournament and the PGA Championship; the U.S. Open Tennis Championships; CBS SPORTS SPECTACULAR, including skiing and ice skating, track and field, and gymnastics events. Extending its franchises off the field and court, CBS SPORTS has activated its marketing rights for the 2003-2013 NCAA Championships, including coordination of licensing, merchandising, related multimedia and television, and other related business opportunities.

CBS ENTERTAINMENT is responsible for acquiring or developing and scheduling the entertainment programming presented on the CBS TELEVISION NETWORK which includes primetime comedy and drama series, reality-based programming, made-for-television movies and miniseries, theatrical films, specials, children's programs, daytime dramas, game shows and late-night programs. CBS ENTERTAINMENT introduced six dramas and three comedies in the 2002-2003 season, including CSI: MIAMI, WITHOUT A TRACE and STILL STANDING as well as the new reality-based series STAR SEARCH. Shows on the CBS TELEVISION NETWORK include EVERYBODY LOVES RAYMOND, CSI: CRIME SCENE INVESTIGATION, BECKER, THE KING OF QUEENS, THE DISTRICT, JUDGING AMY, TOUCHED BY AN ANGEL, JAG and HACK. The Company also continued its reality-based SURVIVOR series, with SURVIVOR: THAILAND, and SURVIVOR: THE AMAZON. Specials presented by the division include THE GRAMMY AWARDS, THE COUNTRY MUSIC ASSOCIATION AWARDS and THE KENNEDY CENTER HONORS. Late-night programming presented by the division includes THE LATE SHOW WITH DAVID LETTERMAN. The CBS daytime lineup and the drama THE YOUNG AND THE RESTLESS have been rated number one in the daypart by Nielsen Media Research for 14 consecutive years.

At December 31, 2002, UPN provided 25 hours of programming a week, consisting of a two-hour primetime programming block five nights per week, Monday through Friday, a two-hour children's animated programming block six days a week, a two-hour weekend movie and one additional hour of ENTERPRISE during the weekend. UPN's programming is provided to its affiliates in 185 U.S. television markets, reaching approximately 96.4% of all U.S. television households, including secondary affiliates. Eighteen of the Company's owned television stations are affiliates of UPN. UPN's 2002-2003 season includes three dramas, including BUFFY THE VAMPIRE SLAYER, ENTERPRISE and THE TWILIGHT ZONE. ENTERPRISE is the latest series in the STAR TREK® franchise. In addition, UPN's primetime schedule includes the new comedies ABBY and HALF & HALF, both produced by CBS PRODUCTIONS, as well as the returning series WWE SMACKDOWN, ONE ON ONE, GIRLFRIENDS and THE PARKERS.

Through CBS.com and CBSNews.com, the Company operates Web sites that collectively received more than 1 billion pageviews in 2002 and, according to comScore Media Metrix, a leading online audience research measurement service, attracted an average audience of 4.8 million U.S. monthly unique visitors. CBS.com produces Web sites for all CBS ENTERTAINMENT programs, including SURVIVOR, CSI, BIG BROTHER, STAR SEARCH and THE LATE SHOW WITH DAVID LETTERMAN. CBS.com is responsible for THE CBS TELEVISION NETWORK's promotional Web sites, online subscription services, fantasy leagues and interactive voting technology. CBSNews.com is a multimedia provider of continuous, in-depth news and information. CBSNews.com produces Web sites for all CBS NEWS programs. Both sites provide links to cbs.marketwatch.com, operated by MarketWatch.com, Inc., and cbs.sportsline.com, operated by SportsLine.com, Inc.

The Company holds minority investments in SportsLine.com, Inc. (NASDAQ: SPLN), a provider of Internet sports content and e-commerce, and in MarketWatch.com, Inc. (NASDAQ: MKTW), a provider of business news, financial programming and analytic tools.

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Television Stations. The Company owns 39 broadcast television stations, all of which operate under licenses granted by the Federal Communications Commission ("FCC") pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The licenses are renewable every eight years.

The Company's television stations are located in the 7 largest, and 15 of the top 20, television markets in the U.S. The Company owns two television stations within the same designated market area in 8 major markets: Los Angeles (market #2), Philadelphia (market #4), San Francisco (market #5), Boston (market #6), Dallas-Fort Worth (market #7), Detroit (market #10), Miami (market #17) and Pittsburgh (market #21). On May 15, 2002, the Company acquired KCAL-TV in Los Angeles, which provided the Company with its second station within the same designated market area in Los Angeles. The Company-owned television stations reach approximately 44% of all U.S. television households, 39% of U.S. television households as measured by the FCC's national ownership rule. The FCC's order approving the merger of Viacom and CBS required that the Company be in compliance with the FCC's national ownership limitation of 35% by May 4, 2001. The Company challenged the rule in federal court and was granted a stay of the requirement to come into compliance with the limit pending an order of the court. On February 19, 2002, the court found the FCC's 1998 decision not to repeal or to modify the national ownership cap to be arbitrary and capricious and remanded the rule to the FCC for further consideration on whether to repeal or modify the rule. On March 28, 2002, the FCC ordered that the Company has until 12 months after the issuance of a final FCC decision on the remand to file any application that may be necessary to come into compliance with any limits that may exist at that time. In September 2002, the FCC initiated a rulemaking proceeding for the purposes of comprehensively reviewing its broadcast ownership rules. Action on this matter is not expected before late spring 2003.

The stations produce news and broadcast public affairs and other programming to serve their local markets and offer CBS or UPN television network and syndicated programming. Many of the Company's television stations currently operate Web sites which promote the stations' programming, and provide news, information and entertainment, as well as other services.

Currently, broadcast signals are, for the most part, received by the viewing public in analog form. However, in April 1997, the FCC began the transition from an analog to a digital television service by assigning each existing television station an additional channel to be used for the broadcast of a digital signal. The FCC adopted a time schedule under which stations were required (absent conditions beyond their control) to construct digital transmission facilities and begin digital operations. The schedule had staggered deadlines; however, as of May 1, 2002, all commercial television stations were required to have commenced broadcast of a digital signal. With the exception of the UPN-affiliated stations in Pittsburgh, Oklahoma City and Providence, all of the Company's stations are transmitting digital broadcasts that comply with the FCC's requirements. These three stations are not broadcasting digital signals because the FCC has yet to grant the Company authorization to construct the digital facilities for them. The Company intends to promptly commence construction of the digital facilities for these stations upon receipt of authorization from the FCC.

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Television Stations

The table below sets forth the broadcast television stations owned by the Company as of March 1, 2003.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type/Channel	Network Affiliation
WCBS-TV New York, NY	1	VHF/2	CBS
KCAL-TV Los Angeles, CA	2	VHF/9	Independent
KCBS-TV Los Angeles, CA	2	VHF/2	CBS
WBBM-TV Chicago, IL	3	VHF/2	CBS
KYW-TV Philadelphia, PA	4	VHF/3	CBS
WPSG-TV Philadelphia, PA	4	UHF/57	UPN
KPIX-TV San Francisco, CA	5	VHF/5	CBS
KBHK-TV San Francisco, CA	5	UHF/44	UPN
WBZ-TV Boston, MA	6	VHF/4	CBS
WSBK-TV Boston, MA	6	UHF/38	UPN
KTVT-TV Dallas-Fort Worth, TX	7	VHF/11	CBS
KTXA-TV Dallas-Fort Worth, TX	7	UHF/21	UPN
WUPA-TV Atlanta, GA	9	UHF/69	UPN
WKBD-TV Detroit, MI	10	UHF/50	UPN
WWJ-TV Detroit, MI	10	UHF/62	CBS
KSTW-TV Seattle-Tacoma, WA	12	VHF/11	UPN
WTOG-TV Tampa-St. Petersburg, Sarasota, FL	13	UHF/44	UPN
WCCO-TV	14	VHF/4	CBS

<i>Satellites:</i>			
KCCO-TV(3)			CBS
Alexandria, MN			
KCCW-TV(4)			CBS
Walker, MN			
WFOR-TV	17	VHF/4	CBS
Miami-Ft. Lauderdale, FL			
WBFS-TV	17	UHF/33	UPN
Miami-Ft. Lauderdale, FL			
KCNC-TV	18	VHF/4	CBS
Denver, CO			
KMAX-TV	19	UHF/31	UPN
Sacramento-Stockton-Modesto, CA			

KDKA-TV	21	VHF/2	CBS
Pittsburgh, PA			
WNPA-TV	21	UHF/19	UPN
Pittsburgh, PA			
WJZ-TV	24	VHF/13	CBS
Baltimore, MD			
WNDY-TV	25	UHF/23	UPN
Indianapolis, IN			
WWHO-TV	34	UHF/53	UPN/WB(5)
Columbus, OH			
KUTV-TV	36	VHF/2	CBS
Salt Lake City, UT			
<i>Satellite:</i>			
KUSG-TV(6)			CBS
St. George, UT			
WTVX-TV	39	UHF/34	UPN/WB(7)
West Palm Beach-Ft. Pierce, FL			
WGNT-TV	41	UHF/27	UPN
Norfolk, Portsmouth, Newport News, VA			
WUPL-TV	42	UHF/54	UPN
New Orleans, LA			
KAUT-TV	45	UHF/43	UPN
Oklahoma City, OK			
WLWC-TV	48	UHF/28	UPN/WB(8)
Providence, RI-New Bedford, MA			
KEYE-TV	54	UHF/42	CBS
Austin, TX			
WFRV-TV	69	VHF/5	CBS
Green Bay-Appleton, WI			
<i>Satellite:</i>			
WJMN-TV(9)	177		CBS
Escanaba, MI			
WHDF-TV(10)	83	UHF/15	UPN
Huntsville-Decatur-Florence, AL			

(1) Metropolitan Area Served is Nielsen Media Research's Designated Market Area.
 (2) Market Rankings based on Nielsen Media Research Local Universe Estimates for use throughout the 2002-2003 Television Season.
 (3) KCCO-TV is operated as a satellite station of WCCO-TV.
 (4) KCCW-TV is operated as a satellite station of WCCO-TV.
 (5) WWHO-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
 (6) KUSG-TV is operated as a satellite station of KUTV-TV.
 (7) WTVX-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
 (8) WLWC-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
 (9) WJMN-TV is operated as a satellite station of WFRV-TV.
 (10) The Company owns an attributable 17.5% interest in WHDF-TV.

Television Production and Syndication. The Company, through CBS ENTERPRISES (including KING WORLD PRODUCTIONS and CBS BROADCAST INTERNATIONAL), PARAMOUNT TELEVISION, SPELLING TELEVISION®, BIG TICKET TELEVISION®, CBS PRODUCTIONS and VIACOM PRODUCTIONS® produces, acquires and/or distributes programming worldwide including series, specials and made-for-television movies primarily for broadcast on network television and exhibition on basic cable and premium subscription services, and first-run and off-network syndicated programming. First-run syndication is programming produced for initial sale to television stations on an individual basis without prior exhibition on a network. Off-network syndicated programming is programming produced for initial exhibition on a network, basic cable or premium subscription service, which is then redistributed for exhibition on either television stations or a cable network.

Programming that was produced and/or distributed by the Company's production and syndication group and is broadcast on network television includes BECKER (CBS); CSI: CRIME SCENE INVESTIGATION (CBS); HACK (CBS); JAG (CBS); THE AGENCY (CBS); THE DISTRICT (CBS); ANDY

RICHTER CONTROLS THE UNIVERSE (FOX); ED (NBC); FRASIER (NBC); IN-LAWS (NBC); ABBY (UPN); ENTERPRISE (UPN); GIRLFRIENDS (UPN); HALF & HALF (UPN); ONE ON ONE (UPN); THE PARKERS (UPN); CHARMED (WB); DO OVER (WB); GREETINGS FROM TUCSON (WB); SABRINA, THE TEENAGE WITCH (WB); THE JAMIE KENNEDY EXPERIMENT (WB); and 7TH HEAVEN (WB). Generally, a network will license a specified number of episodes for exhibition on the network in the U.S. during a license period. Remaining distribution rights, including foreign and/or off-network syndication rights, are typically retained by the Company. The episodic network license fee is normally less than the costs of producing each series episode; however, the Company's objective is to recoup its costs and earn a profit through domestic syndication of episodes after their network runs and/or by obtaining international sales through its licensing operations. Foreign sales are generally made within one year of U.S. network runs. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication.

In off-network syndication, the Company distributes series such as CAROLINE IN THE CITY; CSI: CRIME SCENE INVESTIGATION; DIAGNOSIS MURDER; EARLY EDITION; EVERYBODY LOVES RAYMOND; FRASIER; JAG; MOESHA; SABRINA, THE TEENAGE WITCH; SISTER, SISTER; SPIN CITY; STAR TREK: VOYAGER; and TOUCHED BY AN ANGEL. The Company also distributes a library of older television programs, including THE ANDY GRIFFITH SHOW and HAPPY DAYS.

The Company produces and/or distributes programming for first-run syndication that it sells directly to television stations in the U.S. on a market-by-market basis. The Company's first-run syndicated programming includes shows such as BOB VILA'S HOME AGAIN, ENTERTAINMENT TONIGHT, HOLLYWOOD SQUARES, HOT TICKET, INSIDE EDITION, JEOPARDY!, JUDGE JOE BROWN, JUDGE JUDY, LIFE MOMENTS, MARTHA STEWART LIVING, MAXIMUM EXPOSURE, THE DR. PHIL SHOW, THE MONTEL WILLIAMS SHOW, THE OPRAH WINFREY SHOW and WHEEL OF FORTUNE. LIVING IT UP! WITH ALI AND JACK and UNEXPLAINED MYSTERIES are scheduled to be launched commencing in September 2003. The Company also distributes syndicated programming internationally.

The Company produces and distributes original television programming to basic cable program services (such as the television series THE DIVISION on Lifetime and DEAD ZONE on USA Network) including to services in which the Company has an interest. It also produces and/or distributes original television programming for premium subscription services, such as SOUL FOOD®, including for services in which the Company has an interest. The Company also co-produces and/or distributes original television programming initially for foreign television exhibition, including shows such as LARGO and the miniseries MESSIAH.

The recognition of revenues for license fees for completed television programming in syndication and on basic cable is similar to that of feature films exhibited on television with license fees recorded as revenue in the year that programming is available for exhibition which, among other reasons, may cause substantial fluctuation in the Television segment's operating results. At December 31, 2002, the unrecognized revenues attributable to television program license agreements were approximately \$380.9 million, compared to approximately \$460.1 million at December 31, 2001.

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Infinity (15%, 16% and 14% of the Company's consolidated revenue in 2002, 2001 and 2000)

Infinity's operations are focused on the out-of-home media business with operations in radio broadcasting through INFINITY RADIO, and outdoor advertising through VIACOM OUTDOOR. The Radio Stations and Outdoor Advertising Displays table below sets forth selected information with regard to Infinity's radio stations and outdoor advertising displays in the top 25 U.S. radio markets. Infinity benefits by offering both radio and outdoor advertising properties in the largest markets. Infinity characterizes its radio and outdoor advertising businesses as out-of-home because a majority of radio listening, and virtually all viewing of outdoor advertising, takes place in automobiles, transit systems, on the street and other locations outside the consumer's home. Infinity's growth strategy generally is to acquire out-of-home media properties in the largest markets. Beginning January 1, 2003, the Company operates the INFINITY segment as two segments, RADIO and OUTDOOR. Future disclosure of segment results will conform to this new presentation.

Infinity Radio. INFINITY RADIO, which owns and operates 185 radio stations serving 41 markets, is one of the largest operators of radio stations in the U.S. Approximately 91% of the Company's radio stations are located in the 50 largest U.S. radio markets. INFINITY RADIO's focus on large markets makes it more appealing to advertisers, enables it to attract more highly skilled management, employees and on-air talent, and enables it to more efficiently manage its business and generate higher levels of cash flow than would be the case if it managed a larger number of smaller stations. Infinity owns the CBS RADIO NETWORK, which is managed by Westwood One, Inc.

INFINITY RADIO seeks to maintain substantial diversity among its radio stations in many respects. The geographically wide-ranging stations serve diverse target demographics through a broad range of programming formats, such as rock, oldies, news/talk, adult contemporary, sports/talk and country, and INFINITY RADIO has established leading franchises in news, sports, and personality programming. The overall mix of each radio station's programming is designed to fit the station's specific format and serve its local community. This diversity provides advertisers with the convenience to select stations to reach a targeted demographic group or to select groups of stations to reach broad groups of consumers within and across markets. This diversity also reduces INFINITY RADIO's dependence on any single station, local economy, format or advertiser. INFINITY RADIO's general programming strategy includes acquiring significant on-air talent and the rights to broadcast sports franchises and news content for its radio stations. This strategy, in addition to developing loyal audiences for its radio stations, creates the opportunity to obtain additional revenues from syndicating such programming franchises to other radio stations.

As of March 14, 2003, Infinity owns approximately 15% of the common stock of Westwood One, Inc., which it manages pursuant to a management agreement. Westwood One is one of the leading producers and distributors of syndicated and network radio programming in the U.S. and distributes syndicated and network radio programming to the Company's radio stations as well as to competitors of Infinity. Westwood One does not own or operate radio stations.

Outdoor Advertising. VIACOM OUTDOOR sells advertising space on various media, including billboards, bulletins, buses, bus shelters and benches, trains, train platforms and terminals throughout commuter rail systems, mall posters and phone kiosks. It has outdoor advertising operations in more than 90 markets in North America, including all 50 of the largest metropolitan markets in the U.S., 14 of the 15 largest metropolitan markets in Canada and all of the 45 largest metropolitan markets in Mexico. Additionally, the Company has the exclusive rights to manage advertising space within the London Underground and on more than 90% of the buses in London and the United Kingdom, has the exclusive rights to public transit advertising in the Republic of Ireland and parts of Northern Ireland, and has a variety of outdoor advertising displays in the Netherlands, France, Italy, Spain, Finland and Puerto Rico.

The substantial majority of Infinity's radio and outdoor advertising revenues are generated from the sale of local, regional and national advertising. The major categories of out-of-home advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies, entertainment and services. Seasonal revenue fluctuations are common in the out-of-home media industry and are primarily the result of fluctuations in advertising expenditures by retailers. Infinity's revenues are typically lowest in the first quarter and highest in the fourth quarter.

Radio Stations and Outdoor Advertising Displays

The following table sets forth certain selected information with regard to the Company's radio stations and outdoor advertising displays as of March 1, 2003 in the top 25 U.S. radio markets:

Market	2002 Market Rank By Metro Area Population(1)	Radio			Outdoor		
		Stations	AM/FM	Format	Display Type		
New York, NY	1	WCBS-FM	FM	Oldies	Bus, Bus Shelters, Rail, Billboards, Walls, Trestles, "Spectacular Signage," Bulletins, Posters, Mall Posters		
		WCBS	AM	News			
		WFAN	AM	Sports			
		WINS	AM	News			
		WNEW	FM	Talk			
		WXRK	FM	Alternative Rock			
Los Angeles, CA	2	KCBS-FM	FM	Classic Rock	Bus, Bus Shelters, Kiosks, Bulletins, Walls, Posters, Mall Posters		
		KFWB	AM	News			
		KLSX	FM	Talk			
		KNX	AM	News			
		KROQ	FM	Alternative Rock			
				KRTH		FM	Oldies
		KTWV	FM	Smooth Jazz			
Chicago, IL	3	WBBM-FM	FM	Rhythmic Contemporary Hit Radio	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters		
		WBBM	AM	News			
		WCKG	FM	Talk			
		WJMK	FM	Oldies			
		WSCR	AM	Sports			
				WUSN		FM	Country
				WXRT		FM	Adult Alternative Rock
San Francisco, CA	4	KCBS	AM	News	Bus, Bus Shelters, Rail, Cable Cars, Bulletins, Walls, Posters, Mall Posters		
		KFRC-FM	FM	Oldies			
		KFRC	AM	Oldies			
		KITS	FM	Alternative Rock			
		KLLC	FM	Modern Adult Contemporary			
				KYCY		AM	Talk
		KKWV	FM	Rhythmic Adult Contemporary			
Dallas-Fort Worth, TX	5	KLUV	FM	Oldies	Bus, Walls, Bulletins, Mall Posters		
		KOAI	FM	Smooth Jazz			
		KRBV	FM	Rhythmic Contemporary Hit Radio			
		KRLD	AM	News/Talk			
		KVIL	FM	Adult Contemporary			
				KYNG		FM	Talk
Philadelphia, PA	6	KYW	AM	News	Bus, Bus Shelters, Rail, Bulletins, Mall Posters		
		WIP	AM	Sports			
		WOGL	FM	Oldies			
		WPHT	AM	Talk			
				WYSP		FM	Rock
Houston, TX	7	KHJZ	FM	Smooth Jazz	Bulletins, Mall Posters		
		KIKK	AM	Business			
		KILT-FM	FM	Country			
		KILT	AM	Sports			
Washington, D.C.	8	WARW	FM	Classic Rock	Bus, Rail, Mall Posters, Walls		
		WHFS	FM	Alternative Rock			
		WJFK-FM	FM	Talk			
		WPGC-FM	FM	Urban			
		WPGC	AM	Gospel			

Market	2002 Market Rank By Metro Area Population(1)	Radio			Outdoor
		Stations	AM/FM	Format	Display Type
Boston, MA	9	WBCN	FM	Alternative Rock	Bus, Rail, Mall Posters
		WBMX	FM	Hot Adult Contemporary	
		WBZ	AM	News/Talk	
		WODS	FM	Oldies	
				WZLX	
Detroit, MI	10	WKRK	FM	Talk	Bus, Bulletins, Posters, Mall Posters, Walls
		WOMC	FM	Oldies	
		WVMV	FM	Smooth Jazz	
		WWJ	AM	News	
				WXYT	
		WYCD	FM	Country	
Atlanta, GA	11	WAOK	AM	Gospel	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
		WVEE	FM	Urban	
		WZGC	FM	Classic Rock	
Miami-Ft. Lauderdale, FL	12	—	—	—	Bulletins, Mall Posters, Kiosks
Puerto Rico	13	—	—	—	Bulletins, Posters
Seattle-Tacoma, WA	14	KBKS	FM	Country	Bus, Bulletins, Mall Posters
		KMPS	FM	Country	
		KYCW	AM	Adult Contemporary Hit Radio	
		KYPT	FM	80's Pop Rock	
				KZOK	

Phoenix, AZ	15	KOOL KZON KMLE	FM FM FM	Oldies Alternative Rock Country	Bus Shelters, Bulletins, Posters, Mall Posters, Benches
Minneapolis, MN	16	WCCO WLTE WXPT KCCO	AM FM FM AM	News/Talk Adult Contemporary Modern Adult Contemporary Business Talk	Bus, Bulletins, Mall Posters
San Diego, CA	17	KPLN KYYX	FM FM	Classic Rock Adult Contemporary	Bus, Bus Shelters, Bulletins, Posters, Mall Posters
Nassau-Suffolk, NY(2)	18	—	—	—	Bus, Bulletins
Baltimore, MD	19	WBGR WBMD WJFK WLIF WQSR WWMX WXYV	AM AM AM FM FM FM FM	Gospel Religion Sports Lite Music Oldies Hot Adult Contemporary Talk	Mall Posters, Bus Shelters
St. Louis, MO	20	KEZK KMOX KYKY	FM AM FM	Soft Rock News/Talk Hot Adult Contemporary	Bulletins, Posters, Mall Posters
Tampa-St. Petersburg, FL	21	WLLD WQYK-FM WQYK WYUU WRBQ WSJT	FM FM AM FM FM FM	Rhythmic Contemporary Hit Radio Country Sports/Talk Country Oldies Smooth Jazz	Bulletins, Mall Posters, Walls
Denver, CO	22	KDJM KIMN KXKL	FM FM FM	Jammin' Oldies Adult Contemporary Oldies	Bus, Bus Shelters, Benches, Bulletins, Posters, Mall Posters

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Market	2002 Market Rank By Metro Area Population(1)	Radio			Outdoor
		Stations	AM/FM	Format	Display Type
Pittsburgh, PA	23	KDKA WBZZ WDSY WZPT	AM FM FM FM	News/Talk Contemporary Hit Radio Country Hot Adult Contemporary	Bus, Bulletins, Mall Posters
Portland, OR	24	KVMX KINK KLTH KUFO-FM KUPL-FM KUPL	FM FM FM FM FM AM	80's Pop Rock Adult Album Alternative Smooth Jazz Album Oriented Rock Country Talk	Bulletins, Mall Posters, Walls
Cleveland, OH	25	WNCX WDOK WQAL WXTM	FM FM FM FM	Classic Rock Soft Adult Contemporary Hot Adult Contemporary Alternative Rock	Bus, Bulletins, Mall Posters, Rail

(1) Market Rank based on Fall 2002 Market Survey Schedule and Population Ranking as provided by Arbitron Radio.
(2) Sub-market of New York City. INFINITY RADIO's New York City radio stations serve Nassau-Suffolk.

Entertainment (15%, 15% and 17% of the Company's consolidated revenue in 2002, 2001 and 2000)

The Entertainment segment's principal businesses are PARAMOUNT PICTURES, which produces and distributes motion pictures; the publishing and distribution of consumer books and multimedia products, under the SIMON & SCHUSTER and other imprints; PARAMOUNT PARKS, which operates five regional theme parks and a themed attraction in the U.S. and Canada; FAMOUS PLAYERS™, which operates movie theaters in Canada; and FAMOUS MUSIC®.

Theatrical Motion Pictures. Through PARAMOUNT PICTURES, the Company produces, finances and distributes feature motion pictures. Each picture is a separate and distinct product with its financial success dependent upon many factors, among which cost and public response are of fundamental importance. In general, motion pictures produced or acquired for distribution by PARAMOUNT PICTURES are exhibited in U.S. and foreign theaters followed by videocassettes and DVDs, pay-per-view television, premium subscription television, network television, basic cable television and syndicated television exploitation. During 2002, PARAMOUNT PICTURES produced, co-produced or acquired, and theatrically released, 19 feature motion pictures in the U.S., including WE WERE SOLDIERS, CHANGING LANES, THE SUM OF ALL FEARS, STAR TREK NEMESIS, NARC and THE HOURS; and CROSSROADS, presented in association with MTV FILMS; ORANGE COUNTY, MARTIN LAWRENCE LIVE: RUNTELDAT and JACKASS THE MOVIE, each of which was produced by MTV FILMS, and CLOCKSTOPPERS, HEY ARNOLD! THE MOVIE and THE WILD THORNBERRYS MOVIE, each of which was produced by NICKELODEON MOVIES, and released by PARAMOUNT PICTURES. PARAMOUNT PICTURES currently plans to release approximately 15 films in 2003 (which release plans may change due to a variety of factors), including HOW TO LOSE A GUY IN 10 DAYS, which was released in February 2003, THE HUNTED, which was released in March 2003, THE CORE, THE ITALIAN JOB, LARA CROFT TOMB RAIDER: THE CRADLE OF LIFE, BEYOND BORDERS and TIMELINE; THE RUGRATS GO WILD, produced by NICKELODEON MOVIES, and THE FIGHTING TEMPTATIONS, produced by MTV FILMS; and THE PERFECT SCORE, presented in association with MTV FILMS.

PARAMOUNT CLASSICS®, a division of PARAMOUNT PICTURES, released nine films in 2002 including MEAN MACHINE, FESTIVAL IN CANNES, MOSTLY MARTHA and THE WAY HOME. PARAMOUNT CLASSICS was established to handle the distribution of specialized film product. PARAMOUNT CLASSICS currently plans to release approximately eight titles in 2003 (which release plans may change due to a variety of factors).

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In seeking to limit PARAMOUNT PICTURES' financial exposure, the Company has pursued a strategy of entering into agreements to share the financing of certain films with other parties. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In various of these arrangements, other parties control certain distribution and/or other ownership rights.

PARAMOUNT PICTURES generally distributes its motion pictures for theatrical release outside the U.S. and Canada through United International Pictures ("UIP"), a company owned by the Company and an affiliate of Universal Studios, Inc. ("Universal"). Pursuant to an agreement, UIP will continue to distribute each studio's films through 2006. PARAMOUNT PICTURES distributes its motion pictures on videocassettes and DVDs in the U.S. and Canada through PARAMOUNT HOME ENTERTAINMENT™ and outside the U.S. and Canada, generally through PARAMOUNT HOME ENTERTAINMENT INTERNATIONAL. PARAMOUNT PICTURES' feature films initially theatrically released in the U.S. on or after January 1, 1998 are exhibited exclusively (to U.S. premium subscription television) on SHOWTIME and THE MOVIE CHANNEL. PARAMOUNT PICTURES also distributes its motion pictures for premium subscription, free and basic cable television release outside the U.S. and licenses its motion pictures to residential and hotel/motel pay-per-view, airlines, schools and universities.

License fees for exhibition on broadcast and/or basic cable television are generally collected in installments. License fees for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the year that licensed films are available for such exhibition, which, among other reasons, may cause substantial fluctuation in PARAMOUNT PICTURES' operating results. At December 31, 2002 and December 31, 2001, the unrecognized revenues attributable to such licensing of completed films from PARAMOUNT PICTURES' license agreements were approximately \$948 million and \$1.0 billion, respectively. At December 31, 2002, PARAMOUNT PICTURES had approximately 1,100 motion pictures in its library. The Company also has a library of additional motion picture titles, most of which comprise the SPELLING ENTERTAINMENT™ library.

Publishing. SIMON & SCHUSTER publishes and distributes adult and children's consumer books and CD-ROM products in the U.S. and internationally. SIMON & SCHUSTER's major imprints include SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS. SIMON & SCHUSTER also develops special imprints and publishes titles based on MTVN, PARAMOUNT PICTURES and SHOWTIME products as well as that of third parties and distributes products for other publishers. SIMON & SCHUSTER distributes its products directly and through third parties. SIMON & SCHUSTER also delivers content and promotes its products on Internet sites operated by various imprints or linked to individual titles.

In 2002, SIMON & SCHUSTER published 85 titles that were New York Times bestsellers, including 18 New York Times number one bestsellers. Best-selling titles released by its Adult Publishing Group in 2002 include "FROM A BUICK 8" by Stephen King; "DADDY'S LITTLE GIRL" by Mary Higgins Clark; "BUSH AT WAR" by Bob Woodward; "THE MULBERRY TREE" by Jude Deveraux; the Pulitzer Prize-winner "JOHN ADAMS" by David McCullough; "A MIND AT A TIME" by Mel Levine, M.D.; and "THE RIGHT WORDS AT THE RIGHT TIME" by Marlo Thomas. Best-selling titles published by the Children's Publishing Division include "AMERICA" by Lynne Cheney; Robert Sabuda's "THE NIGHT BEFORE CHRISTMAS"; "GIGGLE, GIGGLE, QUACK" by Doreen Cronin; Kay Thompson's "ELOISE TAKES A BAWTH"; and several series featuring characters from popular NICKELODEON programs.

SIMON & SCHUSTER AUDIO® publishes audio editions of prominent works published by SIMON & SCHUSTER and by other publishers, as well as the PIMSLER® line of language instruction. Major titles released as audiobooks in 2002 include Grammy Award-nominee "LUCKY MAN" by Michael J. Fox, "BUSH AT WAR" by Bob Woodward, and "THE MAN IN THE BLACK SUIT" by Stephen King. CD-ROM titles are published by SIMON & SCHUSTER INTERACTIVE®. SIMON & SCHUSTER

ONLINE™, through SimonSays.com, publishes original content, builds reader communities, and promotes and sells SIMON & SCHUSTER's books and products over the Internet.

International publishing includes the international distribution of English-language titles through SIMON & SCHUSTER UK™ and SIMON & SCHUSTER AUSTRALIA™ and other distributors, as well as the publication of local titles by SIMON & SCHUSTER UK and SIMON & SCHUSTER AUSTRALIA. In 2002, SIMON & SCHUSTER acquired Distican, the longtime exclusive distributor of its books and products in Canada, which now conducts business as SIMON & SCHUSTER CANADA.

The consumer publishing marketplace is subject to increased periods of demand in the summer months and during the end-of-year holiday season. Major new title releases represent a significant portion of SIMON & SCHUSTER's sales throughout the year. SIMON & SCHUSTER's top ten accounts drive a significant portion of its annual revenue. Consumer books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Company is subject to global trends and local economic conditions. On January 31, 2002, the Company announced that its publishing operation would be integrated with the Viacom Entertainment Group. As a result, effective January 1, 2002, the Company presents its publishing business as part of the Entertainment segment.

Parks. PARAMOUNT PARKS owns and operates five regional theme parks and a themed attraction in the U.S. and Canada: Paramount's CAROWINDS®, in Charlotte, North Carolina; PARAMOUNT'S GREAT AMERICA™, in Santa Clara, California; Paramount's KINGS DOMINION™, located near Richmond, Virginia; Paramount's KINGS ISLAND™, located near Cincinnati, Ohio; Paramount CANADA'S WONDERLAND®, located near Toronto, Ontario; and the themed attraction, STAR TREK: THE EXPERIENCE®, at the Las Vegas Hilton, a futuristic, interactive environment based on the popular television and movie series. Each of the theme parks features attractions, products and live shows based on various intellectual properties of the Company. In fall 2001, PARAMOUNT PARKS entered into an agreement to manage and operate Terra Mítica, a theme park located in the province of Valencia in Benidorm, Spain. In the first quarter of 2003, PARAMOUNT PARKS entered into an agreement to manage Bonfante Gardens, a family-oriented garden theme park in Gilroy, California.

A substantial amount of PARAMOUNT PARKS' income is generated during its seasonal operating period. Factors such as local economic conditions, competitors and their actions, and weather conditions during the operating season may impact the business' performance.

Theatrical Exhibition. The Company's movie theater operations include FAMOUS PLAYERS which is operated through a wholly owned subsidiary of the Company, in Canada. At December 31, 2002, FAMOUS PLAYERS operated approximately 822 screens in 87 theaters across Canada. UNITED CINEMAS INTERNATIONAL, a 50%-owned joint venture of entities affiliated with the Company and Universal, operated as of December 31, 2002, approximately 1,120 screens in 121 theaters in the U.K., Ireland, Germany, Austria, Spain, Japan, Italy, Poland, Portugal, Argentina, Brazil, Panama and Taiwan. The Company also

owns a 50% interest in two entities which operate approximately 148 screens in 24 theaters under the name MANN THEATRES, the substantial majority of which are located in California.

Music Publishing. The FAMOUS MUSIC publishing companies own, control and/or administer all or a portion of the copyrights to more than 125,000 musical works (songs, scores, cues). These rights include the right to license and exploit such works, as well as the right to collect income generated by such licensing and exploitation and are principally derived from (i) agreements entered into by PARAMOUNT PICTURES, PARAMOUNT TELEVISION, SPELLING TELEVISION, MTVN and various other divisions of the Company respecting certain motion pictures, television programs and other properties produced by such units and (ii) agreements entered into directly by FAMOUS MUSIC with songwriters and music publishers, including exclusive songwriting agreements, music administration agreements and catalog purchases.

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Video (23%, 22% and 25% of the Company's consolidated revenue in 2002, 2001 and 2000)

The Company operates in the retail home video business, which includes both the rental and sale of films on videocassette ("VHS") and DVD as well as the rental and sale of video games, through its approximately 80.4% equity interest in Blockbuster Inc. As of December 31, 2002, BLOCKBUSTER operated approximately 6,900 stores and its franchisees operated approximately 1,600 stores in the U.S., its territories and 28 other countries. BLOCKBUSTER stores operate primarily under the highly recognized BLOCKBUSTER brand name. BLOCKBUSTER also operates a Web site, blockbuster.com, primarily for the purpose of supporting its stores and driving store revenues through promotional offers.

During 2002, BLOCKBUSTER increased its focus on the sale of new movies and games as a complement to its rental offering in order to accommodate increased demand for retail product. As part of its increased focus on product sales, BLOCKBUSTER expanded its selection of movies for sale, as well as its selection of games software and hardware. In particular, BLOCKBUSTER capitalized on increased consumer interest in purchasing DVDs, through aggressive merchandising, and continued to increase its DVD merchandise as a percentage of its total movie merchandise. Blockbuster also continued to take advantage of its ability to offer promotions that combine film rentals with sales of popular titles, thereby providing an alternative to the offerings that can be provided by a traditional retailer.

During 2002, reflecting BLOCKBUSTER's increased focus on DVDs and games, DVD rental revenues increased from 18.5% of its total rental revenues in 2001 to 39.0% of its total rental revenues in 2002; and game rental revenues increased from 10.6% of BLOCKBUSTER's total rental revenues in 2001 to 11.9% of its total rental revenues in 2002. Rental revenues generated by the eventual sale of previously rented movies increased 33.1%, which reflects in part the increased sales of previously rented DVDs, which BLOCKBUSTER is able to sell at a higher price point than previously rented VHS movies because of the popularity and durability of the format. During 2002, BLOCKBUSTER's revenues from movie and game sales increased 75.8% from 2001.

A competitive advantage that home video retailers, including BLOCKBUSTER, currently enjoy over most other movie distribution channels, except theatrical release, is the early timing of their "distribution window." Studios release their movies to different distribution channels at different points in time. The first distribution channel after theatrical release is home video on DVD and VHS. This distribution window is typically exclusive against most other forms of non-theatrical movie distribution, such as pay-per-view, video-on-demand, premium television, basic cable and network and syndicated television. The length of this exclusive distribution window for home video retailers varies, but has typically ranged from about 45 to 60 days for domestic video retailers. Thereafter, movies are made sequentially available to television distribution channels.

During the "distribution window" described above, studios currently release substantially all DVD titles and an increasing percentage of VHS titles at what are commonly referred to as "sell-through" prices. Studios release a movie title at sell-through prices when the movie is being initially promoted for simultaneous sale and rental. The sell through price to the home video retailer is low enough to allow for an affordable sales price by the retailer to the consumer from the beginning of the home video distribution window. This sell-through pricing not only facilitates sales to consumers, it also facilitates the ability of a video retailer to purchase sufficient quantities of a title to satisfy consumer rental demand. Prior to the growth in the sell-through priced DVD format, studios typically promoted a significant portion of their VHS movie titles primarily for rental at the beginning of the home video distribution window. Studios release a title that is to be promoted primarily for rental at a price to the home video retailer that is too high to allow for an affordable sales price by the retailer to the consumer at the beginning of the retail home video distribution window. As rental demand subsides, a studio will reduce pricing in order to then allow for reasonably priced sales to consumers. The initial period during which a movie is released with higher pricing is commonly referred to as the "rental window." There has generally not been a rental window for DVDs. Although the studios have continued to release some VHS movies with a rental

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window, the fact that studios are releasing sell-through priced DVDs at the same time that they are releasing the same movies on VHS has reduced the significance of the rental window and has led to the increased sell-through pricing for VHS movies. The availability of DVDs for simultaneous sale and rental from the beginning of the retail home video distribution window has served to accelerate consumer interest in the format. However, it has also served to increase competition from mass merchant retailers, as mass merchant retailers are generally much more competitive with regard to sell-through priced titles than videocassettes priced for rental.

BLOCKBUSTER currently purchases most DVDs for its U.S. company-operated stores directly from the studios on a title-by-title basis through purchase orders. In addition, it continues to increase the percentage of its VHS product that it purchases in this manner. This is in contrast to BLOCKBUSTER's historical method for purchasing most VHS rental product through "revenue-sharing" arrangements, which were attractive to studios when the production was initially promoted for rental. The increase in sell-through priced DVDs as a percentage of BLOCKBUSTER's product mix has decreased the significance of VHS, VHS revenue-sharing arrangements and the VHS rental window. The lower sell-through pricing for DVD product has enabled BLOCKBUSTER to acquire significant quantities of product with or without revenue sharing arrangements, which had required BLOCKBUSTER to purchase a minimum quantity of most titles released by the studios in exchange for minimal fixed payments by BLOCKBUSTER. BLOCKBUSTER continues to acquire some VHS titles under revenue-sharing arrangements, under which BLOCKBUSTER shares an agreed-upon percentage of its U.S. VHS rental revenues with a studio for a limited period of time. BLOCKBUSTER also obtains some DVD titles through revenue-sharing arrangements that allow it to share with the studios the upfront cost for the titles. BLOCKBUSTER continues to assess its various arrangements with the studios, and future arrangements could result in other changes in the DVD business model.

In BLOCKBUSTER's international markets, it purchases its movies on a title-by-title basis through purchase orders or through revenue-sharing or copy-depth arrangements. In addition, BLOCKBUSTER acquires product through sub-wholesalers appointed by the studios to distribute the studios' product in particular countries. BLOCKBUSTER's purchasing arrangements vary by country depending on factors such as the availability of the rental window and the availability of revenue-sharing arrangements.

BLOCKBUSTER receives substantially all of its videocassettes, DVDs and games at its 850,000 square foot distribution center located near Dallas, Texas and distributes them directly to its stores. BLOCKBUSTER's franchisees are generally responsible for obtaining their own supplies and coordinating their own distribution system unless they participate under BLOCKBUSTER's revenue-sharing arrangements.

There is a distinct seasonal pattern to the home video and video games business, with particularly weaker business in April and May, due in part to improved weather and Daylight Saving Time, and in September and October, due in part to the start of school and the introduction of new television programs.

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COMPETITION

The Company competes with many different types of entities and media in various markets. Its business segments generally compete with similar businesses of other diversified international entertainment companies such as AOL Time Warner, News Corporation, Sony Corporation, The Walt Disney Company and Vivendi Universal.

Cable Networks

MTV Networks. MTVN competes for advertising revenue with other basic cable and broadcast television networks, radio, online and print media. For basic cable television networks such as the MTVN services, advertising revenues derived by each program service depend on the number of households subscribing to the service through local cable operators and other distributors, in addition to household and demographic viewership as determined by research companies such as Nielsen Media Research. MTVN services compete with other cable services and broadcast television for the acquisition of popular programming. MTVN's strategy is generally to differentiate its services to provide advertising buyers with an efficient way to reach viewers in particular demographic categories. For example, Nickelodeon generally provides advertisers with an efficient way to reach viewers 2-11 years old. Programming blocks for children are currently exhibited on a number of U.S. broadcast television networks, including, among others, "Fox Kids," "Kids' WB" and a Saturday morning block on ABC, all of which compete with NICKELODEON for advertising revenue. In addition to the foregoing, there are also a number of other U.S. cable television program services specifically targeting children-oriented programming, including the Cartoon Network, the Disney Channel and the ABC Family Channel. In addition to the competition referred to above, NICKELODEON competes internationally with other television program services and blocks targeted at children for distribution by cable, satellite and other systems, and for distribution license fees and advertising revenue. In the United States, Nickelodeon is a significant seller of advertising oriented toward this demographic.

MTVN services also compete with other program services for channel space and compensation for carriage from cable television operators, DTH and other multichannel distributors. In general, the principal focus of competition for distribution comes with respect to MTVN's services that are not already distributed within a particular cable or DTH system. For such program services, distributors select services based on various considerations, including amounts paid by programmers for launches, subscription fees payable by distributors, and appeal to the distributors' subscribers, among others.

Certain major record companies operate music-based program services outside the U.S., including, but not limited to: Channel V, which is jointly owned and operated in Asia and Australia by Star TV and four major record labels; and Viva and Viva 2, German-language music channels distributed in Germany and owned in large part by four major record labels. These music-based program services, as well as general entertainment and other program services, compete with MTVN's program services for distribution by cable, DTH and other systems, and for distribution license fees and advertising revenues.

BET: Black Entertainment Television. BET properties generally face competition for advertising revenue from other African-American-targeted media, including other cable networks that target BET's African-American audience; African-American-oriented radio stations; magazines such as *Ebony*, *Black Enterprise*, *Jet* and *Essence*; and black-oriented television. More specifically, the BET CABLE NETWORK, BET JAZZ, BET GOSPEL and BET HIP HOP compete with other cable programming services for available channel space and for subscriber fees from cable, DTH and other distributors. Consolidation among distributors has increased the intensity of this competition. The BET CABLE NETWORK and BET JAZZ also compete for advertising revenues with other national cable programming services, broadcast networks, local over-the-air television stations, broadcast radio and print media. In addition, BET EVENT PRODUCTIONS competes with other event production companies for events, venues,

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musical artists and sponsorship and advertising revenues. BET BOOKS competes with other publishers generally, and particularly with those publishers that target its specific audience.

For 2002, according to the Nielsen Media Research report (December 31, 2001—December 29, 2002), the Company's basic cable networks had the following percentage shares in the total day basic cable networks category: approximately 36% (for viewers ages 2-24), 31% (for viewers ages 2-34), 25% (for viewers ages 12-34), and 18% (for viewers ages 18-49).

Showtime Networks Inc. Competition among premium subscription television program services in the U.S. is primarily dependent on: (i) the acquisition and packaging of an adequate number of recently released theatrical motion pictures and the production, acquisition and packaging of original motion pictures, original series and other original programs; and (ii) the offering of prices, marketing and advertising support and other incentives to cable, DTH and other distributors for carriage so as to favorably position and package SNI's premium subscription television program services to subscribers. HBO is the dominant company in the U.S. premium subscription television category, offering two premium subscription television program services, the HBO service and Cinemax. SNI competes with HBO but has a significantly smaller share of the premium subscription television category. Starz Encore Group L.L.C. owns Starz!, another premium subscription television program service, which features recently released theatrical motion pictures and competes with SNI's and HBO's premium program services.

Television

The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the acquisition of popular programming and the development of audience interest through programming and promotions in order to sell advertising at profitable rates. Broadcast networks like CBS and UPN compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC and WB, independent television stations, basic cable program services as well as other media, including satellite television services, videocassettes, DVDs, print and the Internet. In addition, the CBS and UPN television networks compete with these other broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. According to Nielsen Media Research, for the broadcast television primetime daypart for the period September 23, 2002 to March 16, 2003, CBS television network secured the #1 position for total viewers and strengthened its #2 position for key adult viewers ages 25-54.

Television stations compete for programming, for audiences and for advertising revenues with other stations in their respective coverage areas and, in some cases, with other station groups for programming, and in the case of advertising revenues, with other local and national media. The owned and operated television stations' competitive position is largely influenced by (i) the strength of the CBS and UPN television networks, and, in particular, the viewership of the CBS television network in the time period immediately prior to the late evening news; (ii) the quality of the syndicated programs and local news programs in time periods not programmed by the network; and (iii) in some cases, by the quality of the broadcast signal.

Because an extended conversion to digital television broadcasting has begun, current and future technological developments may affect competition within the television marketplace. Television broadcasters will continue to operate their current analog stations while gradually building and operating digital facilities concurrently on separate channels. In the U.S., the transition period from analog to digital transmission is conditionally set to end in the year 2006, at which time, subject to the extensions that the FCC is permitted by statute to grant upon the request of any television station if certain levels of digital television penetration have not been met in that station's market, current rules would require broadcasters

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to return one of their two channels, allowing that spectrum to be recovered for other uses (see "Viacom Business Segments—Regulation—Broadcasting").

As a producer and distributor of programming, the Company competes with studios, television production groups, and independent producers and syndicators such as Disney, NBC, Sony, Universal and Warner Bros. to sell programming both domestically and overseas.

Infinity

The Company's radio stations and outdoor advertising properties compete for audience, advertising revenues and programming directly with other radio stations and/or outdoor advertising companies such as ABC Radio, Cox Radio, Emmis Communications, Entercom, Lamar Advertising, Radio One and Clear Channel Communications, as well as with other media, such as broadcast television, newspapers, magazines, cable and satellite television, the Internet and direct mail, within their respective markets. The growth of Internet radio could bring increased competition, in part depending on the royalty rates for music used on Internet radio set by Copyright Arbitration Royalty Panels and/or through negotiations with rightsholders.

The radio and outdoor advertising industry is also subject to competition from new media technologies that are being developed or introduced, such as the delivery of audio programming by cable television systems, by satellite and by terrestrial delivery of digital audio radio services ("DARS"). Two satellite-delivered audio programming services, Sirius and XM Satellite Radio, are now operational, each providing approximately 100 channels of pay audio services. While primarily pay services, advertising time is currently being sold by XM Satellite Radio on some of their channels and no regulation prohibits Sirius from adding advertising as well. The FCC also has a pending proceeding which contemplates the use of digital technology by existing AM and FM radio broadcast stations to both improve sound quality and provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters. The FCC has authorized use of an in-band on-channel ("IBOC") digital technology developed by iBiquity Digital Corporation on FM stations full-time and on AM stations day-time only. The Company has tested the IBOC technology on certain of its stations and licensed the technology for use by several of its stations. The Company has an ownership interest in iBiquity. The Company cannot predict the impact of new media technology on its business.

INFINITY RADIO's aggregate spot advertising sales revenues for its radio stations for 2002 in each of the top five U.S. markets by metro area population were ranked either #1 or #2, according to the 2002 Market Total Spot Performance Summary of Miller, Kaplan, Arase & Co., LLP (for the New York, Los Angeles, San Francisco and Dallas-Fort Worth markets) and the 2002 Cluster Radio Revenue Report of Hungerford Aldrin Nichols & Carter, PC (for the Chicago market).

Entertainment

Theatrical Motion Pictures. The Company competes with other major studios such as Disney, Dreamworks, Fox, MGM, Sony, Universal and Warner Bros. and independent film producers in the production and distribution of motion pictures, videocassettes and DVDs. PARAMOUNT PICTURES' competitive position primarily depends on the quality of the product produced, its distribution and marketing success, and public response. The Company also competes to obtain creative talent and story properties which are essential to the success of all of the Company's entertainment businesses.

Publishing. The consumer publishing business is highly competitive and has been affected by consolidation trends. Recent years have brought a number of significant mergers among the leading consumer publishers. The book superstore remains a significant factor in the industry contributing to the general trend toward consolidation in the retail channel. There have also been a number of mergers completed in the distribution channel. The Company must compete with other publishers such as Random

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House, Penguin Group and Harper Collins for the rights to works by well-known authors and public personalities.

Parks. During the last four years, the regional theme park industry has experienced increased consolidation. The Company competes with other highly-capitalized, multi-park entertainment corporations. In order to compete effectively, the Company must differentiate its products through its access to entertainment intellectual property and brands and by investing capital to attract repeat customers. The Company believes that its intellectual properties enhance

existing attractions and facilitate the development of new attractions, which encourage visitors to the PARAMOUNT PARKS theme parks. The Company's theme parks also compete with other forms of leisure entertainment.

Video

BLOCKBUSTER operates in a highly competitive environment. The Company believes that BLOCKBUSTER's most significant competition comes from (i) video stores and other retailers that rent or sell movies and/or games and (ii) providers of direct delivery home viewing entertainment.

Video stores and other retailers that rent or sell movies include, among others, (i) local, regional and national video and games stores; (ii) mass merchant retailers such as Wal-Mart, Best-Buy and Target; (iii) toy and entertainment retailers; (iv) supermarkets, pharmacies and convenience stores; and (v) online retailers and mail order services. The Company believes that the principal factors that BLOCKBUSTER faces in competing with video and game stores and other retailers are (a) convenience and visibility of store locations; (b) quality, quantity and variety of titles in the desired format; (c) pricing; and (d) customer service.

With the development of new technologies, a competitive risk to BLOCKBUSTER's video store business comes from direct broadcast satellite, digital cable television and internet delivery. Direct broadcast satellite, digital cable and "traditional" cable providers not only offer numerous channels of conventional television, but they also offer pay-per-view movies which permit a subscriber to pay a fee to see a selected movie. Because of the increased availability of channels, direct broadcast satellite and digital cable providers have been able to enhance their pay-per-view business by (i) substantially increasing the number and variety of movies they can offer their subscribers on a pay-per-view basis; and (ii) providing more frequent and convenient start times for the most popular movies. Pay-per-view allows the consumer to avoid trips to the video store for rentals and returns of movies, which also eliminates the chance they will incur additional costs for keeping a movie beyond its initial rental term. However, pay-per-view also does not allow the consumer to start, stop and rewind the movie or fully control start times. As a result, some digital cable providers and a limited number of Internet content providers have begun implementing technology referred to as "video-on-demand," which technology transmits movies on demand with interactive capabilities such as start, stop and rewind. In addition, some cable providers are introducing subscription video-on-demand, which allows consumers to pay a flat fee per month for access to a selection of content with fast forward, stop and rewind capabilities.

A competitive advantage that the home video retail industry currently enjoys over most other movie distribution channels, including pay-per-view, is the early timing of the video retail "distribution window" (see "Viacom Business Segments—Video"). Studio pricing for films that are released to home video retailers has historically been based on whether or not a studio desires to promote a film for both rental and sale to the consumer, or primarily for rental, from the beginning of the home video distribution window. Currently, substantially all DVDs are released at lower sell-through prices, which mean prices that are low enough to allow for an affordable sales price by the retailer to the consumer from the beginning of the home video distribution window. This sell-through pricing has accelerated consumer interest in the format but has also served to increase competition from mass merchant retailers (see "Viacom Business Segments—Video"). BLOCKBUSTER's business could be negatively affected if the studios adversely change their distribution windows; if sell-through pricing of DVDs results in consumer preference for

buying, rather than renting, movies and BLOCKBUSTER is unable to increase rental market share, to replace profits from rentals with profits from sales of sell-through product, or to otherwise positively affect gross profits, such as through increased pricing or cost reductions; and/or if new technologies become widely accepted by consumers.

REGULATION

The Company's businesses are either subject to or affected by regulations of federal, state and local governmental authorities. The rules, regulations, policies and procedures affecting these businesses are constantly subject to change. The descriptions which follow are summaries and should be read in conjunction with the texts of the statutes, rules and regulations described herein. The descriptions do not purport to describe all present and proposed statutes, rules and regulations affecting the Company's businesses.

Intellectual Property

Domestic and international laws affecting intellectual property are of significant importance to the Company.

Copyright Treaties. Delegates to the World Intellectual Property Organization adopted a proposed Copyright Treaty which was ratified by 30 nations, including the U.S., and became effective on March 6, 2002. The Copyright Treaty updates the Berne Convention, last revised in 1971, and addresses copyright protection for new technologies that have emerged since that time. Because the Treaty includes important copyright protections for the digital transmission of content, the Treaty is likely to have a positive impact on the Company. The U.S. implementing legislation for the Copyright Treaty, known as the Digital Millennium Copyright Act ("DMCA") also affords important copyright protections, including civil and criminal penalties for the manufacture of, or trafficking in, devices that circumvent copyright protection technologies such as encryption and scrambling, and for the act of circumventing such technologies to gain unauthorized access to a copyrighted work. The DMCA also amends the U.S. Copyright Act (the "Copyright Act") by creating a new statutory license concerning certain rights related to digital transmissions of sound recordings. The statute provides that new statutory rates for each license will be set either through voluntary negotiations between the interested parties or through Copyright Arbitration Royalty Panels.

Copyright Term Extension. In October 1998, Congress passed legislation extending the copyright term an additional twenty years. The extended term is life of the author plus 70 years for authored works and 95 years for works-made-for-hire. This extension puts the U.S. copyright term on par with the European Community. Term extension should have a beneficial effect for the Company over time, including with respect to important publishing properties which otherwise would have passed into the public domain in the next several years. In January 2003, the U.S. Supreme Court upheld the constitutionality of Congress' action in extending the term.

Compulsory Copyright License.

Multichannel Distributors Other Than DTH. The Copyright Act provides a compulsory license for the retransmission of broadcast signals by multichannel video distributors such as cable television, MMDS (Multipoint Multichannel Distribution Systems) and SMATV (Satellite Master Antenna Television) operators. The compulsory license fees paid by cable, MMDS and SMATV operators for the retransmission of distant broadcast signals are currently established by statute. These amounts are then divided among the copyright owners of programs contained in such distant broadcast signals by

consideration in return for consenting to the retransmission of their signals by multichannel video distributors.

DTH. In November 1999, Congress enacted the Satellite Home Viewer Improvement Act ("SHVIA") to extend and reform original legislation which created a temporary compulsory license that allowed satellite carriers to import broadcast signals to those homes that were unable to receive over-the-air their local network-affiliated television signals. The legislation also created a temporary compulsory license that allowed satellite carriers to import non-network stations' signals. This compulsory license was to expire at the end of 1999. Through the 1999 SHVIA legislation, Congress extended the compulsory license until December 31, 2004, and set statutory compulsory license fees for these distant signals. These amounts are then divided among the copyright owners of programs contained in such broadcast signals by agreement or binding arbitration. In addition, Congress created a new and permanent compulsory license for the retransmission of local network broadcast signals back into the local market, the so-called "local-into-local" provision. Unlike the above mentioned compulsory license, the local signal compulsory license is royalty-free, but local stations may elect to negotiate consideration in return for consenting to the retransmission of their signals by satellite carriers.

First Sale Doctrine. The copyright "First Sale" doctrine provides that in the U.S. the owner of a legitimate copy of a copyrighted work may use or dispose of it in such manner as the owner sees fit, including by renting it. The First Sale doctrine does not apply to sound recordings or computer software (other than software made for a limited purpose computer, such as a video game platform) for which the Copyright Act vests a rental right (i.e., the right to control the rental of the copy) in the copyright holder. The repeal or limitation of the First Sale doctrine (or conversely, the creation of a rental right vested in the copyright holder) for audiovisual works or for computer software made for limited purpose computers would have an adverse impact in the U.S. on the Company's home video and game rental business. In August 2001, the U.S. Copyright Office released its study on the First Sale doctrine in the digital age and determined that no changes were warranted. The First Sale doctrine does not exist in many countries where the copyright owner retains the rental rights to a copyrighted work. In these countries the right to rent home video works is obtained through a licensing arrangement or a purchase with the right to rent arrangement.

Domain Name Protections. In 1999, Congress enacted legislation to address the practice of domain name piracy. The legislation is designed to limit the practice of registering an Internet address of an established trademark with the hopes of selling the Internet address to the affected company. This legislation, together with the Uniform Domain Name Dispute Resolution Policy, an online arbitration procedure which provides additional safeguards against such registrations, is particularly important since additional top level domains are continuing to be introduced, which may increase the number of domain name registrations.

Cable Networks

Cable Rate Regulation. The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") directed the FCC, among other things, to limit by regulation cable system rates for the "basic service tier" ("BST") (including retransmission consent and must carry broadcast signals and public, educational and governmental channels) and the "cable programming service tier" ("CPST") to a level not to exceed the rates that would be charged in the presence of effective competition. Programming offered on a per-channel or per-program basis is exempt from rate regulation.

Although all rate regulation of the CPST expired on March 31, 1999, local franchising authorities remain responsible for regulating the BST. The Company believes that cable rate regulation adversely affects its non-premium cable program services which rely on cable operator license fee support, along with advertising revenues, to maintain the quantity and quality of programming. Rate regulation in this

area tends to erode cable operator incentives to invest in programming and particularly in start-up program services.

Online Music Royalties. MTVN, on behalf of its Web sites, and BET Interactive, LLC, on behalf of BET.com, currently obtains much of its Web site content from record labels, music publishers and artists. MTVN and BET Interactive also obtain certain rights to some of its Web site content, such as performance rights of song composers and non-interactive rights to digital transmission of recordings, pursuant to statutory compulsory licenses. The royalties payable for such licenses are established periodically by Copyright Arbitration Royalty Panels.

Broadcasting

General. Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act. The Communications Act prohibits the operation of broadcasting stations except pursuant to licenses 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 and other laws, including requirements affecting the content of broadcasts; 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 and satellite television systems and other electronic media that compete with broadcast stations.

License Assignments and Renewals. The Communications Act requires prior FCC approval for the assignment of a license or transfer of control of an FCC licensee. 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.

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 have an official position or ownership interest, known as an "attributable" interest, above a

specific level in broadcast stations as well as in other specified mass media entities. In September 2002, the FCC initiated a rulemaking proceeding (the "Omnibus Ownership Review") for the purpose of comprehensively reviewing its broadcast ownership rules, including the local radio ownership rule, the local television ownership rule, the national television ownership cap, the dual network rule, the newspaper-broadcast cross-ownership rule and the radio-television cross-ownership rule. The Company has filed comments urging the FCC to repeal all of the broadcast ownership rules and to defer to the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission on issues of potential over-concentration. Action on the FCC rulemaking is not expected before late spring 2003. The current ownership rules are briefly summarized below.

Local Radio Ownership. The maximum allowable number of radio 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 the top 50 markets where INFINITY RADIO has significant holdings, the rule generally permits the common ownership of eight radio stations, no more than five of which may be either AM or FM. The FCC is considering possible changes to its method of defining local radio markets as part of a proceeding initiated in December 2000 and since incorporated into the Omnibus Ownership Review.

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Local Television Ownership. The FCC's local television ownership rule permits parties to own up to two television stations in the same market, referred to as designated market areas ("DMA"), so long as at least one of the two stations is not among the top four-ranked stations in the market based on audience share as of the date an application for approval of an acquisition is filed with the FCC, and at least eight independently owned and operating full-power television stations remain in the market following the acquisition. Further, without regard to numbers of remaining or independently owned TV stations, the FCC will permit ownership of two television stations within the same DMA so long as certain signal contours of the stations involved do not overlap. The U.S. Court of Appeals for the D.C. Circuit has ordered the FCC to reconsider its rationale for the type of media to include in the eight-voice limit. In the Omnibus Ownership Review, the FCC is considering this question, as well as whether to retain or modify the local television ownership rule.

The Company has two television stations in the same DMA in the following eight television markets: Los Angeles, Philadelphia, San Francisco, Boston, Dallas-Fort Worth, Detroit, Miami, and Pittsburgh.

National Television Ownership Cap. On the national level, the FCC imposes a 35% 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% of all U.S. television households. For purposes of calculating the total number of television households in a particular television station's DMA, the FCC attributes UHF television stations with only 50% percent of the television households in their respective DMA.

After divestitures and station swaps following the merger with CBS, the television stations currently held by the Company have an aggregate national audience reach for purposes of the national ownership cap of approximately 39%. In connection with the Viacom/CBS Merger, the FCC ordered the Company to come into compliance with the national television ownership cap by May 4, 2001. However, the Company and others challenged the national ownership limit in federal court and the FCC-mandated divestiture was stayed pending an order of the court. On February 19, 2002, the U.S. Court of Appeals for the D.C. Circuit found the FCC's 1998 decision not to repeal or to modify the national ownership cap to be arbitrary and capricious and remanded the rule to the FCC for further consideration of whether to repeal or modify the rule. On March 28, 2002, the FCC ordered that the Company will have until 12 months after the issuance of a final FCC decision on remand to file any application that may be necessary to come into compliance with any limits that may exist at that time.

Newspaper-Broadcast Cross-Ownership Rule. The FCC's Newspaper-Broadcast Cross-Ownership Rule, enacted in 1975, provides that no party shall own a radio or television station in the same market in which the same party also owns a daily newspaper. There are, however, approximately 40 grandfathered newspaper-broadcast combinations in existence and the FCC has granted four permanent waivers of the rule since its inception. As part of the Omnibus Ownership Review, the FCC has asked for comments on a wide range of proposals regarding this rule, including whether it should retain the rule in its current form, modify either the geographic coverage areas or the media covered by the rule, apply a market concentration or market voice count test, or eliminate the rule completely.

Dual Network Rule. In 1996, Congress directed the FCC to liberalize the dual network rule, which then generally prohibited television stations from affiliating with an entity that maintained more than one national broadcast network. In April 2001, the FCC eliminated the application of the dual network rule to the UPN and WB networks. The remaining provision of the current dual network rule prohibits any of the four major networks—ABC, CBS, FOX and NBC—from combining.

Radio-Television Cross-Ownership Rule. The radio-television cross-ownership rule permits common ownership or control of one or more radio stations, whether AM, FM or both, and one television station (or two television stations, if such combination is permitted by the local television ownership rule) in the

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same market. The rule embodies a graduated test based on the number of independently owned media voices in the local market. In the largest markets, common ownership of seven radio stations and one television station, or six radio stations and two television stations, is allowed. The Company owns radio and television stations in the Los Angeles, San Francisco and Baltimore markets in excess of this limit. With respect to the Los Angeles and San Francisco markets, the Company has applications pending before the FCC that if granted would bring the Company into compliance with the rule. The Company has asked the FCC to extend the deadline for divestiture in Baltimore.

Attribution of Ownership. Under the FCC's attribution rules, a direct or indirect purchaser of various types of securities of the Company could violate FCC regulations or policies if that purchaser owned or acquired an "attributable" interest in other media properties in a manner prohibited by the FCC. Under the FCC's rules, an "attributable" interest for purposes of the FCC'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 the licensee's total weekly programming, or has an attributable same-market media interest, whether television, radio, cable or newspaper; a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the criterion is a 20% or greater voting stock interest; any equity interest in a limited liability company or a partnership, including a limited partnership, unless properly "insulated" from management activities; and any position as an officer or director of a licensee or of its direct or indirect parent.

The FCC is not considering changes to the attribution rules in the Omnibus Ownership Review. In a separate proceeding, however, the FCC is reviewing its single majority voting shareholder attribution exemption. In January 2001, the FCC eliminated this exemption, which previously had rendered as non-attributable voting interests up to 49% in a licensee controlled by a single majority voting shareholder. Minority interests acquired prior to December 14, 2000 were grandfathered. In December 2001, following a court decision which found the FCC's elimination of the exemption to be arbitrary and capricious with respect to certain cable ownership rules, the FCC suspended enforcement of the elimination of the single majority shareholder exemption in the broadcast context pending the outcome of a rulemaking in which the FCC is reconsidering this matter.

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 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. The Company periodically surveys its public shareholders to ascertain compliance with this statute.

Digital Television Service. The FCC has taken a number of steps to implement digital television broadcasting service in the U.S. 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 over-the-air video program signal at least comparable in resolution to the station's analog programming transmissions.

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The FCC required all commercial television stations to begin broadcasting a digital signal by May 1, 2002. With the exception of the UPN-affiliated stations in Pittsburgh, Oklahoma City and Providence, all of the Company's stations are transmitting digital broadcasts that comply with the FCC's requirements. These three UPN-affiliated stations are not broadcasting a digital signal because the FCC has yet to grant the Company authorization to construct the digital facilities for them. The FCC's plan conditionally calls for the digital television transition period to end in the year 2006, at which time current rules would require television broadcasters to cease non-digital broadcasting and return one of their two channels to the government, allowing that spectrum to be recovered for other uses. As provided by statute, however, the FCC is required to extend the end of the transition at the request of individual broadcast licensees on a market-by-market basis if one or more of the four largest network stations or affiliates is not broadcasting in digital, digital-to-analog converter technology is not generally available, or 15% or more television households are not receiving a digital signal. The Company will incur considerable costs in the conversion to digital television and is unable to predict the extent or timing of consumer demand for any such digital television services.

Cable and Satellite Carriage of Television Broadcast Stations. Under the 1992 Cable Act and implementing FCC regulations, cable television operators are prohibited from retransmitting the signal of a commercial television station unless the station consents or chooses mandatory carriage. Every three years, each station must elect, with respect to cable systems within its DMA, either "must carry" status, pursuant to which the cable system's carriage of the station is mandatory, or "retransmission consent," pursuant to which the station gives up its right to mandatory carriage in order to seek consideration in return for consenting to carriage. When stations elect mandatory carriage, cable operators are required to carry them on a tier of service provided to every subscriber, and in certain channel positions designated in the 1992 law. Cable operators are prohibited from degrading a television station's signal, but are not required to carry duplicative signals or video that is not considered primary. Television stations may file complaints with the FCC against cable operators for non-compliance with the mandatory carriage requirements; in addition, both cable operators and television stations may file petitions with the FCC either to expand or to contract a commercial television station's market for broadcast signal carriage purposes. In general, the Company's stations have elected the retransmission consent option for cable carriage for the three-year period that began January 1, 2003. The Company is still in the process of negotiating retransmission consent agreements with some cable operators, but in all cases the cable systems continue to carry the stations' signals.

In 1999, Congress enacted SHVIA, which permits satellite carriers to retransmit a local television station's signal into its local market without copyright liability, subject to the consent of the local broadcaster. Further, until the end of 2004, the satellite carrier may retransmit distant network signals to certain households unserved by local network affiliates. Finally, beginning on January 1, 2002, satellite carriers were required to carry the signals of all local broadcast stations, if they so request, in local markets in which the satellite carrier carries at least one signal under the local-to-local compulsory license. Every three years, each station must elect "must carry" or "retransmission consent" status, in a manner similar to that described above with respect to cable systems. Almost all of the Company's owned and operated television stations are being transmitted into their local markets by the two major satellite carriers, either through retransmission consent agreements or mandatory carriage elections.

The foregoing relates to cable and satellite carriage of analog television broadcast stations. Although a single programming stream transmitted by each digital television station will be required to be carried on both distribution platforms after the end of the digital television transition period, the FCC does not currently require either satellite or cable operators to carry both a station's analog and digital signals during the transition period.

Digital Audio Radio Service. The FCC has authorized various digital audio radio services. In January 1995, the FCC adopted rules to allocate spectrum for satellite-delivered digital audio radio services. Two satellite-delivered audio programming services have launched, Sirius and XM Satellite

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Radio, each providing approximately 100 channels of pay audio services. While primarily pay services, advertising time is currently being sold by XM Satellite Radio on some of its channels and no regulation prohibits Sirius from adding advertising as well. The FCC also has a pending proceeding which contemplates the use of digital technology by existing AM and FM radio broadcast stations both to improve sound quality and to provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters. The FCC has authorized use of an IBOC digital technology developed by iBiquity Digital Corporation on FM stations full-time and on AM stations day-time only. The Company has tested the IBOC technology on certain of its stations and licensed the technology for use by several of its stations. The Company has an ownership interest in iBiquity. The Company cannot predict the impact of new media technology on its business.

Outdoor Advertising

The outdoor advertising industry is subject to extensive governmental regulation in the U.S. at the federal, state and local levels. These regulations include restrictions on the construction, repair, upgrading, height, size and location of and, in some instances, content of advertising copy being displayed on outdoor advertising structures.

Federal law, principally the Highway Beautification Act of 1965 (Highway Beautification Act), encourages states, by the threat of withholding 10% of the federal appropriations for the construction and improvement of highways within such states, to implement state legislation to prohibit billboards located within 660 feet of, or visible from, interstate and primary highways, except in commercial or industrial areas where off-site signage is permitted provided it meets spacing and size restrictions. All of the states have implemented regulations at least as restrictive as the Highway Beautification Act. The Highway Beautification Act, and the various state statutes implementing it, requires payment of just compensation whenever governmental authorities require legally erected and maintained billboards to be removed from areas adjacent to federally-aided highways.

State and local jurisdictions have, in some cases, passed additional and more restrictive regulations applicable to the construction, repair, upgrading, height, size and location of outdoor advertising structures adjacent to federally-aided highways and other thoroughfares. In some cases, the construction of new billboards or the relocation or modification of existing billboards is prohibited. A number of cities including New York City, Los Angeles and Miami have implemented or initiated legislative billboard controls including imposing taxes, fees and registration requirements in an effort to decrease or restrict the number of outdoor signs. The Company contests such laws and regulations that may adversely impact its constitutional or other legal rights and unlawfully restrict the growth of the outdoor advertising business. In addition, from time to time, governmental authorities order the removal of billboards by the exercise of eminent domain. Thus far, the Company believes it has been able to obtain satisfactory compensation for its structures removed at the direction of governmental authorities, although there is no assurance that it will be able to continue to do so in the future.

Outdoor advertising in Canada is subject to regulation at the federal, provincial and municipal levels. These regulations may prohibit advertising of certain products on outdoor signs in certain locations. In Mexico, the placement of outdoor billboards is primarily regulated at the local level. For example, Mexico City regulates the placement of billboards near historical monuments. In France, outdoor advertising is regulated at the national, regional and local levels, including the regulation of content and the duration of certain contracts.

To date, regulations in the Company's outdoor advertising markets have not materially adversely affected its operations. However, the outdoor advertising industry is heavily regulated and at various times and in various markets can be expected to be subject to varying degrees of regulation affecting the operation of advertising displays. Accordingly, although the Company's experience to date is that the

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regulatory environment is not unduly restrictive, no assurance can be given that existing or future laws or regulations will not adversely affect the Company.

Video

BLOCKBUSTER is subject to various regulations affecting its business, including state and local advertising, consumer protection, credit protection, licensing, zoning, land use, construction, health and safety, environmental, and minimum wage and other labor and employment regulations. BLOCKBUSTER must also comply with various federal, state and local laws that govern the access and use of its video stores by disabled people and the disclosure and retention of customer records, including laws pertaining to the use of BLOCKBUSTER's customer transaction database.

BLOCKBUSTER is also subject to the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" and state laws and regulations that govern (i) the offer and sale of franchises and (ii) franchise relationships. These regulations require BLOCKBUSTER to furnish each prospective franchisee with a current franchise offering circular prior to the offer or sale of a franchise. In addition, a number of states require that BLOCKBUSTER comply with that state's registration or filing requirements prior to offering or selling a franchise in the state and provide a prospective franchisee with a current franchise offering circular complying with the state's laws, prior to the offer or sale of the franchise. BLOCKBUSTER intends to maintain a franchise offering circular that complies with all applicable federal and state franchise sales and other applicable laws.

BLOCKBUSTER is also subject to a number of state and international laws and regulations that regulate some substantive aspects of the franchisor-franchisee relationship, including (i) those governing the termination or non-renewal of a franchise agreement; (ii) requirements that the franchisor deal with its franchisees in good faith; (iii) prohibitions against interference with the right of free association among franchisees; and (iv) those regulating discrimination among franchisees in charges, royalties or fees.

Compliance with federal and state franchise laws is costly and time-consuming, and no assurance can be given that BLOCKBUSTER will not encounter difficulties or delays in this area or that it will not require significant capital for franchising activities.

INTELLECTUAL PROPERTY

It is the Company's practice to protect its theatrical and television product, software, publications and its other original and acquired works. The following logos and trademarks and related trademark families are among those strongly identified with the product lines they represent and are significant assets of the Company: VIACOM®, BLOCKBUSTER®, CBS®, CBS ENTERTAINMENT™, CBS NEWS™, CBS SPORTS™, UPN®, INFINITY RADIO®, VIACOM OUTDOOR™, BET®, CMT®: COUNTRY MUSIC TELEVISION™, MTV MUSIC TELEVISION®, NICK AT NITE®, NICKELODEON®, TNN: THE NATIONAL NETWORK™, TV LAND®, VH1 MUSIC FIRST®, PARAMOUNT®, PARAMOUNT PICTURES®, FAMOUS MUSIC®, SPELLING TELEVISION®, BIG TICKET TELEVISION®, VIACOM PRODUCTIONS®, KING WORLD®, PARAMOUNT PARKS®, ENTERTAINMENT TONIGHT®, STAR TREK®, SHOWTIME®, THE MOVIE CHANNEL™, FLIX®, SIMON & SCHUSTER® and POCKET BOOKS®.

EMPLOYEES AND LABOR MATTERS

At December 31, 2002, the Company employed approximately 120,630 people, of which approximately 61,280 were full-time salaried employees.

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FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by segment and relating to foreign and domestic operations for each of the last three years ending December 31, is set forth in Note 14 to the Consolidated Financial Statements.

AVAILABLE INFORMATION

Viacom Inc.'s Web site address is www.viacom.com. Viacom Inc. makes available free of charge on or through its Web site at <http://viacom.com/shareholder.tin> its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Such material is made available through the Company's Web site as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference into this Annual Report on Form 10-K including "Item 7 Management's Discussion and Analysis of Results of Operations and Financial Condition," 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, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the 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 the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. More information about these risks, uncertainties and other factors is set forth on pages II-35 to II-36 of "Management's Discussion and Analysis of Results of Operations and Financial Condition." There may be additional risks, uncertainties and factors that the Company does not currently view as material or that are not necessarily known. The forward-looking statements included in this document are only made as of the date of this document and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot make any assurance that projected results or events will be achieved.

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Item 2. *Properties.*

The Company maintains its world headquarters at 1515 Broadway, New York, New York, where it rents approximately 1.2 million square feet for executive offices and certain of its operating divisions. The lease for the majority of the space runs to 2010, with four renewal options for five years each thereafter. The Company also leases the following major facilities in New York City for certain of its operating divisions: (a) approximately 548,000 square feet of office space at 1633 Broadway, New York, New York, which lease runs to 2010, and (b) approximately 237,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2009. The Company owns the building located at 51 West 52nd Street New York, New York containing approximately 900,000 square feet which is utilized for executive and certain operating division offices or is leased to third parties, and the CBS Broadcast Center complex located on approximately 3.7 acres at 524 West 57th Street and consists of approximately 860,000 square feet. The Company also owns 3 studio facilities in California: (a) the Paramount Pictures studio at 5555 Melrose Avenue, Los Angeles, California, located on approximately 65 acres, (b) the CBS Studio Center at 4204 Radford Avenue, Studio City, California, located on approximately 40 acres, and (c) CBS Television City at 7800 Beverly Boulevard, Los Angeles, California, located on approximately 11 acres. PARAMOUNT PARKS' operations in the U.S. include approximately 1,950 acres owned and 108 acres leased and in Canada include approximately 380 acres owned. BLOCKBUSTER's headquarters at 1201 Elm Street, Dallas, Texas consists of approximately 245,000 square feet of leased space and its distribution center in McKinney, Texas consists of approximately 850,000 square feet of leased space.

The Company also owns and leases office, studio, retail and warehouse space, broadcast, antenna and satellite transmission facilities and outdoor advertising throughout the U.S., Canada and several countries around the world for its businesses. The Company considers its properties adequate for its present needs.

Item 3. *Legal Proceedings.*

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative micarta, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2002, the Company had pending approximately 103,800 asbestos claims, as compared to approximately 106,000 as of December 31, 2001 and approximately 100,000 as of December 31, 2000. The 2001 and 2000 numbers of claims included approximately 7,100 claims and 1,900 claims, respectively, on an inactive docket in Baltimore which would not be counted as pending under the Company's current methodology. In addition, the pending claim count was reduced by approximately 24,000 claims as a result of the Supreme Court of New York's order dated December 2002 establishing a deferred docket of claimants alleging minimal or no impairment. Of the claims pending as of December 31, 2002, approximately 73,900 were pending in state courts, 27,100 in federal court and approximately 2,800 were third party claims. During 2002, the Company received approximately 49,400 new claims and closed approximately 18,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

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Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs in 2002 and 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$28 million and \$21 million, respectively. A portion of such costs relates to claims settled in prior years.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased primarily by exposure to asbestos, lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure, other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The total number of asbestos claims filed during 2002 has declined relative to 2001 primarily as a result of a decline in claims filed on behalf of individuals who have not identified the claimed injury or who are asymptomatic as to an alleged asbestos-related disease. Claims identified as cancer remain a small percentage of asbestos claims pending at December 31, 2002. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort claims arising from historical operations of the Company and its predecessors.

Antitrust. In March 2001, after a series of judicial rulings, three individuals remained as plaintiffs in a complaint filed in the United States District Court for the Western District of Texas against the Company, Blockbuster, Paramount Home Entertainment, and other major motion picture studios and their home video subsidiaries. They asserted, among other things, that the Company, Blockbuster and the studios conspired to fix the prices of videos to retailers and distributors, engaged in discriminatory pricing, and conspired to restrain competition. They were seeking treble damages for themselves and injunctive relief under both federal and California state law. In July 2002, judgment was entered in favor of the defendants. Plaintiffs have appealed the judgment to the Fifth Circuit Court of Appeals. In January 2001, a similar complaint was filed in California in a Los Angeles County Superior Court by over 200 individual plaintiffs seeking class certification and monetary damages against the same defendants. In January 2002, the California court denied the plaintiffs' request for class certification, and the plaintiffs have appealed that decision to a California appellate court. By order dated February 20, 2003, the California state court judge dismissed with prejudice all claims against the defendants. The Company believes that the plaintiffs' position in these litigations is without merit and intends to continue to defend itself vigorously in the litigations.

Blockbuster Securities Actions. During February and March 2003, three putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas claiming violations of the Securities Exchange Act of 1934 and seeking a class determination for purchasers of Blockbuster stock for the approximately eight-month period between April and December 2002. Certain members of Blockbuster's senior management are also named as defendants. A shareholder derivative action arising from the same operative facts was filed in February 2003 in the same court; and another shareholder derivative action was filed in March 2003 in the 160th Judicial District Court for Dallas County, Texas claiming breach of fiduciary duties for an approximately three-week period from late April through mid-May 2002. These actions named certain Blockbuster directors, some of whom are directors and/or executive officers of the Company, and certain members of Blockbuster's senior management, as individual defendants, and Blockbuster as a nominal defendant. Responses have not yet

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been filed to any of these lawsuits. The Company believes the plaintiffs' positions in these lawsuits are without merit and intends to vigorously defend these matters.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows. (See Item 7. "Management's Discussion and Analysis of Results of Operations and Financial Condition.")

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

Not Applicable

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EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information concerning the executive officers of the Company as of March 1, 2003.

Name	Age	Title
Sumner M. Redstone	79	Chairman of the Board of Directors and Chief Executive Officer
Mel Karmazin	59	President and Chief Operating Officer and Director
Richard J. Bressler	45	Senior Executive Vice President and Chief Financial Officer
Carl D. Folta	45	Senior Vice President, Corporate Relations
Robert G. Freedline	45	Senior Vice President and Treasurer
Michael D. Fricklas	43	Executive Vice President, General Counsel and Secretary
Susan C. Gordon	49	Senior Vice President, Controller and Chief Accounting Officer
Carol A. Melton	48	Senior Vice President, Government Affairs
William A. Roskin	60	Senior Vice President, Human Resources and Administration
Martin M. Shea	59	Senior Vice President, Investor Relations

None of the executive officers of the Company is related to any other executive officer or director by blood, marriage or adoption except that Brent D. Redstone and Shari Redstone, Directors of the Company, are the son and daughter, respectively, of Sumner M. Redstone.

Mr. Redstone has been a Director of the Company since 1986 and Chairman of the Board since 1987 and Chief Executive Officer since 1996. Mr. Redstone has served as Chairman of the Board of NAI since 1986 and Chief Executive Officer of NAI since 1967. He also served as President of NAI from 1967 through 1999. He is a member of the Advisory Council for the Academy of Television Arts and Sciences Foundation and on the Board of Trustees for The Museum of Television and Radio. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. Since 1982, Mr. Redstone has been a member of the faculty of Boston University Law School, where he has lectured on entertainment law, and since 1994, he has been a Visiting Professor at Brandeis University. He has also been a frequent lecturer at colleges, including Harvard Law School. Mr. Redstone graduated from Harvard University in 1944 and received an LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as Law Secretary with the U.S. Court of Appeals, and then as a Special Assistant to the U.S. Attorney General. He served as Director of Infinity until the Infinity Merger. Mr. Redstone is a Director of Blockbuster.

Mr. Karmazin has been President and Chief Operating Officer of the Company and a member of the Board of Directors since May 2000. Mr. Karmazin served as President and Chief Executive Officer of CBS Corporation from January 1999 until the Viacom/CBS Merger. He was President and Chief Operating Officer of CBS Corporation from April 1998 through December 1998. Mr. Karmazin joined CBS Corporation in December 1996 as Chairman and Chief Executive Officer of CBS Radio and served as Chairman and Chief Executive Officer of the CBS Station Group (Radio and Television) from May 1997 to April 1998. Prior to joining CBS, Mr. Karmazin served as President and Chief Executive Officer of Infinity from 1981 until its acquisition by CBS Corporation in December 1996. Mr. Karmazin served as Chairman, President and Chief Executive Officer of Infinity from December 1998 until the Infinity Merger. Mr. Karmazin is Vice Chairman of the Board of Trustees for The Museum of Television and Radio and is a Director of Blockbuster, the New York Stock Exchange, Inc. and Westwood One, Inc. Mr. Karmazin was a Director of CBS Corporation at the time of the Viacom/CBS Merger and was a Director of Infinity until the Infinity Merger.

Mr. Bressler has been Senior Executive Vice President and Chief Financial Officer of the Company since May 2001. Before joining the Company, Mr. Bressler was Executive Vice President of AOL Time Warner Inc. and Chief Executive Officer of AOL Time Warner Investments. Prior to that, Mr. Bressler served in various capacities with Time Warner Inc., including as Chairman and Chief Executive Officer of

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Time Warner Digital Media. He also served as Executive Vice President and Chief Financial Officer of Time Warner Inc. from March 1995 to June 1999. Mr. Bressler serves on the National Advisory Committee of JPMorgan Chase and is a Director of Blockbuster.

Mr. Folta was elected Senior Vice President, Corporate Relations of the Company in November 1994. Prior to that, he served as Vice President, Corporate Relations of the Company from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining the Company in April 1994.

Mr. Freedline was elected Senior Vice President and Treasurer of the Company in May 2002. Prior to that, he served as Vice President and Treasurer of the Company from May 2000 to May 2002. From May 1998 to May 2000, he served as Vice President and Controller of CBS Corporation. Mr. Freedline also served as Director of Business Planning and Development of CBS from June 1996 to May 1998.

Mr. Fricklas was elected Executive Vice President, General Counsel and Secretary of the Company in May 2000. From October 1998 to May 2000, he served as Senior Vice President, General Counsel and Secretary of the Company and from July 1993 to October 1998, he served as Deputy General Counsel of the Company. He served as Vice President, General Counsel and Secretary of Minorco (U.S.A.) Inc. from 1990 to 1993.

Ms. Gordon was elected Senior Vice President, Controller and Chief Accounting Officer of the Company in May 2002. Prior to that, she served as Vice President, Controller and Chief Accounting Officer of the Company from April 1995 to May 2002 and as Vice President, Internal Audit from October 1986 to April 1995. From June 1985 to October 1986, Ms. Gordon served as Controller of Viacom Broadcasting. She joined the Company in 1981 and held various positions in the corporate finance area.

Ms. Melton was elected Senior Vice President, Government Affairs of the Company in May 1997. Before joining the Company, Ms. Melton served most recently as Vice President, Law and Public Policy at Time Warner Inc., having joined Warner Communications Inc. in 1987. Prior to that, Ms. Melton served as Legal Advisor to the Chairman of the Federal Communications Commission and as Assistant General Counsel for the National Cable Television Association.

Mr. Roskin has been an executive officer of the Company since April 1988 when he became Vice President, Human Resources and Administration. In July 1992, Mr. Roskin was elected Senior Vice President, Human Resources and Administration of the Company. From May 1986 to April 1988, he was Senior Vice President, Human Resources at Coleco Industries, Inc. From 1976 to 1986, he held various executive positions at Warner Communications Inc., serving most recently as Vice President, Industrial and Labor Relations.

Mr. Shea was elected Senior Vice President, Investor Relations of the Company in January 1998. From July 1994 to May 1995 and from November 1995 to December 1997, he was Senior Vice President, Corporation Communications for Triarc Companies, Inc. From June 1995 through October 1995, he served as Managing Director of Edelman Worldwide. From 1977 until July 1994, Mr. Shea held various Investor Relations positions at Paramount Communications Inc., serving most recently as Vice President, Investor Relations.

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PART II

Item 5. Market for Viacom Inc.'s Common Equity and Related Stockholder Matters.

Viacom Inc. voting Class A Common Stock and Viacom Inc. non-voting Class B Common Stock are listed and traded on the New York Stock Exchange ("NYSE") under the symbols "VIA" and "VIA.B", respectively.

The following table sets forth, for the calendar periods indicated, the per share range of high and low sales prices for Viacom Inc.'s Class A Common Stock and Class B Common Stock, as reported on the NYSE.

	Voting Class A Common Stock		Non-Voting Class B Common Stock	
	High	Low	High	Low
2001				
1st quarter	\$ 59.50	\$ 38.40	\$ 59.13	\$ 37.90
2nd quarter	59.69	40.00	59.50	39.00
3rd quarter	53.40	28.62	53.20	28.25
4th quarter	48.20	32.65	48.01	32.00
2002				
1st quarter	\$ 51.89	\$ 36.50	\$ 51.89	\$ 36.40
2nd quarter	51.36	38.99	51.30	38.80
3rd quarter	45.00	29.79	44.90	29.75
4th quarter	47.82	36.95	47.83	36.95

Viacom Inc. has not declared cash dividends on its common stock for the periods presented above and has no present intention of so doing.

As of March 14, 2003, there were approximately 5,458 record holders of Viacom Inc. Class A Common Stock and 68,662 record holders of Viacom Inc. Class B Common Stock.

Information regarding the Company's equity compensation plans is incorporated by reference into Item 12 in Part III of this Form 10-K.

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Item 6. Selected Financial Data.

VIACOM INC. AND SUBSIDIARIES
(In millions, except per share amounts)

	Year Ended December 31,				
	2002(a)	2001(b)	2000(c)(d)	1999	1998(e)
Revenues	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7	\$ 12,858.8	\$ 12,096.1
Operating income	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9	\$ 1,247.3	\$ 751.6
Net earnings (loss) from continuing operations before cumulative effect of change in accounting principle	\$ 2,206.6	\$ (223.5)	\$ (363.8)	\$ 334.0	\$ (118.2)
Net earnings (loss)	\$ 725.7	\$ (223.5)	\$ (816.1)	\$ 334.0	\$ (122.4)
Net earnings (loss) attributable to common stock	\$ 725.7	\$ (223.5)	\$ (816.1)	\$ 321.6	\$ (149.6)
Basic earnings (loss) per common share:					
Net earnings (loss) from continuing operations before cumulative effect of change in accounting principle	\$ 1.26	\$ (.13)	\$ (.30)	\$.46	\$ (.21)
Net earnings (loss)	\$.41	\$ (.13)	\$ (.67)	\$.46	\$ (.21)
Diluted earnings (loss) per common share:					
Net earnings (loss) from continuing operations before cumulative effect of change in accounting principle	\$ 1.24	\$ (.13)	\$ (.30)	\$.45	\$ (.21)
Net earnings (loss)	\$.41	\$ (.13)	\$ (.67)	\$.45	\$ (.21)
At Year End:					
Total assets	\$ 89,754.2	\$ 90,809.9	\$ 82,646.1	\$ 24,486.4	\$ 23,613.1
Long-term debt from continuing operations	\$ 10,404.2	\$ 11,122.7	\$ 12,697.7	\$ 5,992.0	\$ 4,190.6
Total stockholders' equity	\$ 62,487.8	\$ 62,716.8	\$ 47,966.9	\$ 11,132.0	\$ 12,049.6

Viacom Inc. has not declared cash dividends on its common stock for any of the periods presented above. All share and per share amounts reflect a two-for-one stock split in 1999.

(a) As a result of the adoption of SFAS 142 "Goodwill and Other Intangible Assets", the Company recorded an after-tax non-cash charge of \$1.5 billion, net of \$336 million of minority interest, as a cumulative effect of a change in accounting principle.

(b) Results include a pre-tax primarily non-cash Video charge of \$395 million (\$198 million, net of minority interest and tax) for the elimination of less-productive VHS tapes; a charge of approximately \$75 million at MTV Networks related to a restructuring plan to reduce headcount and close certain international offices and a charge of \$53 million at UPN in connection with the Company's integration of UPN with CBS Network operations.

(c) As a result of the adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films," the Company recorded a non-cash after-tax charge of \$452 million as a cumulative effect of a change in accounting principle.

(d) On May 4, 2000, CBS Corporation merged with and into Viacom Inc., (the "Viacom/CBS Merger"), and effective from this date, its results of operations are included in the consolidated financial results of the Company.

(e) During the second quarter of 1998, Blockbuster recorded a pre-tax charge of approximately \$424 million (\$273 million, after-tax) representing an adjustment to the carrying value of rental tapes due to a change in the method of amortizing rental inventory.

See Notes to Consolidated Financial Statements for additional information on transactions and accounting classifications which have affected the comparability of the periods presented above.

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Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.
(Tabular dollars in millions)

Management's discussion and analysis of the results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and related Notes. Descriptions of all documents incorporated by reference herein or included as exhibits hereto are qualified in their entirety by reference to the full text of such documents so incorporated or included.

Overview

Viacom Inc., together with its consolidated subsidiaries ("Viacom" or the "Company") is a diversified worldwide entertainment company with operations, during 2002, in the following segments:

- **CABLE NETWORKS:** The Cable Networks segment consists of MTV Networks ("MTVN") including MTV MUSIC TELEVISION, NICKELODEON/NICK AT NITE, VH1 MUSIC FIRST, MTV2 MUSIC TELEVISION, TV LAND, NOGGIN, TNN: THE NATIONAL NETWORK, CMT: COUNTRY MUSIC TELEVISION; SHOWTIME NETWORKS INC. ("SNI"); and the BET CABLE NETWORK and BET JAZZ: THE JAZZ CHANNEL, among other program services. Cable Networks revenues are generated primarily from advertising sales and affiliate fees.
- **TELEVISION:** The Television segment consists of the CBS and UPN television networks, the Company's owned broadcast television stations, and its television production and syndication business, including KING WORLD PRODUCTIONS, and PARAMOUNT TELEVISION. Television generates revenues primarily from advertising sales and television license fees.
- **INFINITY:** The Infinity segment owns and operates 185 radio stations through INFINITY RADIO and owns and/or operates outdoor advertising properties through VIACOM OUTDOOR. Infinity revenues are generated primarily from advertising sales. Beginning January 1, 2003, the Company operates Infinity as two segments, RADIO and OUTDOOR. Future disclosure of segment results will conform to this new presentation.
- **ENTERTAINMENT:** The Entertainment segment includes PARAMOUNT PICTURES, which produces and distributes theatrical motion pictures; the publishing and distribution of consumer books and multimedia products, under imprints such as SIMON & SCHUSTER, POCKET BOOKS, SCRIBNER and THE FREE PRESS; PARAMOUNT PARKS, which owns and operates five theme parks and a themed attraction in the U.S. and Canada; and movie theater and music publishing operations. Entertainment revenues are generated primarily from feature film exploitation, publishing, theme park operations and movie theaters.
- **VIDEO:** The Video segment consists of an approximately 80.4% equity interest in Blockbuster Inc., which operates and franchises BLOCKBUSTER video stores worldwide. Video generates revenues primarily from its rental and retail sales of videocassettes, DVDs and games.

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The following table presents the contributions to consolidated revenues from each segment for the years ended December 31, 2002, 2001 and 2000:

	Percentage Contribution of Revenues by Segment Year Ended December 31,		
	2002	2001	2000
Cable Networks	19%	19%	20%
Television	30	31	27
Infinity	15	16	14
Entertainment	15	15	17
Video	23	22	25
Eliminations	(2)	(3)	(3)
Total	100%	100%	100%

The Company's consolidated revenues were \$24.6 billion, \$23.2 billion and \$20.0 billion for the year ended December 31, 2002, 2001 and 2000, respectively. The Company generated approximately 16%, 16% and 18% of its total revenues from international regions in 2002, 2001 and 2000, respectively. For the year ended December 31, 2002, approximately 56% and 23% of international revenues of \$4.0 billion were generated in Europe and Canada, respectively. For the year ended December 31, 2001, approximately 54% and 23% of total international revenues of \$3.8 billion were generated in Europe and Canada,

respectively. For the year ended December 31, 2000, approximately 54% and 23% of total international revenues of \$3.6 billion were generated in Europe and Canada, respectively.

The tables below present the Company's consolidated revenues by type and the percentage and amount of contribution of each type of revenue to consolidated revenues, net of intercompany eliminations, for each of the years ended December 31, 2002, 2001 and 2000, respectively.

	Revenues by Type Year Ended December 31,		
	2002	2001	2000
Advertising sales	\$ 11,225.4	\$ 10,723.2	\$ 8,143.6
Rental/retail sales	5,480.1	5,049.9	4,866.5
Affiliate fees	2,199.0	2,030.9	1,694.1
TV license fees	1,506.9	1,385.4	1,558.6
Features film exploitation	1,827.3	1,824.6	1,675.6
Other(a)	2,367.0	2,208.8	2,105.3
Total	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7

	Percentage of Revenues by Type Year Ended December 31,		
	2002	2001	2000
Advertising sales	46%	46%	41%
Rental/retail sales	22	22	24
Affiliate fees	9	9	8
TV license fees	6	6	8
Feature film exploitation	7	8	8
Other(a)	10	9	11
Total	100%	100%	100%

(a) Other primarily includes revenues from publishing, theme park operations, movie theaters, home video and royalties and fees.

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Consolidated Results of Operations—2002 vs. 2001 and 2001 vs. 2000

Revenues

For the year ended December 31, 2002, revenues of \$24.6 billion increased 6% from 2001 primarily driven by increases in advertising revenues, with additional contributions from increases in rental/retail sales, television license fees and affiliate fees. For the year ended December 31, 2001, revenues increased 16% to \$23.2 billion from 2000. Revenue increases resulted from higher advertising sales, rental/retail sales, feature film revenues and affiliate fees partially offset by a decrease in television license fees. 2000 results reflect only eight months of CBS operations effective from May 4, 2000 when CBS Corporation merged with and into the Company, (the "Viacom/CBS Merger").

Advertising sales increased 5% in 2002 led by increases of 12% in the Cable Networks segment, 4% in the Television segment and 2% in the Infinity segment. The aggregate increase in advertising revenue was driven primarily by increased units sold at cable networks, as well as increases in average unit rates and units sold at the broadcast network operations. The Company benefited from the recovery and strength of the advertising market in 2002, especially during the second half of the year. Early indications in 2003 suggest continuing improvement in the advertising market; however advertising sales are dependent upon various factors, including continued strong ratings, and the strength of the overall economy and the advertising market. In particular, world events, including war or terrorism, could have an adverse effect on the advertising market. Advertising sales growth in 2001 versus 2000 was driven by the Viacom/CBS Merger. Advertising revenues accounted for 46% of the Company's consolidated revenues for 2002 and 2001 and 41% for 2000.

Rental/retail sales for 2002 were up 9% in the video segment with rental sales growth of 3% and retail sales growth of 39%. Both rental and retail growth were driven by an increase in the number of company-operated stores of 495 and by the continuing strength of DVD and game products. DVD rental revenues represented 39% of total rental revenues in 2002 compared with 19% in 2001, and 7% in 2000. Rental/retail sales for 2001 increased 4% from 2000 with a 4% increase in both rental revenue and retail revenue driven by an increase in the number of company-operated stores of 158. DVD retail revenues more than doubled in 2002 from 2001 as a result of increased consumer demand. Retail revenues increased to 19% of total rental/retail revenues for the year ended December 31, 2002 compared with 15% in 2001 and 14% in 2000. The Company expects rental and retail DVD revenues to increase as a percentage of revenues in 2003 compared with 2002.

Affiliate fees for 2002 increased 8% over 2001 driven by increases at MTVN, SNI and BET reflecting rate increases at each of the networks as well as an increase in subscriber volume at MTVN's digital channels. Affiliate fees for 2001 increased 20% over 2000 driven by increases at MTVN and SNI, and the acquisition of BET in January 2001. Growth in 2001 versus 2000 at MTVN was principally due to the acquisition of TNN and CMT as part of the Viacom/CBS Merger as well as increases in both rate per subscriber and subscriber volume; growth at SNI reflected increases in both cable and direct broadcast satellite ("DBS") fees.

Television license fee revenues increased 9% in 2002 primarily from increased syndication revenues from cable sales and additional syndication revenues from the launch of THE DR. PHIL SHOW in 2002. Television license fees decreased 11% in 2001 compared with 2000 due to lower distribution fees and the absence of revenues from canceled shows.

Feature film revenues remained flat in 2002 versus 2001, and increased 9% in 2001 versus 2000 primarily from strong home video growth partially offset by lower theatrical revenues.

Operating Expenses

Operating expenses include the following major components:

- production expenses attributable to television programming and feature films which reflect the amortization of television and theatrical inventory costs including direct production costs, residuals and participation expenses, production overhead and acquisition costs, as well as costs attributable to radio programming expenses including on-air talent and other production costs;
- program amortization expenses reflecting the amortization of costs incurred to acquire rights to programming exhibited on the broadcast networks, cable networks and broadcast stations;
- costs of rental/retail sales and other video store operating expenses including amortization of the costs of videocassette, DVD and game inventory, revenue sharing expenses on rental inventory, store employee compensation expenses and occupancy expenses; and
- distribution expenses reflecting advertising and other distribution costs including residuals and participation expenses, incurred primarily with respect to theatrical and television product.

For the year ended December 31, 2002, operating expenses of \$14.9 billion increased 3% over operating expenses for 2001. For the year ended December 31, 2001, operating expenses of \$14.5 billion increased 24% over operating expenses for 2000. The changes in operating expenses were due to the following:

- Production and program amortization expenses for 2002 increased 4% versus 2001 driven by contractual increases in costs associated with series at the broadcast networks and increases at the Company-owned television stations due to new entertainment and sports programming investments. Production and program amortization expenses for 2001 increased 26% versus 2000 primarily reflecting a full year of expenses for CBS Network and stations, as well as radio stations, versus eight months in 2000 effective from the date of the Viacom/CBS Merger. The increase in 2001 was also driven by higher news production costs at the broadcast networks, increased expenses associated with higher syndication revenues, the change in mix of network series in 2001 compared with 2000, higher contractual rights fees associated with SUPER BOWL XXXV and increases for other sports properties at CBS Network.
- Costs of rental/retail sales and other video store operating expenses for 2002 increased 1% versus 2001 reflecting a shift in product mix and the net increase in the number of company-operated stores of 495, partially offset by the 2001 charge associated with Blockbuster's re-merchandising and store reconfiguration plans. Costs of rental/retail sales and other video store operating expenses for 2001 increased 14% versus 2000 reflecting the increase in the number of company-operated stores of 158 and the 2001 charge described above.
- Distribution expenses for 2002 increased 8% versus 2001 reflecting higher costs associated with prints and advertising due to the higher number of feature films partially offset by a decrease in other distribution costs. Distribution expenses for 2001 increased 13% versus 2000 reflecting higher print and advertising costs associated with a higher number of feature films in theatrical release during 2001.
- Other operating expenses for 2002 include outdoor advertising expenses, which increased 10% versus 2001 reflecting higher guarantee payments for transit contracts. Other operating expenses for outdoor increased significantly in 2001 versus 2000 as 2001 reflected twelve months of expenses for outdoor compared with eight months in 2000 and also reflected expenses for acquired outdoor properties.

Selling, General and Administrative Expenses

Selling, general and administrative expenses, which include expenses incurred to provide back office support, occupancy, selling and marketing costs, and incentive compensation, increased 3% to \$4.2 billion for 2002 from \$4.1 billion in 2001. For the year ended December 31, 2001, selling, general and administrative expenses of \$4.1 billion remained unchanged with the prior year reflecting costs savings across several divisions offset by an increase associated with a full year of expenses in 2001 from the Viacom/CBS Merger. Selling, general and administrative expenses as a percentage of revenues decreased to 17% for the year ended December 31, 2002 versus 18% for 2001 and 20% for 2000.

Included within selling, general and administrative expenses are residual costs, which primarily include pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses. Residual costs for 2002 versus 2001 decreased 22% to \$67.8 million due primarily to the recognition of actuarial gains for benefit plans of certain divested businesses. Residual costs increased 13% in 2001 versus 2000 as 2001 reflected a full year of costs compared with eight months in 2000, from the date of the Viacom/CBS Merger. In 2003, pension expense for the Company's pension plans, including plans associated with its divested businesses is expected to increase by approximately \$100 million primarily due to decreases in pension plan asset values and the expected rate of return on such assets.

Depreciation and Amortization

For the year ended December 31, 2002, depreciation and amortization decreased to \$945.6 million as compared with \$3.1 billion for 2001. The decrease was due to the Company's adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") effective January 1, 2002, and as a result, goodwill and intangible assets with indefinite lives are no longer amortized. For the year ended December 31, 2001, depreciation and amortization expense increased to \$3.1 billion as compared with \$2.2 billion for 2000. This increase was primarily due to the full year of amortization of the goodwill attributable to the Viacom/CBS Merger versus eight months of this amortization in 2000, as well as the amortization of goodwill associated with the acquisition of the remaining interest in Infinity and the acquisition of BET in 2001.

Total Expenses

Total expenses, including depreciation and amortization, decreased 8% to \$20.0 billion for 2002 versus \$21.8 billion for 2001 principally reflecting a reduction in amortization expense associated with the adoption of SFAS 142 in 2002 and the charge recorded by Blockbuster in 2001.

Total expenses, including depreciation and amortization, increased 16% to \$21.8 billion for 2001 from \$18.7 billion for 2000, reflecting increases associated with revenue growth and twelve months of expenses for the combined companies, including goodwill amortization, associated with the Viacom/CBS Merger versus eight months of expenses, including amortization, in 2000. Additionally, 2000 results reflected the Viacom/CBS Merger-related charge of \$698.5 million.

Interest Expense

For the year ended December 31, 2002, interest expense decreased 12% to \$848.3 million from \$969.2 million for 2001 due to lower average debt balances and lower interest rates partially offset by expenses recognized upon the early redemption of debt in 2001. The Company had approximately \$10.6 billion at December 31, 2002 and \$11.5 billion at December 31, 2001 of principal amount of debt outstanding (including current maturities and discontinued operations) at weighted average interest rates of 6.6% and 6.8%, respectively.

For the year ended December 31, 2001, interest expense increased to \$969.2 million from \$822.3 million for 2000. The increase principally reflected the full year impact of \$3.7 billion of CBS debt assumed

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with the Viacom/CBS Merger as well as the Company's fixed rate debt issuances of \$1.65 billion in January 2001, \$1.4 billion in May 2001 and \$335.0 million in June 2001. This was offset by lower interest rates on the Company's variable rate debt and as a result of debt maturities, redemptions and tenders. The Company had approximately \$13.1 billion principal amount of debt outstanding (including current maturities and discontinued operations) at December 31, 2000 at a weighted average interest rate of 7.6%.

Interest Income

For the year ended December 31, 2002, interest income decreased to \$15.8 million from \$30.6 million in 2001. Interest income in 2000 was \$53.2 million. The decreases in interest income were due to lower cash balances and lower interest rates in 2002 versus 2001, and in 2001 versus 2000.

Other Items, Net

For the year ended December 31, 2002, "Other items, net" reflected a net loss of \$30.0 million which principally consisted of foreign exchange losses of \$51.9 million, losses of \$19.7 million associated with securitizing trade receivables and an aggregate loss of approximately \$13.8 million resulting from the write-down of several investments to their market value. These losses were partially offset by the recovery of advertising commitments of \$29.8 million, a gain of \$18.8 million on the sale of a telephone kiosk advertising business and a net gain of \$5.5 million from the sale of investments.

For the year ended December 31, 2001, "Other items, net" of \$254.7 million principally reflected a gain from television station swaps of \$210.1 million and the recovery of certain advertising commitments of \$250.0 million offset by impairment losses of approximately \$125.0 million related to the Company's investments. The one-time pre-tax gains were also partially offset by foreign exchange losses of \$8.2 million and losses of \$22.8 million associated with securitizing trade receivables. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. The recovery of advertising commitments in 2002 and 2001 reflected the restructuring of agreements with several Internet companies. As a result, the Company was released from related advertising commitments and reversed related deferred revenues.

For the year ended December 31, 2000, "Other items, net" of \$8.8 million principally reflected foreign exchange gains of \$31.7 million and net gains of approximately \$44.3 million on the sale of assets which were principally offset by the write-down of approximately \$66.9 million of several Internet investments to their market value.

Provision for Income Taxes

The provision for income taxes represents federal, state and local and foreign income taxes on earnings before income taxes. For 2002, the annual effective tax rate was 38.8%, before the cumulative effect of change in accounting, versus 118.5% in 2001 and 130.2% in 2000. The annual 2001 and 2000 rates were adversely affected by non-deductible goodwill amortization. Assuming SFAS 142 had been adopted, the annual effective tax rates would have been 36.8% for 2001 and 43.0% for 2000.

Equity in Loss of Affiliated Companies, Net of Tax

"Equity in loss of affiliated companies, net of tax" was \$39.5 million for 2002, \$127.0 million for 2001 and \$124.2 million for 2000. The amounts principally reflected operating losses from international ventures and Internet investments partially offset by Comedy Central's results. Additionally, 2001 reflected operating losses from Internet equity investments that were no longer operating in 2002. The 2000 amount included losses from online equity ventures as well as equity losses of UPN, partially offset by results from Comedy Central. The remaining 50% interest of UPN was acquired by the Company in March 2000, and its results have been consolidated with the Company since the date of acquisition.

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Minority Interest, Net of Tax

Minority interest for 2002 primarily reflected the minority ownership of Blockbuster. Minority interest for 2001 primarily represented the minority ownership of Infinity, prior to its merger with the Company on February 21, 2001, and the minority ownership of Blockbuster. Minority interest for 2000 principally reflected the minority ownership of Infinity, from the date of the Viacom/CBS Merger, and the minority ownership of Blockbuster.

In 2002, the Company adopted SFAS 145 which required that gains or losses recognized upon the extinguishment of debt no longer be classified as extraordinary. The Company recognized an extraordinary loss of \$3.9 million, net of tax benefit of \$2.6 million, in 2001. This amount has been reclassified to interest expense in the consolidated statement of operations to conform with this new accounting standard.

Cumulative Effect of Change in Accounting Principle, Net of Minority Interest and Tax

Effective January 1, 2002, the Company adopted SFAS 142 and recorded an after-tax non-cash charge of \$1.5 billion (net of minority interest of \$336 million), or \$.84 per basic and \$.83 per diluted share, as a cumulative effect of a change in accounting principle in the consolidated statement of operations for the year ended December 31, 2002. For the year ended December 31, 2000, the Company recorded an after-tax non-cash charge of \$452.3 million, or \$.37 per basic and diluted share, which resulted from the early adoption of SOP 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2").

Net Earnings (Loss)

The Company reported net earnings of \$725.7 million for the year ended December 31, 2002 compared with a net loss of \$223.5 million for 2001. The substantial improvement in net earnings reflected revenue growth principally from advertising sales and the reduction of amortization expense resulting from the implementation of SFAS 142. These increases were partially offset by the goodwill impairment charge of \$1.5 billion recorded in 2002 as a cumulative effect of change in accounting principle, net of minority interest and tax. The Company reported a net loss of \$816.1 million for 2000. 2001 reflected a full year of results for the combined company as a result of the Viacom/CBS Merger compared with eight months of results for 2000. Additionally, 2000 included a pre-tax merger-related charge of \$698.5 million and an after-tax non-cash charge of \$452.3 million from the adoption of SOP 00-2.

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Segment Results of Operations— For the Years Ended December 31, 2002, 2001 and 2000

The tables below present the Company's revenues and operating income by segment, as reported for each of the years ended December 31, 2002, 2001 and 2000.

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues:					
Cable Networks	\$ 4,726.7	\$ 4,297.6	\$ 3,951.0	10%	9%
Television	7,490.0	7,247.7	5,426.4	3	34
Infinity	3,754.6	3,670.2	2,764.7	2	33
Entertainment	3,646.9	3,597.8	3,351.7	1	7
Video	5,565.9	5,156.7	4,960.1	8	4
Eliminations	(578.4)	(747.2)	(410.2)	23	(82)
Total Revenues	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7	6%	16%
Operating Income:					
Cable Networks(a)	\$ 1,772.2	\$ 1,234.9	\$ 1,073.5	44%	15%
Television(b)	1,202.4	402.1	351.0	199	15
Infinity	1,225.6	291.8	589.4	NM	(50)
Entertainment	333.5	199.0	259.3	68	(23)
Video(c)	355.8	(219.6)	75.7	NM	NM
Segment Operating Income	4,889.5	1,908.2	2,348.9	156	(19)
Corporate expenses	(159.0)	(169.1)	(847.3)	6	80
Eliminations(d)	(66.0)	(191.7)	(103.2)	66	(86)
Residual costs(e)	(67.8)	(87.2)	(77.5)	22	(13)
Total Operating Income	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9	215%	11%

NM—Not meaningful

- (a) 2001 year reflects a fourth quarter charge of \$75.4 million principally related to a restructuring plan at MTVN to reduce headcount and close certain international offices.
- (b) 2001 year reflects a fourth quarter charge of \$53.4 million related to the Company's plan to integrate UPN with CBS Network operations.
- (c) 2001 year reflects a primarily non-cash charge of \$394.7 million in Video principally related to the elimination of less-productive VHS tapes as part of the transition from VHS to the higher margin DVD rental market and a change in amortization.
- (d) Eliminations principally reflect the profit elimination of the sale of feature films to cable and broadcast networks and to the Video segment, and television programming sales to cable networks.
- (e) Primarily includes pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses.

2001 operating income was affected by one-time, primarily non-cash charges in the Company's Cable Networks, Television and Video segments. Additionally, in 2002, SFAS 142 was adopted resulting in the elimination of amortization of goodwill and intangible assets with indefinite lives. A comparison of reported 2002 operating income with reported prior years' operating income is less meaningful as a result of these items. Management believes adjusting prior years to reflect the impact of SFAS 142 as if it had been adopted on January 1, 2000 and excluding these non-recurring charges, provides a more meaningful comparison of operating income and is more useful in analyzing the underlying historical segment results and future trends.

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The table below presents a reconciliation of reported operating income in accordance with generally accepted accounting principles ("GAAP") to operating income adjusted for SFAS 142 and excluding charges as described below:

	Year Ended December 31,		
	2002	2001	2000
Operating Income	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9
SFAS 142 Adjustment	—	2,112.0	1,358.6
Charges:			
MTVN(a)	—	75.4	—
UPN(b)	—	53.4	—
Blockbuster(c)	—	394.7	—
Viacom/CBS Merger-Related	—	—	698.5
Operating Income Adjusted for SFAS 142 and Excluding Charges	\$ 4,596.7	\$ 4,095.7	\$ 3,378.0

- (a) Reflects restructuring charge of \$66.6 million for severance as a result of a reduction in the workforce and lease termination costs and \$8.8 million as depreciation expense for the write-off of leasehold improvements.
- (b) Reflects restructuring charge of \$52.8 million in connection with the Company's plan to integrate UPN with CBS operations and \$.6 million as depreciation expense for the write-off of leasehold improvements.
- (c) Reflects a primarily non-cash charge in Video principally related to the elimination of less-productive VHS tapes as part of the transition from VHS to the higher margin DVD rental market and a change in amortization.

The table below presents the Company's operating income by segment as reported for the year ended December 31, 2002, compared with 2001 and 2000 which are presented as if SFAS 142 had been adopted January 1, 2000. Operating income for 2001 has also been adjusted to exclude the charges at MTVN, UPN and Blockbuster. Operating income for 2000 has been adjusted to exclude Viacom/CBS Merger-related charges.

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Operating Income Adjusted for SFAS 142 and Excluding Charges:					
Cable Networks	\$ 1,772.2	\$ 1,541.0	\$ 1,196.5	15%	29%
Television	1,202.4	1,100.4	849.8	9	29
Infinity	1,225.6	1,288.5	1,133.1	(5)	14
Entertainment	333.5	263.3	322.6	27	(18)
Video	355.8	350.5	254.0	2	38
Segment Operating Income	4,889.5	4,543.7	3,756.0	8	21
Corporate expenses	(159.0)	(169.1)	(197.3)	6	14
Eliminations	(66.0)	(191.7)	(103.2)	66	(86)
Residual costs	(67.8)	(87.2)	(77.5)	22	(13)
Operating Income Adjusted for SFAS 142 and Excluding Charges	\$ 4,596.7	\$ 4,095.7	\$ 3,378.0	12%	21%

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EBITDA

The following table sets forth EBITDA (defined as operating income (loss) before depreciation and amortization) for the years ended December 31, 2002, 2001 and 2000. The Company believes that EBITDA is an appropriate measure of evaluating the operating performance of its segments, and it is a primary measure used internally by management to manage the business. EBITDA is also a primary measure used externally by the Company's investors, analysts and peers in its industry. However, EBITDA should be considered in addition to, not as a substitute for or superior to, operating income, net earnings, cash flows, and other measures of financial performance prepared in accordance with GAAP. As EBITDA is not a measure of performance calculated in accordance with GAAP,

this measure may not be comparable to similarly titled measures employed by other companies. Please also see page II-10 of the Form 10-K where operating income is presented in accordance with GAAP.

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
EBITDA:					
Cable Networks	\$ 1,963.1	\$ 1,682.0	\$ 1,373.3	17%	22%
Television	1,343.2	1,188.5	919.1	13	29
Infinity	1,462.0	1,517.7	1,282.6	(4)	18
Entertainment	454.2	381.8	440.1	19	(13)
Video	589.6	204.1	534.8	189	(62)
Segment EBITDA	5,812.1	4,974.1	4,549.9	17	9
Corporate expenses	(136.0)	(148.0)	(824.8)	8	82
Eliminations	(66.0)	(191.7)	(103.2)	66	(86)
Residual costs	(67.8)	(87.2)	(77.5)	22	(13)
Total EBITDA	5,542.3	4,547.2	3,544.4	22	28
Depreciation and amortization	(945.6)	(3,087.0)	(2,223.5)	69	(39)
Total Operating Income	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9	215%	11%

	Year Ended December 31,		
	2002	2001	2000
Depreciation and Amortization:			
Cable Networks	\$ 190.9	\$ 447.1	\$ 299.8
Television	140.8	786.4	568.1
Infinity	236.4	1,225.9	693.2
Entertainment	120.7	182.8	180.8
Video	233.8	423.7	459.1
Corporate	23.0	21.1	22.5
Total Depreciation and Amortization	\$ 945.6	\$ 3,087.0	\$ 2,223.5

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Segment Results of Operations—2002 vs. 2001 and 2001 vs. 2000

Cable Networks (Basic Cable Television Program Services through MTV Networks ("MTVN"), including MTV, VH1, Nickelodeon/Nick at Nite, TV Land, MTV2, TNN and CMT; BET; and through Showtime Networks Inc. ("SNI"), owner of several Premium Subscription Television Program Services)

(Contributed 19% of consolidated revenues for the years ended December 31, 2002 and December 31, 2001, and 20% for the year ended December 31, 2000).

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues	\$ 4,726.7	\$ 4,297.6	\$ 3,951.0	10%	9%
Operating income (OI)	\$ 1,772.2	\$ 1,234.9	\$ 1,073.5	44%	15%
OI as a % of revenues	37%	29%	27%		
OI Adjusted(a)	\$ 1,772.2	\$ 1,541.0	\$ 1,196.5	15%	29%
OI Adjusted as a % of revenues	37%	36%	30%		
EBITDA	\$ 1,963.1	\$ 1,682.0	\$ 1,373.3	17%	22%

(a) 2002 operating income calculated in accordance with GAAP has not been adjusted. 2001 operating income calculated in accordance with GAAP has been adjusted to add back (i) amortization expense of \$230.7 million, as if SFAS 142 had been adopted January 1, 2000, and (ii) the MTVN charge of \$75.4 million related to its 2001 restructuring plan. 2000 operating income calculated in accordance with GAAP has been adjusted to add back amortization expense of \$123.0 million, as if SFAS 142 had been adopted January 1, 2000.

2002 vs. 2001

For 2002, Cable Networks revenues increased 10% principally driven by 12% growth in advertising revenues and an 8% increase in affiliate fees. Approximately 9% of Cable Networks revenues were generated from international regions, with approximately 70% of this total from Europe. Advertising revenue increases reflected 11% growth at MTVN due to selling more units, partially offset by a reduction in average unit rates. MTVN's advertising revenue growth was adversely impacted by the airing of units to satisfy audience deficiency liabilities incurred at VH1. BET delivered 17% advertising revenue growth for 2002 over the prior year, benefiting from higher average rates, slightly offset by reduced paid programming revenues. BET's results for 2002 included three additional weeks versus 2001, due to the January 23, 2001 closing of the BET acquisition. Cable affiliate fees increased 8% principally due to mid single-digit rate increases at MTVN's domestic channels, excluding digital, and an 18% increase in domestic subscribers principally due to the acquisition of the remaining interest in Noggin and the expansion of MTVN digital channels. Also contributing to the increase in cable affiliate fees was a mid single-digit increase in average rates for Showtime and The Movie Channel. Other ancillary revenues for Cable Networks were principally comprised of consumer products licensing revenues from Nickelodeon and represented approximately 8% of revenues for each year.

For 2002, Cable Networks operating income increased 44% reflecting the impact of the adoption of SFAS 142 on January 1, 2002 and the impact of the MTVN charge taken in the fourth quarter of 2001. The MTVN charge reflected \$66.6 million for severance due to a reduction in workforce and for lease termination costs. In conjunction with the restructuring, \$8.8 million was recorded as depreciation expense for the write-off of leasehold improvements. Assuming operating income was adjusted for SFAS 142 and excluding the charge, operating income would have increased 15% in 2002 reflecting higher revenues partially offset by higher operating and selling, general and administrative expenses. Operating expenses, principally comprised of programming and production costs for the cable channels, increased 7%, driven by higher programming costs at MTV, Nickelodeon, TNN and SNI. Total operating expenses, as a percentage of revenues, improved by one percentage point over the prior year. Selling, general and

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administrative expenses excluding the restructuring charge, increased 10% primarily due to higher compensation expense from sales commissions as a result of revenue growth. Capital expenditures for Cable Networks were \$95.7 million for the year ended December 31, 2002 versus \$139.9 million for the year ended December 31, 2001.

2001 vs. 2000

Cable Networks revenue and operating income growth was principally driven by revenue growth in cable and DBS affiliate fees and increased efficiencies in 2001. MTVN's advertising revenues decreased 4% due to softness in the advertising market which contributed to a decline in the number of advertising spots sold at MTV, VH1 and TV Land. Effective cost containment measures at the channels, as well as a reduction of investment in online services during 2001 contributed to the operating income growth. The acquisitions of BET in January 2001 and CMT and TNN in May 2000 as a result of the Viacom/CBS Merger contributed to the overall increase in advertising revenues of 6% and affiliate fee revenues of 20% for Cable Networks. Showtime subscriptions increased 10% over the prior year by approximately 2.9 million to 31.3 million subscriptions at December 31, 2001. Capital expenditures for Cable Networks were \$139.9 million for the year ended December 31, 2001 compared with \$158.1 million for the year ended December 31, 2000.

The Company completed its acquisition of BET on January 23, 2001 for approximately \$3 billion consisting principally of Viacom Class B Common Stock and the assumption of debt.

Television (CBS and UPN Television Networks, Television Stations; Television Production and Syndication)

(Contributed 30% of consolidated revenues for the year ended December 31, 2002, 31% for the year ended December 31, 2001 and 27% for the year ended December 31, 2000).

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues	\$ 7,490.0	\$ 7,247.7	\$ 5,426.4	3%	34%
Operating income (OI)	\$ 1,202.4	\$ 402.1	\$ 351.0	199%	15%
OI as a % of revenues	16%	6%	6%		
OI Adjusted(a)	\$ 1,202.4	\$ 1,100.4	\$ 849.8	9%	29%
OI Adjusted as a % of revenues	16%	15%	16%		
EBITDA	\$ 1,343.2	\$ 1,188.5	\$ 919.1	13%	29%

NM—Not meaningful

(a) 2002 operating income calculated in accordance with GAAP has not been adjusted. 2001 operating income calculated in accordance with GAAP has been adjusted to add back (i) amortization expense of \$644.9 million, as if SFAS 142 had been adopted January 1, 2000, and (ii) the UPN charge of \$53.4 million related to the 2001 plan to integrate UPN with CBS operations. 2000 operating income calculated in accordance with GAAP has been adjusted to add back (i) amortization expense of \$450.3 million, as if SFAS 142 had been adopted January 1, 2000, and (ii) \$48.5 million of the Viacom/CBS Merger-related charge associated with the acquisition of UPN in 2000.

2002 vs. 2001

For 2002, Television revenues increased 3% principally driven by higher advertising revenues at the broadcast networks and the Stations group, partially offset by lower syndication revenues. CBS and UPN Networks combined advertising revenues increased 2%, with 9% growth for both CBS and UPN in primetime due to 5% average rate increases, partially offset by rate decreases in daytime and news dayparts. CBS Network had additional units available for sale in 2002 versus the prior year when there were fewer units available as a result of the events of September 11 during which CBS ran sustaining news

coverage from September 11 through September 14, 2001. CBS Network sold approximately 85% of its inventory in the upfront for the 2002-2003 season versus 65% of its inventory in the upfront for the 2001-2002 season. The revenue increases were partially offset by the absence of the Super Bowl, which CBS televised in 2001. The Stations group delivered 12% year-over-year advertising revenue growth led by increased political ads and higher sales in the automotive and services industries. The acquisition of KCAL-TV Los Angeles in May 2002 contributed 5% of the Stations group revenue growth for the year. In 2003, protracted coverage of a prolonged war could have an adverse effect on Television's revenues and expenses.

For 2002, Television revenues also reflected a decrease in domestic and foreign syndication revenues and lower network revenues, partially offset by higher home video revenues. Domestic syndication revenues included revenues from the initial availability to cable of 7TH HEAVEN, CHARMED, SISTER, SISTER, and ANY DAY NOW as well as higher library revenues from THE ANDY GRIFFITH SHOW and HAPPY DAYS. However, these revenues did not match the absence of contributions from the syndication of EVERYBODY LOVES RAYMOND, STAR TREK: THE NEXT GENERATION and CHEERS in the prior year and license fees from cancelled series including STAR TREK: VOYAGER, DR. LAURA and REAL TV. Foreign syndication revenues were lower primarily resulting from lower current series revenues partially offset by higher revenues from library product. Network revenues decreased as revenues from new series in the 2002/2003 season were more than offset by the absence of revenues from canceled series. Home video revenues were higher primarily from the DVD release of seasons 1 through 7 of STAR TREK: THE NEXT GENERATION.

For 2002, Television operating income increased to \$1.2 billion from \$402.1 million reflecting the impacts of the adoption of SFAS 142 on January 1, 2002 and the charge taken in the fourth quarter of 2001 in connection with the plan to integrate UPN with CBS operations. Assuming operating income was adjusted for SFAS 142 and excluding the charge, operating income would have increased 9% in 2002 reflecting higher revenues partially offset by higher operating and general and administrative expenses. Production and programming expenses at the broadcast networks increased slightly by 1.5% for the year, principally reflecting higher costs in primetime due to contractual series increases and higher sports rights offset by lower NFL costs due to the absence of the Super Bowl in 2002. The Stations group incurred higher costs for syndicated programming and sports rights. Total operating expenses, as a percentage of revenues, improved by one percentage point over the prior year. Capital expenditures for Television were \$138.7 million for the year ended December 31, 2002 versus \$120.2 million for the year ended December 31, 2001.

License fees for completed television programming in syndication and on basic cable are recorded as revenue in the period that the products are available for exhibition, which, among other reasons, may cause substantial fluctuation in operating results. As of December 31, 2002 and 2001, unrecognized revenues attributable to such licensing agreements were approximately \$380.9 million and \$460.1 million, respectively.

2001 vs. 2000

For 2001, CBS and UPN Networks combined revenues and operating income growth of 63% and 99%, respectively, was principally driven by 71% higher advertising revenues, as comparisons with 2000 included only eight months of results from the date of the Viacom/CBS Merger versus twelve months of results in 2001. Additionally, CBS Network advertising revenue increases were led by growth in primetime principally due to rate increases. UPN's higher advertising revenues in 2001 benefited from ratings improvements. Assuming the Viacom/CBS Merger occurred at the beginning of 2000, CBS Enterprises revenues decreased for the year principally due to lower distribution fees received from THE OPRAH WINFREY SHOW and the absence of revenues from canceled shows, including THE ROSEANNE SHOW and MARTIN SHORT, partially offset by the domestic syndication of EVERYBODY LOVES RAYMOND.

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Television benefited from network revenues from the new series ENTERPRISE, higher revenues from continuing network and first run syndication shows including FRASIER, JAG, JUDGE JUDY, JUDGE JOE BROWN and ENTERTAINMENT TONIGHT and the licensing to basic cable of STAR TREK: THE NEXT GENERATION and CHEERS. These higher revenues were partially offset by the absence of revenues from the canceled series BEVERLY HILLS 90210 and SUNSET BEACH, and lower revenues from SABRINA, THE TEENAGE WITCH and MOESHA whose prior year revenues included first time syndication availabilities.

The revenue and operating income growth at the broadcast networks and in syndication was partially impacted by the events of September 11. CBS Network also recorded higher news production costs as well as contractual rights fee increases for sports properties. Capital expenditures for Television were \$120.2 million for the year ended December 31, 2001 compared with \$116.1 million for the year ended December 31, 2000.

Infinity (Radio Stations and Outdoor Advertising Properties)

(Contributed 15% of consolidated revenues for the year ended December 31, 2002, 16% for the year ended December 31, 2001 and 14% for the year ended December 31, 2000).

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues	\$ 3,754.6	\$ 3,670.2	\$ 2,764.7	2%	33%
Operating income (OI)	\$ 1,225.6	\$ 291.8	\$ 589.4	NM	(50)%
OI as a % of revenues	33%	8%	21%		
OI Adjusted(a)	\$ 1,225.6	\$ 1,288.5	\$ 1,133.1	(5)%	14%
OI Adjusted as a % of revenues	33%	35%	41%		
EBITDA	\$ 1,462.0	\$ 1,517.7	\$ 1,282.6	(4)%	18%

NM—Not meaningful

(a)

2002 operating income calculated in accordance with GAAP has not been adjusted. 2001 operating income calculated in accordance with GAAP has been adjusted to add back amortization expense of \$996.7 million, as if SFAS 142 had been adopted January 1, 2000. 2000 operating income calculated in accordance with GAAP has been adjusted to add back amortization expense of \$543.7 million, as if SFAS 142 had been adopted January 1, 2000.

2002 vs. 2001

For 2002, Infinity revenues increased 2%, led by advertising revenue growth in the radio markets. Approximately 18% of Infinity's revenues were generated from international regions, with approximately 77% of this total from Europe. Radio revenues increased 5% due to an increase in spots sold for the year, with average spot rates increasing slightly. Radio revenues included consideration for management services provided to Westwood One radio network, an affiliated company. Revenues from these arrangements were approximately \$110.4 million for the year ended December 31, 2002 and \$94.8 million for the year ended December 31, 2001. For 2002, Outdoor revenues decreased 1% due to weakness in the outdoor advertising market during the first half of 2002. Geopolitical events, including war or terrorism, could have an adverse effect on Infinity's advertising revenues.

For 2002, Infinity operating income increased to \$1.2 billion from \$291.8 million reflecting the impact of the adoption of SFAS 142 on January 1, 2002. Assuming operating income was adjusted for SFAS 142, operating income would have decreased 5% in 2002 reflecting incremental expenses associated with acquired sports rights and higher guarantee payments on outdoor transit contracts. Capital expenditures for Infinity were \$81.5 million for the year ended December 31, 2002 versus \$99.3 million for the year ended December 31, 2001.

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2001 vs. 2000

For 2001, Infinity revenues increased 33%, with advertising revenues increasing 30%, as comparisons with 2000 included only eight months of results from the date of the Viacom/CBS Merger versus twelve months of results in 2001. In 2001, approximately 18% of Infinity's revenues were generated from international regions, with approximately 75% of this total from Europe. Assuming the Viacom/CBS Merger occurred January 1, 2000, Infinity revenues would have decreased 5% with lower revenues in both the radio and outdoor advertising businesses due to the softness in the advertising market with lower demand from the technology sector. Infinity's outdoor transit business was affected by lower pricing, particularly in the New York market, which suffered more than other markets after the events of September 11.

Operating income decreased reflecting the impact of twelve months of amortization of goodwill in 2001 associated with the Viacom/CBS Merger and the incremental amortization of goodwill from the acquisition of the remaining minority interest of Infinity. On February 21, 2001, the Company completed its merger with Infinity, acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, or approximately 36%, for a total purchase price of approximately \$13.4 billion. Capital expenditures for the Infinity segment were \$99.3 million for the year ended December 31, 2001 compared with \$72.0 million for the period ended December 31, 2000, reflecting expenditures from the date of the Viacom/CBS Merger.

Entertainment (Production and distribution of Motion Pictures; Consumer Publishing, as well as the operation of Theme Parks, Movie Theaters and Music Publishing)

(Contributed 15% of consolidated revenues for the years ended December 31, 2002 and December 31, 2001 and 17% for the year ended December 31, 2000).

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues	\$ 3,646.9	\$ 3,597.8	\$ 3,351.7	1%	7%
Operating income (OI)	\$ 333.5	\$ 199.0	\$ 259.3	68%	(23)%
OI as a % of revenues	9%	6%	8%		
OI Adjusted (a)	\$ 333.5	\$ 263.3	\$ 322.6	27%	(18)%
OI Adjusted as a % of revenues	9%	7%	10%		
EBITDA	\$ 454.2	\$ 381.8	\$ 440.1	19%	(13)%

(a) 2002 operating income calculated in accordance with GAAP has not been adjusted. 2001 operating income calculated in accordance with GAAP has been adjusted to add back amortization expense of \$64.3 million, as if SFAS 142 had been adopted January 1, 2000. 2000 operating income calculated in accordance with GAAP has been adjusted to add back amortization expense of \$63.3 million, as if SFAS 142 had been adopted January 1, 2000.

2002 vs. 2001

For 2002, Entertainment revenues increased 1% compared with the same prior-year period principally reflecting higher Publishing, Theaters and Features revenues, which were partially offset by lower Parks revenues. Approximately 33% of Entertainment's revenues were generated from international regions, principally Europe and Canada.

Features revenues were slightly higher mainly due to higher network television, domestic home video, domestic syndication and pay television revenues, which were partially offset by lower worldwide theatrical, foreign syndication, foreign pay television and foreign home video revenues. Domestic theatrical revenues primarily included contributions from the theatrical release of THE SUM OF ALL FEARS, WE WERE SOLDIERS, JACKASS THE MOVIE, CHANGING LANES and STAR TREK NEMESIS. Worldwide home video revenues were higher than last year's revenues including contributions from VANILLA SKY,

JIMMY NEUTRON: BOY GENIUS, THE SUM OF ALL FEARS and WE WERE SOLDIERS. Worldwide home video revenues included increases from the growth in demand for current releases and library titles in the DVD format and an overall decline in the demand for the VHS format.

Theaters revenues increased due to higher average admission prices, higher attendance and increased per capita concession spending. Attendance in 2002 increased 3% compared with the prior year. Average admission prices and per capita concession spending both increased 5% over the prior year.

Publishing revenues increased 4% primarily due to income from new distribution agreements and higher sales in the Adult Group and Children's Book and Audio Divisions. The Adult Group's top-selling titles for 2002 included "FROM A BUICK 8" by Stephen King, "SELF MATTERS" by Phillip C. McGraw and "EVERYTHING'S EVENTUAL" also by Stephen King, while top-selling titles in the Children's Division included "AMERICA" by Lynne Cheney and Robert Saduba's "THE NIGHT BEFORE CHRISTMAS".

For 2002, Entertainment's operating income increased 68% reflecting the impact of the adoption of SFAS 142 on January 1, 2002. Assuming SFAS 142 had been adopted in 2001, operating income would have increased 27% in 2002 principally reflecting growth from Features and Theaters. Features benefited from lower development and overhead costs. Theaters results reflected higher revenues and lower depreciation expense. Capital expenditures for Entertainment were \$74.6 million for the year ended December 31, 2002 versus \$54.9 million for the year ended December 31, 2001.

License fees for television exhibition of completed motion pictures are recorded as revenue in the period that the products are available for such exhibition, which, among other reasons, may cause substantial fluctuation in operating results. As of December 31, 2002 and 2001, unrecognized revenues attributable to such licensing agreements were approximately \$948.1 million and \$1.0 billion, respectively.

2001 vs. 2000

For 2001, Entertainment's revenues increased 7% principally due to higher Features, Theaters and Publishing revenues. In 2001, approximately 34% of Entertainment's revenues were generated from international regions, principally Europe and Canada.

Features revenues increased 9% led by higher worldwide home video and Pay TV, as well as higher domestic theatrical revenues, partially offset by lower foreign theatrical revenues. Home video revenues in 2001 included domestic contributions from the release of THE GODFATHER DVD COLLECTION, LARA CROFT: TOMB RAIDER, WHAT WOMEN WANT and RUGRATS IN PARIS: THE MOVIE, along with contributions from the foreign video release of MISSION: IMPOSSIBLE II. Domestic theatrical revenues in 2001 included contributions from LARA CROFT: TOMB RAIDER, SAVE THE LAST DANCE, WHAT WOMEN WANT, ALONG CAME A SPIDER, THE SCORE and VANILLA SKY.

Theaters revenues increased 7% primarily as a result of higher attendance and increased admission prices and per capita concession spending. Attendance for the year increased 2% compared with 2000. Average admission prices increased 5.9% and average per capita concession spending increased 3.2% over the prior year.

Publishing revenues increased 9% reflecting increases in each of its major operating units: Adult, Children's, and New Media. The Adult Group's top-selling titles in 2001 included "JOHN ADAMS" by David McCullough, "DREAMCATCHER" by Stephen King, "ON THE STREET WHERE YOU LIVE" by Mary Higgins Clark and "SELF MATTERS" by Phillip C. McGraw. Top Children's titles were "OLIVIA" and "OLIVIA SAVES THE CIRCUS" by Ian Falconer.

For 2001, Entertainment's operating income decreased 23% principally reflecting the revenue items noted above, which was more than offset by increased print and advertising costs associated with a higher number of pictures in theatrical release during 2001. Theaters operating income increased due to higher revenues and lower depreciation expense. Publishing revenues increase were offset by startup investment costs associated with transitioning information and technology support to a new third party provider and higher operating expenses. Capital expenditures for Entertainment were \$54.9 million for the year ended December 31, 2001 versus \$93.9 million for the year ended December 31, 2000.

Video (Home videocassette, DVD and video game rental and retail operations)

(Contributed 23% of consolidated revenues for the year ended December 31, 2002, 22% for the year ended December 31, 2001 and 25% for the year ended December 31, 2000).

	Year Ended December 31,			Percent Better/(Worse)	
	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Revenues	\$ 5,565.9	\$ 5,156.7	\$ 4,960.1	8%	4%
Operating income (OI)	\$ 355.8	\$ (219.6)	\$ 75.7	NM	NM
OI as a % of revenues	6%	NM	2%		
OI Adjusted(a)	\$ 355.8	\$ 350.5	\$ 254.0	2%	38%
OI Adjusted as a % of revenues	6%	7%	5%		
EBITDA	\$ 589.6	\$ 204.1	\$ 534.8	189%	(62)%

NM—Not meaningful

(a) 2002 operating income calculated in accordance with GAAP has not been adjusted. 2001 operating income calculated in accordance with GAAP has been adjusted to add back (i) amortization expense of \$175.4 million, as if SFAS 142 had been adopted January 1, 2000, and (ii) the charge of \$394.7 million principally related to the elimination of less-productive VHS tapes as part of the transition

2002 vs. 2001

For 2002, Video revenues increased 8% to \$5.6 billion from \$5.2 billion principally driven by an increase of 5.1% in worldwide same store revenues and a net increase of 495 in the number of company-operated stores from December 31, 2001 to December 31, 2002. Domestic revenues increased 6% while international revenues increased 13%. International revenues represented approximately 21% of Video revenues, with approximately 55% from Europe and 23% from Canada. Worldwide same store revenues, which includes rental and retail product, increased 5.1% primarily resulting from 32.6% growth in same-store retail revenues, and 0.9% growth in same-store rental revenues over the prior year. Domestic and international same store revenues increased 4.9% and 6.0%, respectively. Blockbuster's rental revenues are generated from the rental of VHS tapes, DVDs, video games and from any eventual sale of previously rented VHS tapes, DVDs and video games. Revenues generated from rental transactions include revenues received in connection with the initial rentals of product, as well as revenues received in connection with any continuation of such rentals past the initial rental period, as contemplated by Blockbuster's membership agreement.

For 2002, Video operating income increased to \$355.8 million from a loss of \$219.6 million reflecting the impact of the adoption of SFAS 142 on January 1, 2002 and the charge taken in 2001. Assuming operating income was adjusted for SFAS 142 and excluding the charge described in the footnote above, operating income would have increased 2%. Blockbuster recorded a reserve of \$18.7 million in the fourth quarter of 2002 for lease obligations related to Warehouse Entertainment Inc., which filed for bankruptcy in January 2003. Blockbuster had previously agreed to indemnify the Company with respect to these lease guarantees. The Company has accounted for these reserves in discontinued operations and the \$18.7 million had no impact on the Company's operating results for 2002.

During the second half of 2002, Blockbuster continued its focus on the sale of new movies and games as a complement to its rental offering in order to accommodate increased demand for retail product. As a result of this increased focus, Blockbuster continued to expand the selection in its stores for DVD and games hardware and software. Blockbuster also continued to take advantage of its ability to offer promotions that combine film rentals with sales of popular retail titles, thereby providing an alternative to the offerings that can be provided by a traditional retailer. Blockbuster expects these types of promotions,

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as well as customer traffic generated by its rental business, to continue to drive increased retail sales. While much of the retail product is returnable to vendors, the increased investment in inventory necessary to capitalize on these initiatives increases Blockbuster's exposure to excess inventories in the event anticipated sales fail to materialize. Blockbuster experienced some softness in its business during December 2002 which could be attributable primarily to aggressive price competition from mass market retailers.

Blockbuster ended 2002 with 8,545 worldwide company-owned and franchise stores, a net increase of 495 company-operated stores and 69 franchise stores over December 31, 2001. Capital expenditures for Video were \$140.6 million for the year ended December 31, 2002 versus \$93.1 million for the year ended December 31, 2001. The increase was primarily due to new store openings and expenditures related to Blockbuster's retail initiatives during 2002. Viacom currently owns approximately 80.4% of Blockbuster (NYSE: BBI).

2001 vs. 2000

For 2001, Video revenues increased 4% driven by higher worldwide same store sales and an increase in the number of company-operated stores of 158. Domestic revenues increased 3% while international revenues, which represented approximately 20% of Video's revenues, increased 8%. Worldwide same store revenues, which include rental and retail products, increased 2.5%, driven by international same store sales up 12.6% as a result of copy depth programs in key international markets and the growth in DVD revenues. Worldwide same store rental revenues increased 2.1%, with domestic same store rental revenues increasing 0.5% and international same store rental revenues increasing by 10.7%.

Video's operating income for 2001 decreased as a result of the 2001 charge recorded in the third and fourth quarters, principally related to the elimination of less-productive VHS tapes as part of the transition from VHS to the higher margin DVD rental market and a change in amortization. Blockbuster experienced an improvement in profit margins primarily due to an increase in the percentage of rental revenues from DVDs which, on average, have a lower cost than VHS rental products, an increase in margins on domestic game rentals, and an increase in margins on previously rented products which on average sell at a higher average unit selling price because of higher DVD mix. For the year, compensation and occupancy costs increased principally driven by store growth and increased customer service initiatives. Capital expenditures for Blockbuster were \$93.1 million for the year ended December 31, 2001 compared with \$212.1 million for the year ended December 31, 2000. Blockbuster ended 2001 with 7,981 company-owned and franchise stores, a net increase of 158 company-operated and 146 franchise stores over 2000.

Restructuring, Blockbuster and Merger-Related Charges

Restructuring Charges- In the fourth quarter of 2001, MTV Networks announced a restructuring plan to reduce headcount in its domestic and foreign offices and close certain offices in Latin America, Europe and Asia. Having met the conditions required by EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity" ("EITF 94-3"), the Company recorded a restructuring charge of \$66.6 million in selling, general and administrative expenses and \$8.8 million in depreciation and amortization in the fourth quarter of 2001. Included in the restructuring charge was severance of \$58.3 million for the termination of 449 domestic staff employees, 26 information systems employees and 151 employees in Latin America, Europe and Asia across various levels and departments including sales and marketing, production, development, finance, online and creative services. The reserve also included lease termination and other occupancy costs of \$8.3 million for vacated office space in New York. During 2002, an incremental \$8.3 million was accrued as additional lease termination costs based on a revision to the initial estimate. As of December 31, 2002, all employees under the plan were terminated and the Company had paid and charged \$47.1 million against the severance liability of which \$11.4 million was paid and charged during 2001. As of December 31, 2002, \$9.5 million was paid and charged against the lease termination liability; no payments were made against this liability in 2001. Severance and lease payments will continue into 2003 since certain employees will be paid out over the terms of their

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employment contracts and lease payments will continue to be paid in accordance with the terms of the lease.

In the fourth quarter of 2001, in connection with the Company's plan to integrate UPN with CBS Network operations and, having met the conditions required by EITF 94-3, the Company recorded a restructuring charge of \$52.8 million in selling, general and administrative expenses and \$6 million in depreciation and amortization. The restructuring charge included programming write-offs of \$29.6 million and approximately \$15.0 million of employee-related costs, including severance, for the termination of 38 employees across various levels and departments including corporate, finance and administration, sales and marketing and affiliate relations. The reserve also included lease termination and other costs of \$8.2 million for vacated space at three of UPN's offices. The integration of UPN with CBS Network operations began in January 2002 and was completed by the end of the year. During 2002, a \$5.4 million revision to initial estimates resulted in a reduction in lease termination and other costs and an increase in programming write-offs. Additionally, as of December 31, 2002, \$3.0 million of severance liabilities was reversed due to a change in estimate. As of December 31, 2002, the Company had paid and charged approximately \$11.3 million against the severance liability associated with the termination of the employees and \$1.2 million against the lease termination and other costs. There were no payments charged against the reserve in 2001. Severance payments will continue into 2003 since certain employees will be paid out over the terms of their employment contracts.

Blockbuster Charge- During the third quarter of 2001, Blockbuster began implementation of a strategic re-merchandising plan to allow for an expansion of store space for DVD and other strategic product offerings, which it completed by December 31, 2001. In connection with its plan, Blockbuster disposed of approximately 30% of its rental VHS library in its stores, certain VHS merchandise inventory primarily located in its distribution center and certain games from its rental library in its stores. The net book value of the eliminated inventory, net of proceeds, resulted in a primarily non-cash charge of approximately \$195.9 million to operating expenses in the Company's consolidated statement of operations. Blockbuster also recorded a charge of approximately \$26.9 million in selling, general and administrative expenses, primarily related to employee, labor and supply and disposal costs to execute the plan. Additionally, \$2.6 million was charged to depreciation expense for the write-off of fixed assets and \$1.9 million was charged below operating income to equity in loss of affiliated companies for the adoption of a similar re-merchandising plan at one of Blockbuster's joint venture operations. The plan was completed by the end of 2001 through the destruction or sale of the identified items.

Also, during the third quarter of 2001, Blockbuster recorded approximately \$27.6 million in selling, general and administrative expenses related to two lawsuits.

The amounts described above, and including the \$141.7 million recorded as the change in accounting estimates for rental inventory, represented the 2001 pre-tax charge of approximately \$396.6 million.

Merger-Related Charge- In the second quarter of 2000, the Company recorded a non-recurring merger-related charge of \$698.5 million (\$504.5 million after-tax or \$.41 per share), associated with the integration of Viacom and CBS and the acquisition of UPN. This amount included a non-cash charge of \$415.5 million principally attributable to compensation for stock options and \$283.0 million of cash payments and accrued liabilities for severance, transaction fees and integration costs. During 2002, a \$9.0 million revision to initial estimates resulted in a reduction of liabilities for transaction fees and an increase to severance and integration liabilities. For the year ended December 31, 2002, the Company paid and charged approximately \$14.7 million for severance liabilities, \$15.6 million for integration costs and the remaining liabilities for transaction fees of \$14.1 million were released. For the year ended December 31, 2001, the Company paid and charged \$17.0 million for severance liabilities, \$0.4 million for transaction fees and \$63.0 million for integration costs. For the year ended December 31, 2000, the Company paid and charged \$92.1 million for severance liabilities, \$26.5 million for transaction fees and \$6.0 million for integration costs. As of December 31, 2002, the Company had approximately \$33.6 million remaining for severance and integration costs and the Company expects to substantially use these reserves by the end of 2003.

Financial Position

Current assets increased to \$7.2 billion at December 31, 2002 from \$6.8 billion at December 31, 2001 primarily due to an increase of \$414.0 million in current inventory and an increase of \$139.2 million in accounts receivable, partially offset by a decrease of \$96.0 million in cash and cash equivalents. The increase in current inventory reflects an additional \$249.2 million investment in merchandise inventory to support Blockbuster's initiatives to increase its share of the retail VHS and DVD market. The allowance for doubtful accounts as a percentage of receivables was 7.0% at December 31, 2002 compared with 7.1% at December 31, 2001.

Net property and equipment decreased \$222.5 million to \$6.1 billion at December 31, 2002 from \$6.3 billion at December 31, 2001 primarily reflecting depreciation expense of \$843.9 million partially offset by capital expenditures of \$537.1 million principally for outdoor advertising structures, video stores, construction of new park rides, and broadcasting equipment. Non-current inventory increased \$191.4 million to \$4.5 billion at December 31, 2002 from \$4.3 billion at December 31, 2001 primarily due to an increase in program rights and rental inventory. Goodwill of \$57.1 billion decreased from \$59.1 billion at December 31, 2001, reflecting the write-off of goodwill related to Blockbuster as a result of the implementation of SFAS 142. Intangibles increased \$601.5 million to \$12.5 billion at December 31, 2002 from \$11.9 billion at December 31, 2001, primarily reflecting the addition of FCC licenses with the acquisition of KCAL-TV in May 2002.

Current liabilities decreased to \$7.3 billion at December 31, 2002 from \$7.6 billion at December 31, 2001 primarily due to reductions of \$342.6 million in accrued participations, largely offset by an increase of \$231.2 million in accounts payable. Total debt, including current maturities, decreased \$718.5 million to \$10.4 billion at December 31, 2002 principally reflecting the use of cash from operations to reduce outstanding debt. Minority interest of \$845.2 million at December 31, 2002 decreased \$366.6 million from \$1.2 billion at December 31, 2001 reflecting the impact on minority owners from the implementation of SFAS 142 and the acquisition of the minority interest in the Company's online music business.

Cash Flows

Operating Activities. Net cash flow from operating activities of \$3.1 billion for the year ended December 31, 2002 principally reflected net earnings of \$725.7 million adjusted for non-cash charges of \$1.5 billion for the adoption of SFAS 142 and depreciation and amortization of \$945.6 million. Additionally, operating cash flow benefited from the utilization of deferred tax assets of \$655 million and from the tax benefit associated with the exercise of employee stock options of \$210 million. These increases were partially offset by an additional investment in Blockbuster's merchandise and rental inventory and increased

program rights for television series and sports. Net cash flow from operating activities of \$3.5 billion for the year ended December 31, 2001 principally reflected a net loss of \$223.5 million adjusted for depreciation and amortization expense of \$3.1 billion, and for the 2001 Blockbuster, MTVN and UPN charges plus decreases in accounts receivable, partially offset by payments of accrued expenses and accounts payable.

Cash paid for income taxes of \$630.1 million for 2002 were favorably impacted by the settlement of federal income tax audits and the recognition of tax benefits associated with non-recurring items. Cash income taxes for 2003 will be higher due to expected higher operating income and the absence of the 2002 non-recurring items and are expected to be in the range of approximately \$1.2 billion to \$1.4 billion.

Investing Activities. Net cash expenditures for investing activities of \$1.5 billion for the year ended December 31, 2002 principally reflected capital expenditures of \$537.1 million, additional investments of \$60.8 million in affiliated companies and acquisitions of \$926.0 million primarily reflecting the acquisition of KCAL-TV and the remaining interest in Noggin that the Company did not already own. Activity in 2002 also reflected Blockbuster's acquisition of the remaining 51% interest in an Italy joint venture and the acquisition of a games retailer in the United Kingdom. During 2002, the Company acquired shares of Blockbuster's Class A common stock for \$11.2 million to maintain its ownership position at no less than

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80% for tax consolidation purposes. This purchase of subsidiary stock was reflected as part of acquisitions. These expenditures were partially offset by proceeds from dispositions of certain investments and fixed assets of \$72.2 million. Net cash expenditures for investing activities of \$1.2 billion for the year ended December 31, 2001 principally reflected the acquisitions of BET and outdoor businesses and capital expenditures of \$515.4 million partially offset by proceeds from dispositions of radio stations and other assets.

Financing Activities. Net cash flow used for financing activities of \$1.8 billion for the year ended December 31, 2002 principally reflected the repayment of notes and debentures of \$1.0 billion, the net repayment of bank debt, including commercial paper, of \$1.2 billion, and the purchase of shares of Company stock for \$1.1 billion. These uses were partially offset by proceeds from the issuance of notes of \$1.3 billion and from the exercise of stock employee options of \$357.6 million. Net cash flow used for financing activities of \$2.5 billion for the year ended December 31, 2001 reflected \$1.6 billion net repayment of debt and \$1.1 billion used to purchase Company stock, partially offset by proceeds of \$184.6 million from the exercise of employee stock options.

Stock Purchase Program

During 2002, on a trade date basis, the Company purchased approximately 27.8 million shares of its Class B Common Stock for approximately \$1.2 billion under its stock purchase programs, of which \$350.7 million was spent in the fourth quarter for 8.1 million shares. As of December 31, 2002, there was approximately \$2.9 billion remaining under the current \$3.0 billion purchase program. From January 1, through March 10, 2003, the Company purchased an additional 1.8 million shares for approximately \$75.4 million.

Acquisitions

On May 15, 2002, the Company acquired the assets of KCAL-TV Los Angeles for approximately \$650 million. During 2002, the Company also acquired the remaining 50% interest in Noggin, the 24-hour digital network for kids that it did not already own for approximately \$100 million. Blockbuster acquired the 51% interest that it did not already own in a joint venture in Italy and also acquired a games retailer in the United Kingdom for approximately \$82.4 million in the aggregate in 2002.

In November 2001, the Company completed the television station swaps of WDCA-TV Washington D.C. and KTXH-TV Houston in exchange for KBHK-TV San Francisco. As a result of the swaps, the Company recognized a gain of approximately \$210.1 million in "Other items, net".

On February 21, 2001, the Company completed a merger with Infinity, acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, approximately 36%. Under the terms of the merger, which was tax-free for the stockholders of Infinity and Viacom, each issued and outstanding share of Infinity Class A common stock was converted into the right to receive 0.592 of a share of Viacom Class B Common Stock. The Infinity merger was accounted for at historical cost, with the exception of minority interest, which was accounted for under the purchase method of accounting. The total purchase price of approximately \$13.4 billion represented the issuance of approximately 231.6 million shares of Viacom Class B Common Stock and the fair value of Infinity stock options assumed by the Company. Infinity stockholders received a cash payment in lieu of any fractional shares. The goodwill attributable to this transaction was approximately \$7.7 billion.

On January 23, 2001, the Company completed its acquisition of BET for approximately \$3 billion, which principally represented the net issuance of approximately 43.0 million shares of Viacom Class B Common Stock and the assumption by the Company of approximately \$590 million in debt. The acquisition was accounted for under the purchase method of accounting. An allocation of the total cost to acquire BET was based on the fair value of the assets acquired and liabilities assumed at the time of the acquisition. The excess purchase price over the fair value of the tangible net assets acquired of

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approximately \$2.9 billion was allocated to intangibles. As of the acquisition date, BET's results are included as part of the Cable Networks segment.

On May 4, 2000, CBS was merged with and into the Company. The total purchase price of approximately \$39.8 billion included approximately \$37.7 billion for the issuance of 825.5 million shares of Viacom Class B Common Stock and 11,004 shares of Viacom Series C convertible preferred stock, which were subsequently converted into 11.0 million shares of Viacom Class B Common Stock, and approximately \$1.9 billion for the fair value of CBS stock options assumed by the Company and transaction costs. In addition, Viacom assumed approximately \$3.7 billion of CBS' debt.

Capital Structure

At December 31,

2002

2001

Notes payable to banks	\$	423.7	\$	645.0
Commercial paper		174.6		1,104.3
Senior debt		9,530.7		9,187.5
Senior subordinated debt		56.1		50.8
Subordinated exchange debentures		—		19.8
Other notes		28.6		16.2
Obligations under capital leases		392.2		452.0
Total Debt		10,605.9		11,475.6
Less current portion		199.0		299.0
Less discontinued operations debt (a)		201.7		352.9
Total Long-Term Debt	\$	10,205.2	\$	10,823.7

(a) Included in "Other liabilities" on the consolidated balance sheets.

Total debt of \$10.6 billion at December 31, 2002 and \$11.5 billion at December 31, 2001 were 14.5% and 15.5%, respectively, as a percentage of total capitalization of the Company.

The senior, senior subordinated, and subordinated debt of each of Viacom Inc. and its wholly owned subsidiary, Viacom International Inc., is fully and unconditionally guaranteed by Viacom International Inc. and Viacom Inc., respectively. The senior debt and senior subordinated debt of the Company's wholly owned subsidiaries, CBS Broadcasting Inc. and Go Outdoor Systems Holdings S.A., respectively, are not guaranteed; the aggregate outstanding amount of such debt at December 31, 2002 was \$108.3 million.

The Company's total debt presented above includes, for the period ending December 31, 2002 and December 31, 2001, respectively, (i) an aggregate unamortized premium of \$49.5 million and \$49.4 million and (ii) the change in the carrying value of the debt relating to fair value swaps of \$86.2 million and \$2.8 million.

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For the years ended December 31, 2002 and 2001, the following debt issuances, maturities and redemptions occurred:

Debt Issuances

August 28, 2002, \$600.0 million 5.625% senior notes due 2012
 April 25, 2002, \$700.0 million 5.625% senior notes due 2007
 June 29, 2001, \$335.0 million 7.25% senior notes due 2051
 May 17, 2001, \$400.0 million 6.40% senior notes due 2006
 May 17, 2001, \$1.0 billion 6.625% senior notes due 2011
 January 17, 2001, \$400.0 million 6.40% senior notes due 2006
 January 17, 2001, \$500.0 million 7.70% senior notes due 2010
 January 17, 2001, \$750.0 million 7.875% senior debentures due 2030

Interest on all of the above notes is paid semi-annually except for the 7.25% senior notes which is paid quarterly.

Debt Maturities

June 15, 2002, 8.375% notes, \$321.8 million
 January 15, 2002, 7.50% senior notes, \$250.0 million
 January 1, 2002, 7.625% senior notes, \$143.0 million
 September 15, 2001, 10.25% senior subordinated notes, \$35.3 million
 June 1, 2001, 8.875% notes, \$230.0 million

Debt Redemptions

August 1, 2002, \$239.5 million 8.25% senior debentures due 2022 at 103.5% of principal
 June 15, 2002, \$2.6 million 8.875% senior subordinated notes due 2007 at 104.4% of principal
 June 1, 2002, \$31.1 million 8.875% senior debentures due 2022 at 104.1% of principal
 January 15, 2002, \$18.7 million 11.375% subordinated exchange debentures due 2009 at 105.7% of principal
 February 1, 2001, \$60.3 million 9.00% senior subordinated notes due 2006 at 104.5% of principal
 October 15, 2001, \$151.5 million 9.375% senior subordinated notes due 2006 at 104.7% of principal

For the years ended December 31, 2002 and 2001, the Company repurchased approximately \$55.0 million and \$427.7 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, excluding commercial paper and capital leases, outstanding at December 31, 2002 are as follows:

	Year of Maturity					
	2003	2004	2005	2006	2007	2008 & thereafter
Long-term debt	\$ 874.8	\$ 176.6	\$ 1,473.2	\$ 801.4	\$ 700.1	\$ 5,874.3

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Viacom Credit Agreement

As of December 31, 2002, the Company's credit facilities, excluding Blockbuster's credit facility, totaled \$4.75 billion comprised of \$1.45 billion and \$1.5 billion 5-year revolving credit facilities and a \$1.8 billion 364-day revolving credit facility. The \$1.45 billion and \$1.5 billion facilities are scheduled to expire in 2005 and 2006, respectively. On February 28, 2003, the Company entered into a \$1.7 billion 364-day credit facility to replace the \$1.8 billion facility which was to expire in March 2003. The terms and conditions of the \$1.7 billion facility are substantially similar to the \$1.8 billion facility. As of February 28, 2003, the Company's credit facilities total \$4.65 billion. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the \$1.5 billion facility. Borrowing rates under the facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2002, the Company had unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.51 billion in the aggregate.

The facilities contain certain covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2002, the Company was in compliance with the financial covenants.

The primary purpose of the credit facilities is to support commercial paper borrowings. At December 31, 2002, the Company had commercial paper borrowings of \$174.6 million under its \$4.75 billion commercial paper program. The Company's credit facilities supporting the commercial paper borrowings totaled \$4.65 billion at February 28, 2003. Borrowings under the program have maturities of less than a year.

At December 31, 2002, the Company had classified approximately \$939.6 million of commercial paper and other debt scheduled to mature within the next twelve months as long-term debt, reflecting its intent and ability, through the existence of unused revolving credit facilities, to refinance this debt on a long-term basis.

Blockbuster Credit Agreement

As of December 31, 2002, Blockbuster's credit agreement (the "Blockbuster Credit Agreement") was comprised of a \$600.0 million long-term revolver due July 1, 2004 and a \$410.0 million term loan due in quarterly installments ending July 1, 2004. Blockbuster had \$600.0 million of available borrowing capacity under the long-term revolver at December 31, 2002. Blockbuster has the ability with this available borrowing capacity to extend the maturities of the current portion of the term loan. Interest rates under the Blockbuster Credit Agreement are based on the prime rate in the United States or LIBOR (plus a margin, or "LIBOR spread," based on leverage ratios, which is currently 1.25%) at Blockbuster's option at the time of borrowing. The weighted-average interest rate at December 31, 2002 for borrowings under the Blockbuster Credit Agreement was 3.1%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (0.25% at December 31, 2002).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, purchase of Blockbuster's common stock or other distributions and also require compliance with certain financial covenants with respect to a maximum leverage ratio and a minimum fixed charge coverage ratio. At December 31, 2002, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

Accounts Receivable Securitization Programs

As of December 31, 2002, and December 31, 2001, the Company had an aggregate of \$981.9 million and \$950.0 million, respectively, outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's consolidated balance sheets. The Company enters into these arrangements because they provide a cost-efficient form of financing and an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The Company is required to maintain certain ratios in connection with the programs. As of December 31, 2002, the Company was in compliance with the required ratios under the receivable securitization programs.

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Liquidity and Capital Resources

The Company believes that its operating cash flow (\$3.1 billion in 2002), cash and cash equivalents (\$631.4 million at December 31, 2002), borrowing capacity under committed bank facilities (which consisted of unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.51 billion in the aggregate at December 31, 2002), and access to capital markets are sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. The funding for commitments to purchase sports programming rights, television and film operations, and talent contracts will come primarily from cash flow from operations.

The Company continually projects anticipated cash requirements, which include capital expenditures, share purchases, acquisitions, and principal payments on its outstanding indebtedness, as well as cash flows generated from operating activity available to meet these needs. Any net cash funding requirements are financed with short-term borrowings (primarily commercial paper) and long-term debt. Commercial paper borrowings, which also accommodate day-to-day changes in funding requirements, are backed by committed bank facilities that may be utilized in the event that commercial paper borrowings are not available. The Company's strong credit position, which is reflected by an A-/A3 rating, affords access to the capital markets. The Company anticipates that scheduled debt maturities in 2003 will be funded with cash and cash equivalents and cash flows generated from operating activities. There are no provisions in any of the Company's material financing agreements that would cause an acceleration of the obligation in the event of a downgrade in the Company's debt ratings.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and warrants of Viacom that may be issued for aggregate gross proceeds of \$5.0 billion. The registration statement was first declared effective on January 8, 2001. The net

proceeds from the sale of the offered securities may be used by Viacom for general corporate purposes, including repayment of borrowings, working capital and capital expenditures, or for such other purposes as may be specified in the applicable Prospectus Supplement. To date, the Company has issued \$1.635 billion of securities under the shelf registration statement.

For the year ended December 31, 2002, the Company had a total of \$1.1 billion of long-term debt maturities, redemptions and repurchases and issued \$1.3 billion of long-term debt. The long-term debt issuances maintained the Company's unused borrowing capacity and its financial flexibility.

Planned capital expenditures for 2003 are approximately \$600 million to \$625 million. The Company spent \$537.1 million during 2002. Capital expenditures are funded with cash flows from operations.

Commitments and Contingencies

The following table presents the Company's significant unrecorded contractual commitments as of December 31, 2002:

	2003	2004	2005	2006	2007	2008 & thereafter
Programming and talent commitments	\$ 3,042.3	\$ 2,273.8	\$ 2,004.3	\$ 1,055.3	\$ 886.7	\$ 4,283.0
Operating leases	\$ 930.9	\$ 791.5	\$ 662.4	\$ 637.8	\$ 422.9	\$ 1,725.3
Capital lease obligations (including interest)	\$ 118.1	\$ 90.5	\$ 75.2	\$ 62.1	\$ 52.0	\$ 102.9
Guaranteed minimum franchise payments	\$ 378.2	\$ 342.1	\$ 303.6	\$ 212.4	\$ 81.3	\$ 156.5

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Commitments

At December 31, 2002, programming and talent commitments of the Company not reflected on the balance sheet are estimated to aggregate approximately \$13.5 billion. These commitments include approximately \$9.3 billion for the acquisition of sports programming rights, approximately \$3.1 billion relating to television, radio and feature film production and acquisitions and approximately \$1.1 billion for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company has also entered into capital leases for satellite transponders and buildings.

Viacom's outdoor advertising business has franchise rights entitling it to display advertising on media such as buses, trains, bus shelters, terminals, billboards, and phone kiosks. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment. At December 31, 2002, future guaranteed minimum franchise payments not reflected on the balance sheet are estimated to aggregate approximately \$1.5 billion.

Guarantees

The Company owns a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia. As of December 31, 2002, the Company guaranteed approximately \$250.6 million of UCI's debt obligations under a revolving credit facility which expires in December 2004, and \$155.5 million of UCI's theater leases. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres, LLC and guarantees certain theater leases for approximately \$14.7 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of December 31, 2002.

Additionally, the Company has letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$405.2 million at December 31, 2002 and are not recorded on the balance sheet.

The Company is also subject to certain off-balance sheet lease guarantees related to the divestitures of certain businesses. In October 1998, Blockbuster Music stores were sold to Wherehouse Entertainment Inc. ("Wherehouse"). Some of the leases transferred in connection with this sale had previously been guaranteed either by the Company or its affiliates. The remaining initial terms of these leases expire on various dates through 2007. However, certain leases contain renewal options that can extend the primary lease term and remain subject to the guarantee. Blockbuster had previously agreed to indemnify the Company with respect to any amount paid under these guarantees. On January 21, 2003, Wherehouse filed a petition for protection under Chapter 11 of U.S. bankruptcy law. Based on information regarding lease and guaranty expirations provided to Blockbuster by Wherehouse in connection with its bankruptcy, Blockbuster's current estimate of the contingent liability is approximately \$36.0 million. Blockbuster recorded a reserve of \$18.7 million during the fourth quarter of 2002 which represented its estimate of the undiscounted lease guaranty obligation associated with the stores that Wherehouse has indicated it will vacate. The Company has accounted for these reserves in discontinued operations.

Legal Matters

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse

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was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which

a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative mica, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2002, the Company had pending approximately 103,800 asbestos claims, as compared to approximately 106,000 as of December 31, 2001 and approximately 100,000 as of December 31, 2000. The 2001 and 2000 numbers of claims included approximately 7,100 claims and 1,900 claims, respectively, on an inactive docket in Baltimore which would not be counted as pending under the Company's current methodology. In addition, the pending claim count was reduced by approximately 24,000 claims as a result of the Supreme Court of New York's order dated December 2002 establishing a deferred docket of claimants alleging minimal or no impairment. Of the claims pending as of December 31, 2002, approximately 73,900 were pending in state courts, 27,100 in federal court and approximately 2,800 were third party claims. During 2002, the Company received approximately 49,400 new claims and closed approximately 18,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs in 2002 and 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$28 million and \$21 million, respectively. A portion of such costs relates to claims settled in prior years.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort claims arising from historical operations of the Company and its predecessors.

Antitrust. In March 2001, after a series of judicial rulings, three individuals remained as plaintiffs in a complaint filed in the United States District Court for the Western District of Texas against the Company, Blockbuster, Paramount Home Entertainment, and other major motion picture studios and their home video subsidiaries. They asserted, among other things, that the Company, Blockbuster and the studios conspired to fix the prices of videos to retailers and distributors, engaged in discriminatory pricing, and conspired to restrain competition. They were seeking treble damages for themselves and injunctive relief under both federal and California state law. In July 2002, judgment was entered in favor of the defendants. Plaintiffs have appealed the judgment to the Fifth Circuit Court of Appeals. In January 2001, a similar complaint was filed in California in a Los Angeles County Superior Court by over 200 individual plaintiffs seeking class certification and monetary damages against the same defendants. In January 2002, the California court denied the plaintiffs' request for class certification, and the plaintiffs have appealed that decision to a California appellate court. By order dated February 20, 2003, the California state court judge dismissed with prejudice all claims against the defendants. The Company believes that the plaintiffs'

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position in these litigations is without merit and intends to continue to defend itself vigorously in the litigations.

Blockbuster Securities Action. During February and March 2003, three putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas claiming violations of the Securities Exchange Act of 1934 and seeking a class determination for purchasers of Blockbuster stock for the approximately eight-month period between April and December 2002. Certain members of Blockbuster's senior management are also named as defendants. A shareholder derivative action arising from the same operative facts was filed in February 2003 in the same court; and another shareholder derivative action was filed in March 2003 in the 160th Judicial District Court for Dallas County, Texas claiming breach of fiduciary duties for an approximately three-week period from late April through mid-May 2002. These actions named certain Blockbuster directors, some of whom are directors and/or executive officers of the Company, and certain members of Blockbuster's senior management, as individual defendants, and Blockbuster as a nominal defendant. Responses have not yet been filed to any of these lawsuits. The Company believes the plaintiffs' positions in these lawsuits are without merit and intends to vigorously defend these matters.

Other. The Company has amounts owed by an international licensee under a series of long-term licensing arrangements covering feature film and television product. The licensee is disputing its obligation to accept and to pay for a portion of this product under certain of these arrangements. The Company has brought suit to enforce its rights under those arrangements and strongly believes in the merits of its position. The licensee is attempting to reorganize under German insolvency law. As a result, the Company may be unable to recover some or all of amounts being sought in the litigation, as well as the undisputed sums owing under these arrangements. The Company however, believes that the resolution of such matters will not have a material adverse effect on the Company's consolidated results of operations.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

Market Risk

The Company is exposed to market risk related to foreign currency exchange rates and interest rates. The Company uses derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with its policy, the Company does not use derivative instruments unless there is an underlying exposure and therefore, the Company does not hold or enter into financial instruments for speculative trading purposes.

Foreign Exchange Risk

The Company conducts business with companies in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. dollar. In order to hedge anticipated cash flows and foreign currency balances in such currencies

as the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro, foreign currency forward and option contracts are used. Additionally, the Company designates forward contracts used to hedge future production costs as cash flow hedges. The change in fair value of the non-designated contracts is included in current period earnings as part of "Other items, net". The Company manages the use of foreign exchange derivatives centrally. At December 31, 2002, the notional value of all foreign exchange contracts was \$266.0 million, of which \$49.0 million related to the hedging of future production costs. The remaining \$217.0 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges. At December 31, 2001, the notional value of all foreign exchange contracts was \$268.1 million, of

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which \$76.6 million related to the hedging of future production costs. The remaining \$191.5 million represented hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges. Approximately 90% of consolidated revenues are generated in U.S. dollars, accordingly, a 10% fluctuation in foreign currency rates would not have a material effect on results of operations.

Interest Rate Risk

The Company's interest expense is exposed to movements in short-term rates. Swap agreements are used to modify this exposure. This includes both fixed to variable rate swaps, which are designated as fair value hedges, and variable to fixed rate swaps, which are designed as cash flow hedges. Based on the amount of variable rate debt outstanding at December 31, 2002, a 100 basis point change in interest rates would cause a \$23.7 million change to pre-tax earnings. As of December 31, 2002 if both parties were to agree, the swaps could have been terminated by a net payment from the counterparties of approximately \$75.1 million.

On January 23, 2001, the Company, in connection with the acquisition of BET, assumed \$425 million of cash flow swap agreements which effectively converted variable rate debt to a fixed rate. As of December 31, 2002, the notional amount outstanding was approximately \$175 million. The notional amount of swaps amortizes by approximately \$156 million in September of 2003 and matures in September 2004. Interest is received based upon three-month LIBOR and is paid at approximately 5.07%. The amount of the ineffectiveness of these cash flow hedges that was reflected in earnings was immaterial.

The effective portion of the change in value of cash flow hedges are reported in other comprehensive income and reclassified into earnings in the same period in which the hedged transaction affects earnings. During the next twelve months, approximately \$5.0 million will be amortized into earnings. The ineffective portion of the hedges included in earnings was not material. The change in value of the fair value hedges and the hedged instruments is reported in earnings for the periods presented.

During December 2001, the Company entered into \$750 million notional amount swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million matures on January 15, 2003, \$275 million matures on September 1, 2003 and \$250 million matures on June 1, 2005, and the Company receives interest at approximately 3.2%, 3.8% and 4.5%, respectively, and pays three-month LIBOR. These fair value hedges were fully effective. During November 2002, the 3.2% and 3.8% swap agreements entered in December 2001 were terminated by the Company and the Company received approximately \$8.7 million in cash which is being amortized into earnings over the remaining life of the respective debt.

On April 24, 2002, the Company entered into additional \$700 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2007 and the Company receives interest at approximately 5.11% on \$400 million and 5.35% on \$300 million, and pays three-month LIBOR.

Credit Risk

The Company continually monitors its positions with, and credit quality of, the financial institutions, which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2002 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

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Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns the Company's Class A Common Stock, representing approximately 69% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at December 31, 2002. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the years ended December 31, 2002 and 2001, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$12.3 million and \$18.2 million, respectively.

The Company owns a minority equity interest in Westwood One, Inc. ("Westwood One"). Most of Infinity's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue from the sale by Westwood One of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. Revenues from these arrangements were approximately \$110.4 million, \$94.8 million and \$77.6 million in 2002, 2001 and 2000, respectively.

Recent Pronouncements

Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143"), effective for fiscal years beginning after June 15, 2002. SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS 143 requires the capitalization of any retirement costs as part of the total cost of the related long-lived asset and the subsequent allocation of the total expense to future periods using a systematic and rational method. In accordance with its provisions, the Company will record a cumulative effect of change in accounting principle during the first quarter of 2003 in connection with the implementation of this standard. The adoption of this standard will not have a material effect on the Company's statements of operations, financial position or cash flows.

Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), effective for fiscal years beginning after December 15, 2001. SFAS 144 establishes an accounting model for long-lived assets to be disposed of by sale, including discontinued operations. The adoption of SFAS 144 did not have a material effect on the Company's financial statements.

Effective December 31, 2002, the Company adopted SFAS No. 145 "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("SFAS 145"). SFAS 145 no longer requires gains and losses from the extinguishments of debt to be classified as an extraordinary item. Adoption of SFAS 145 resulted in the reclassification of \$3.9 million of extraordinary loss net of tax, recorded for the year ended December 31, 2001 to interest expense.

In June of 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), effective for exit or disposal activities initiated after December 31, 2002. SFAS 146 requires a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The adoption of SFAS 146 will not have a material effect on the Company's financial statements.

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Effective December 31, 2002, the Company adopted SFAS No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"), an amendment of Statement No. 123. SFAS 148 provides alternative methods of transition to a voluntary adoption of the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

In November 2002, FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002.

Critical Accounting Policies

Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggests companies provide additional disclosure and commentary on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to the Company's financial condition and results of operations, and requires significant judgment and estimates on the part of management in its application. For a summary of the Company's significant accounting policies, including the critical accounting policies discussed below, see the accompanying notes to the consolidated financial statements.

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions. The following accounting policies require significant management judgments and estimates.

- Accounting for the production and distribution of motion pictures and television programming is in accordance with SOP 00-2, which requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each program. These estimates are used to determine the amortization of capitalized production costs, expensing of participation and residual cost and any necessary net realizable value adjustments.
- The cost of Blockbuster's rental library, which includes videocassettes, DVDs and games, is amortized over periods ranging from 3 to 12 months to an estimated residual value of \$2 to \$5 per unit, according to the product category. The estimates for useful lives and residual values of the rental library are continually evaluated based on changes in consumer demand. Changes in demand or buying patterns may impact the carrying value of the rental library and rental margins. During 2001, Blockbuster changed the estimates regarding useful lives and residual values for videocassettes and game products, which resulted in inventory write-downs and increased amortization expense.
- The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the tangible net assets acquired is recorded as intangibles. Determining the fair value of assets acquired and

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liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items.

- The Company assesses potential impairment of long-lived assets under the guidance of SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Goodwill and other intangibles are evaluated for impairment under the guidance of SFAS 142 which was adopted in the first quarter of 2002. Upon adoption, the Company determined that based on segment valuation studies with the exception of Blockbuster, none of the Company's reporting units had an impairment. The write down of Blockbuster's goodwill of \$1.8 billion was determined after the fair value of Blockbuster had been allocated to specific assets and liabilities and was recognized as a cumulative effect of a change in accounting principle. Subsequently, Blockbuster performed its annual impairment test on October 31, 2002 and there was no

additional impairment under the provisions of SFAS 142 for 2002. SFAS 142 requires companies to test for goodwill impairment annually and also between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit below the unit's carrying amount. During December 2002, Blockbuster performed an interim impairment test on its goodwill balance as of December 31, 2002 which determined that its estimated fair value, under SFAS 142, was in excess of book value. As a result, there was no additional impairment. Blockbuster will perform its annual impairment test for 2003 on October 31, 2003, and on an interim date in 2003 should factors or indicators become apparent that would require an interim test. A significant downward revision in the estimated future cash flows could result in a material impairment of goodwill under SFAS 142.

- The Company's cost and equity investments, where market value has declined below cost, are regularly reviewed by management to determine whether or not there has been an other-than temporary decline in market value. In making that determination, management considers the extent to which cost exceeds market value, the duration of the market decline, the investees' earnings and cash forecasts and current cash position, among other factors. In 2002, the Company recorded a non-cash impairment loss of approximately \$13.8 million. In 2001, the Company recorded a non-cash impairment loss of approximately \$125.0 million.
- Balance sheet reserves and liabilities related to taxes, legal issues, restructuring charges and discontinued businesses, including asbestos and environmental matters, require significant judgments and estimates by management. The Company continually evaluates these estimates based on changes in the relevant facts and circumstances and events that may impact estimates. While management believes that the current reserves for matters related to discontinued business, including environmental and asbestos are adequate, there can be no assurance that circumstances will not change in future periods.
- Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the rate at which the pension benefit obligations could effectively be settled. The Company used investment grade corporate bond yields to support its discount rate assumption. The expected rate of return on plan assets assumption was derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected returns on various classes of plan assets. For 2002, the unrecognized actuarial loss for pension plans increased significantly as a result of lowering the discount rate for the Company's major plans from 7.25% in 2001 to 6.50% in 2002, other actuarial losses and plan assets producing a return below the expected return due to market conditions in 2002. As of December 31, 2002, total pension benefit obligations exceeded the fair value of corresponding plan assets and therefore the Company recorded an additional pension liability of \$865.0 million. The expected increased pension expense due to decreases in pension plan

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asset values and expected rate of return on such assets will not result in increased Company pension plan contributions.

Cautionary Statement Concerning Forward-Looking Statements

This document and the documents incorporated by reference into this Annual Report on Form 10-K, including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition", 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, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the 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 the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements.

The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in the Company's forward-looking statements:

- The Company derives substantial revenues from the sale of advertising on its over-the-air networks, basic cable networks, television stations, radio stations and outdoor businesses. The sale of advertising is affected by viewer demographics, viewer ratings and market conditions for advertising. Adverse changes to any of these factors, including as a result of acts of terrorism or war, could have a negative effect on revenues. Additionally, consumer and advertiser actions in response to the war in Iraq could have an adverse effect on the Company's results of operations.
- Operating results derived from the Company's motion picture and television production businesses fluctuate depending primarily upon cost of such productions and acceptance of such productions by the public, which are difficult to predict. Motion picture and television production has experienced cycles in which increased costs of talent, reduced availability of co-financing opportunities, and other factors have resulted in higher production costs. In addition, the commercial success of the Company's motion picture and television productions depends upon the quality and acceptance of other competing productions, and the availability of alternative forms of entertainment and leisure time activities.
- The Company's operating results fluctuate due to the timing and availability of theatrical and home video releases, as well as the recording of license fees for television exhibition of motion pictures and for syndication and basic cable exhibition of television programming in the period that the products are available for such exhibition.
- The Company's basic cable networks and premium subscription television networks are dependent upon affiliation agreements with cable and direct-to-home ("DTH") distributors on acceptable terms. The loss of carriage on such distributors, or continued carriage on less favorable terms, could adversely affect, with respect to basic cable networks, revenues from subscriber fees and the ability to sell advertising, and with respect to premium subscription television networks, subscriber fee revenues. In addition, continued consolidation among cable and/or DTH distributors could have an adverse effect on subscriber fee revenues.
- Some of the Company's businesses are seasonal. The home video and consumer publishing businesses are subject to increased periods of demand coinciding with summer and winter holidays, while a substantial majority of the theme parks' operating income is generated from May through

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September. In addition, the home video and theme parks businesses' revenues are influenced by weather. The Company's radio and outdoor advertising businesses experience fluctuations based on the timing of advertising expenditures by retailers and typically experience highest revenues in the fourth quarter and lowest revenues in the first quarter.

The Company's home video retail business currently enjoys a competitive advantage over most other movie distribution channels, except theatrical releases, due to the early timing of the video retailer "distribution window." The Video business could be negatively affected if the video retail distribution windows were no longer the first following the theatrical release; the length of the video retail distribution window was shortened; or the video retail distribution windows were no longer as exclusive as they are now. The Company believes that the studios have a significant interest in maintaining a viable video retail industry; however, the order, length and exclusivity of each window for each distribution channel is determined solely by the studio releasing the movie and the Company cannot predict the impact, if any, of any future decisions by the studios. Increased studio licensing of product to video-on-demand and similar services might impact their decisions with respect to the timing and exclusivity of the video retailer distribution window with possible adverse affect on the Video business.

- The Company cannot control or predict with certainty studio pricing policies for DVD and VHS product. "Sell-through" pricing of DVDs has reduced the significance of the "rental window" for VHS product and has resulted in competition from mass merchant retailers at an earlier stage than is the case for VHS. If sell-through pricing and competition cause consumers to increasingly desire to purchase rather than rent movies, the Video business could be negatively affected if it is unable to increase rental market share, to replace profits from rentals with profits from sales of sell-through product, or to otherwise positively affect gross profits. In addition, if studios make future changes in their pricing policies, which could include pricing rental windows for DVDs or expanded exploitation by studios of any international copyright laws that allow studios to charge retailers more for DVD and VHS rental product than for sell-through product, the profitability of the Video business could be negatively affected if it is unable to enter into arrangements with the studios that effectively balance copy depth and cost considerations.
- Changes in FCC laws and regulations could, directly or indirectly, adversely affect the operations and ownership of the Company's properties.
- The Company has contingent liabilities related to discontinued businesses, including environmental liabilities and pending litigation. While the pending or potential litigations, and environmental and other liabilities should not have a material adverse effect on the Company, there can be no assurance in this regard.
- The Company may be adversely affected by changes in technology and its effect on competition in the Company's markets, including technologies that increase the threat of content piracy.
- Other economic, business, competitive and/or regulatory factors could affect the Company's businesses generally.

These factors 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 document are only made as of the date of this document, and the Company does not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. The Company cannot make any assurances that projected results or events will be achieved. You should review carefully all information, including the financial statements and the notes to the financial statements, included or incorporated by reference into this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Response to this is included in "Item 7—Management's Discussion and Analysis of Results of Operations and Financial Condition—Market Risk."

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of Viacom Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of stockholders' equity and comprehensive income present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Accordingly, the Company ceased amortizing goodwill and indefinite lived intangible assets as of January 1, 2002.

/s/ PRICEWATERHOUSECOOPERS LLP
New York, New York
February 10, 2003

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MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared and is responsible for the consolidated financial statements and related notes of Viacom Inc. They have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on judgments and estimates by management. All financial information in this annual report is consistent with the consolidated financial statements.

The Company maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and properly recorded, and that accounting records may be relied upon for the preparation of consolidated financial statements and other financial information. The design, monitoring, and revision of internal accounting control

systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. The Company also maintains an internal audit function, which evaluates and reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

Viacom Inc.'s consolidated financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants, who have expressed their opinion with respect to the presentation of these statements.

The Audit Committee of the Board of Directors, which is comprised solely of independent directors within the meaning of the NYSE rules, meets periodically with the independent accountants, with our internal auditors, with our general counsel, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee is also responsible for retaining the independent accounting firm for the coming year, subject to stockholder approval. The independent accountants, the internal auditors and the general counsel have full and free access to the Audit Committee with and without management's presence.

VIACOM INC.

By: /s/ SUMNER M. REDSTONE

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

By: /s/ MEL KARMAZIN

Mel Karmazin
President
Chief Operating Officer

By: /s/ RICHARD J. BRESSLER

Richard J. Bressler
Senior Executive Vice President
Chief Financial Officer

By: /s/ SUSAN C. GORDON

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

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Year Ended December 31,		
	2002	2001	2000
Revenues	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7
Expenses:			
Operating	14,865.1	14,463.8	11,707.1
Selling, general and administrative	4,198.3	4,092.4	4,093.7
Restructuring and merger-related charges	—	119.4	698.5
Depreciation and amortization	945.6	3,087.0	2,223.5
Total expenses	20,009.0	21,762.6	18,722.8
Operating income	4,596.7	1,460.2	1,320.9
Interest expense	(848.3)	(969.2)	(822.3)
Interest income	15.8	30.6	53.2
Other items, net	(30.0)	254.7	8.8
Earnings before income taxes	3,734.2	776.3	560.6
Provision for income taxes	(1,448.9)	(919.9)	(729.8)
Equity in loss of affiliated companies, net of tax	(39.5)	(127.0)	(124.2)
Minority interest, net of tax	(39.2)	47.1	(70.4)
Net earnings (loss) before cumulative effect of change in accounting principle	2,206.6	(223.5)	(363.8)
Cumulative effect of change in accounting principle, net of minority interest and	(1,480.9)	—	(452.3)

tax

Net earnings (loss)	\$	725.7	\$	(223.5)	\$	(816.1)
Basic earnings (loss) per common share:						
Net earnings (loss) before cumulative effect of change in accounting principle	\$	1.26	\$	(.13)	\$	(.30)
Cumulative effect of change in accounting principle	\$	(.84)	\$	—	\$	(.37)
Net earnings (loss)	\$.41	\$	(.13)	\$	(.67)
Diluted earnings (loss) per common share:						
Net earnings (loss) before cumulative effect of change in accounting principle	\$	1.24	\$	(.13)	\$	(.30)
Cumulative effect of change in accounting principle	\$	(.83)	\$	—	\$	(.37)
Net earnings (loss)	\$.41	\$	(.13)	\$	(.67)
Weighted average number of common shares outstanding:						
Basic		1,752.8		1,731.6		1,225.3
Diluted		1,774.8		1,731.6		1,225.3

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VIACOM INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	At December 31,	
	2002	2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 631.4	\$ 727.4
Receivables, less allowances of \$278.0 (2002) and \$274.9 (2001)	3,721.0	3,581.8
Inventory (Note 6)	1,332.7	918.7
Deferred tax asset, net (Note 11)	238.6	359.7
Prepaid expenses	413.1	413.7
Other current assets	830.0	754.4
Total current assets	7,166.8	6,755.7
Property and Equipment:		
Land	780.0	752.7
Buildings	955.3	1,030.5
Capital leases	674.0	778.1
Advertising structures	2,128.9	2,074.5
Equipment and other	5,313.4	4,729.1
	9,851.6	9,364.9
Less accumulated depreciation and amortization	3,738.9	3,029.7
Net property and equipment	6,112.7	6,335.2
Inventory (Note 6)	4,527.0	4,335.6
Goodwill (Note 2)	57,116.3	59,109.0
Intangibles (Note 2)	12,482.6	11,881.1
Other assets	2,348.8	2,393.3
Total Assets	\$ 89,754.2	\$ 90,809.9

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$ 1,176.2	\$ 945.0
Accrued expenses	1,883.9	1,739.2
Accrued compensation	653.4	708.5
Participants' share, residuals and royalties payable	966.8	1,309.4
Program rights	875.0	849.7
Deferred income	604.6	527.7
Income taxes payable	98.0	94.0
Other current liabilities	884.2	1,089.2

Current portion of long-term debt (Note 8)	199.0	299.0
Total current liabilities	7,341.1	7,561.7
Long-term debt (Note 8)	10,205.2	10,823.7
Pension and postretirement benefit obligation (Note 12)	2,279.2	1,643.7
Deferred income tax liabilities (Note 11)	798.8	1,131.2
Other liabilities	5,796.9	5,721.0
Commitments and contingencies (Note 13)		
Minority interest	845.2	1,211.8
Stockholders' Equity:		
Class A Common Stock, par value \$.01 per share; 750.0 shares authorized; 137.3 (2002) and 138.8 (2001) shares issued	1.4	1.4
Class B Common Stock, par value \$.01 per share; 10,000.0 shares authorized; 1,716.0 (2002) and 1,697.0 (2001) shares issued	17.1	17.0
Additional paid-in capital	65,597.8	64,980.6
Retained earnings	1,934.0	1,208.3
Accumulated other comprehensive loss (Note 1)	(580.5)	(152.7)
	66,969.8	66,054.6
Less treasury stock, at cost; 1.4 (2002 and 2001) Class A shares; and 105.3 (2002) and 77.9 (2001) Class B shares	4,482.0	3,337.8
Total stockholders' equity	62,487.8	62,716.8
Total Liabilities and Stockholders' Equity	\$ 89,754.2	\$ 90,809.9

See notes to consolidated financial statements

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2002	Year ended December 31, 2001	2000
Operating Activities:			
Net earnings (loss)	\$ 725.7	\$ (223.5)	\$ (816.1)
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:			
Depreciation and amortization	945.6	3,087.0	2,223.5
Restructuring and merger-related charges	—	119.4	698.5
Inventory charges	—	392.1	—
Cumulative effect of change in accounting principle	1,480.9	—	753.9
(Gain) loss on transactions and other items, net	(34.8)	(282.0)	25.6
Equity in loss of affiliated companies, net of tax	39.5	127.0	124.2
Distributions from affiliated companies	39.7	55.6	48.3
Minority interest, net of tax	39.2	(47.1)	70.4
Amortization of deferred financing costs	10.2	12.7	17.9
Change in operating assets and liabilities:			
(Increase) decrease in receivables	(74.9)	391.3	(377.9)
(Increase) decrease in inventory and related program liabilities, net	(772.6)	63.7	(157.3)
(Increase) decrease in other current assets	(77.7)	65.9	(172.2)
Increase in unbilled receivables	(57.9)	(107.5)	(55.7)
Decrease in accounts payable and accrued expenses	(82.9)	(519.2)	(200.1)
Increase in income taxes payable and net deferred tax liabilities	826.6	439.4	166.9
Increase (decrease) in deferred income	164.4	(67.2)	(48.7)
Other, net	(46.6)	1.5	22.1
Net cash flow provided by operating activities	3,124.4	3,509.1	2,323.3
Investing Activities:			

Acquisitions, net of cash acquired	(926.0)	(886.1)	(2,380.0)
Capital expenditures	(537.1)	(515.4)	(659.0)
Investments in and advances to affiliated companies	(60.8)	(70.1)	(239.2)
Purchases of short-term investments	(2.0)	(14.2)	(89.9)
Proceeds from sale of investments	21.7	61.6	316.6
Proceeds from dispositions	50.5	233.7	190.6
Net cash flow used for investing activities	(1,453.7)	(1,190.5)	(2,860.9)
Financing Activities:			
(Repayments to) borrowings from banks, including commercial paper, net	(1,153.8)	(4,012.0)	1,413.4
Proceeds from issuance of notes and debentures	1,298.0	3,423.7	1,682.9
Repayment of notes and debentures	(1,009.4)	(917.1)	(331.9)
Purchase of Company common stock	(1,139.0)	(1,066.1)	(1,945.4)
Proceeds from exercise of stock options	357.6	184.6	187.0
Payment of capital lease obligations	(114.3)	(136.3)	(130.6)
Purchase of common stock by subsidiary	—	—	(84.1)
Other, net	(5.8)	(2.5)	—
Net cash flow (used for) provided by financing activities	(1,766.7)	(2,525.7)	791.3
Net (decrease) increase in cash and cash equivalents	(96.0)	(207.1)	253.7
Cash and cash equivalents at beginning of year	727.4	934.5	680.8
Cash and cash equivalents at end of year	\$ 631.4	\$ 727.4	\$ 934.5

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,					
	2002		2001		2000	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance, beginning of year	138.8	\$ 1.4	138.9	\$ 1.4	139.7	\$ 1.4
Conversion of A shares into B shares	(1.5)	—	(.1)	—	(.8)	—
Balance, end of year	137.3	1.4	138.8	1.4	138.9	1.4
Class B Common Stock:						
Balance, beginning of year	1,697.0	17.0	1,454.7	14.5	606.6	6.1
Exercise of stock options	17.5	.1	10.6	.2	10.8	.1
Issuance of stock for CBS acquisition	—	—	—	—	836.5	8.3
Issuance of stock for Infinity acquisition	—	—	231.6	2.3	—	—
Conversion of A shares into B shares	1.5	—	.1	—	.8	—
Balance, end of year	1,716.0	17.1	1,697.0	17.0	1,454.7	14.5
Additional Paid-In Capital:						
Balance, beginning of year		64,980.6		50,729.9		10,338.5
Exercise of stock options, including tax benefit		526.1		322.4		349.7
MTVi acquisition		151.6		—		—
Loss on issuance of subsidiary stock		(60.6)		—		—
Payout of shares for deferred compensation		.1		—		—
Issuance of stock for Infinity acquisition		—		13,408.8		—
Issuance of stock for BET acquisition		—		521.9		—
Issuance of stock for CBS acquisition		—		—		39,641.7
Stock option acceleration attributable to CBS acquisition		—		—		400.0
Reduction of equity interest in internet investments		—		(2.4)		—

Balance, end of year		65,597.8		64,980.6		50,729.9
Retained Earnings:						
Balance, beginning of year		1,208.3		1,431.8		2,247.9
Net earnings (loss)		725.7		(223.5)		(816.1)
Balance, end of year		1,934.0		1,208.3		1,431.8
Accumulated Other Comprehensive Loss:						
Balance, beginning of year		(152.7)		(152.5)		(30.2)
Other comprehensive loss		(427.8)		(.2)		(122.3)
Balance, end of year		(580.5)		(152.7)		(152.5)
Treasury Stock, at cost:						
Balance, beginning of year	79.3	(3,337.8)	97.7	(4,058.2)	48.5	(1,431.7)
Common stock purchased	27.8	(1,164.1)	25.2	(1,082.8)	34.2	(1,945.4)
Issuance of stock for BET acquisition, net	—	—	(43.0)	1,777.8	—	—
Shares held in trusts	—	—	—	—	15.0	(681.1)
Payout of shares for deferred compensation	(.4)	19.9	(.6)	25.4	—	—
Balance, end of year	106.7	(4,482.0)	79.3	(3,337.8)	97.7	(4,058.2)
Total Stockholders' Equity	\$	62,487.8	\$	62,716.8	\$	47,966.9
Comprehensive Income (Loss):						
Net earnings (loss)	\$	725.7	\$	(223.5)	\$	(816.1)
Other Comprehensive Loss, net of tax:						
Unrealized loss on securities		(9.3)		(36.7)		(92.8)
Reclassification adjustment for net realized losses		1.3		69.2		45.3
Change in fair value of cash flow hedges		2.1		(3.0)		—
Cumulative translation adjustments		69.4		(29.3)		(71.4)
Minimum pension liability adjustment		(491.3)		(.4)		(3.4)
Total Other Comprehensive Loss, net of tax		(427.8)		(.2)		(122.3)
Total Comprehensive Income (Loss)	\$	297.9	\$	(223.7)	\$	(938.4)

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The consolidated financial statements include the accounts of Viacom Inc. ("Viacom" or the "Company") and investments of more than 50% in subsidiaries and other entities. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less are accounted for under the cost method. All significant intercompany transactions have been eliminated.

Reclassifications—Certain amounts reported for prior years have been reclassified to conform to the current year's presentation.

Use of Estimates—The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on hand and short-term (maturities of three months or less at the date of purchase) highly liquid investments.

Inventories—Inventories related to theatrical and television product (which includes direct production costs, production overhead and acquisition costs) are stated at the lower of amortized cost or net realizable value. Inventories are amortized, and estimated liabilities for residuals and participations are accrued, for an individual product based on the proportion that current estimated revenues bear to the estimated remaining total lifetime revenues. Estimates for initial domestic syndication and basic cable revenues are not included in the estimated lifetime revenues of network series until such sales are probable. These estimates are periodically reviewed and adjustments if any, will result in changes to inventory amortization rates and estimated accruals for residuals and participations. As a result of the adoption of Statement of Position 00-2, "Accounting by Producers or Distributors of Films," the costs of feature and television films are classified as non-current assets.

The Company estimates that approximately 95% of unamortized costs of completed and released films (excluding amounts allocated under purchase accounting) at December 31, 2002 will be amortized within the next three years. Approximately \$731.0 million of released, and completed but not released film costs are expected to be amortized during the next twelve months. As of December 31, 2002, unamortized acquired film libraries of approximately \$463.6 million remain to be amortized on a straight-line basis over an average remaining life of eleven years.

The cost of non-base stock rental videocassettes is amortized on an accelerated basis over three months to an estimated \$2 salvage value. The cost of base stock videocassettes is amortized on an accelerated basis over three months and then on a straight-line basis over six months to an estimated \$2 residual value. The cost of non-base stock DVDs is amortized on an accelerated basis over six months to an estimated \$4 residual value. Video games and base-stock DVDs are amortized on an accelerated basis over a twelve month period to an estimated \$5 and \$4 salvage value, respectively.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Merchandise inventory consists primarily of pre-recorded videocassette retail inventory, DVDs, video games, licensed merchandise, DVD and game hardware, and confectionery items and is stated at the lower of cost or market. An allocation of costs incurred in Blockbuster's distribution center to prepare products for its stores is included in the cost of its merchandise inventory. Merchandise inventory costs are determined using the weighted average method, the use of which approximates the first-in, first-out basis. Accruals for shrinkage are based on the actual historical shrinkage results of Blockbuster's most recent physical inventories adjusted, if necessary, for current economic conditions. These estimates are compared with actual results as physical inventory counts are taken and reconciled to the general ledger.

Program Rights—The Company acquires rights to programming and produces programming to exhibit on its broadcast and cable networks, and broadcast television and radio stations. The costs incurred in acquiring and producing programs are capitalized and amortized over the license period or projected useful life of the programming. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

Property and Equipment—Property and equipment is stated at cost. Depreciation is computed by the straight-line method over estimated useful lives as follows:

Buildings (including capital leases)	20 to 40 years
Leasehold improvements	4 to 15 years
Advertising structures	5 to 20 years
Equipment and other (including capital leases)	3 to 20 years

Depreciation expense, including capitalized lease amortization, was \$843.9 million (2002), \$872.8 million (2001) and \$799.7 million (2000). Amortization expense related to capital leases was \$81.5 million (2002), \$81.0 million (2001) and \$77.8 million (2000). Accumulated amortization of capital leases was \$354.7 million at December 31, 2002 and \$294.6 million at December 31, 2001.

Impairment of Long-Lived Assets—The Company assesses long-lived assets and identifiable intangibles for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to their net carrying value. The amount of impairment loss, if any, will generally be measured by the difference between the net book value of the assets and the estimated fair value of the related assets.

Investments in affiliated companies are tested for impairment on a quarterly basis by comparing their fair value to the respective carrying amounts each quarter. The Company determines the fair value of its public company investments by reference to their publicly traded stock price. With respect to private company investments, the Company makes its estimate of fair value by considering recent investee equity transactions, discounted cash flow analyses, estimates based on comparable public company operating multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline in market value has occurred including the length of the time and the extent to which the market value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value, and other factors influencing the fair market value, such as general market conditions.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Intangible Assets—Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and other Intangible Assets" ("SFAS No. 142"). Accordingly, the Company's intangible assets considered to have finite or indefinite lives are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of franchise and subscriber agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years and are periodically reviewed for impairment. Intangible assets with indefinite lives, which consist primarily of FCC licenses, and goodwill, which reflects the cost of acquired businesses in excess of the fair value of tangible and intangible assets and liabilities acquired, are no longer amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. If the carrying amount of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized. At December 31, 2002 and December 31, 2001, the Company had approximately \$12.5 billion and \$11.9 billion of intangible assets, respectively. Accumulated amortization of intangible assets with finite lives was \$281.5 million at December 31, 2002 and \$184.6 million at December 31, 2001.

Discontinued Operations—Businesses that have been previously disposed of by the Company are accounted for as discontinued operations in accordance with Accounting Principles Board ("APB") Opinion No. 30. Assets related to discontinued operations primarily include aircraft direct financing and leveraged leases that are generally expected to liquidate in accordance with contractual terms. Liabilities related to various disposed businesses include environmental, asbestos, litigation and product liability. The assets and liabilities of discontinued operations are presented net in "Other liabilities" on the consolidated balance sheets.

Revenue Recognition—Advertising revenues are recognized in the period during which advertising spots are aired. Subscriber fees for Cable Networks are recognized in the period the service is provided. Video segment revenues are recognized at the time of rental or sale. Publishing revenues are recognized when merchandise is shipped. Revenues from the sale of outdoor advertising space are recognized ratably over the contract terms.

Entertainment revenues from films in the domestic and foreign theatrical markets are recognized as films are exhibited; revenues from the sale of videocassettes, discs and DVDs are recognized upon availability for sale to the public. Revenues from video revenue sharing agreements are recognized as earned. Revenues from all television sources are recognized upon availability of the film for telecast except for pay-per-view which is recognized upon purchase by the consumer. Television sources from which the revenues are recognized upon availability of the film for telecast include domestic and foreign premium subscription program services, basic cable networks, broadcast networks and individual television stations. On average, the length of the initial revenue cycle for feature films approximates four to seven years.

Television series initially produced for the networks and first-run syndication are generally licensed to domestic and foreign markets concurrently. The more successful series are later syndicated in domestic markets and in certain foreign markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production. Revenues arising from television license agreements are recognized in the period that the films or television series are available for telecast and therefore may cause fluctuation in operating results.

Advertising—The Company incurred advertising expenses of \$1.38 billion (2002), \$1.46 billion (2001) and \$1.41 billion (2000).

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Sales Returns and Allowances—The Company records a provision for sales returns and allowances at the time of sale based upon historical trends which allow for a percentage of revenue recognized.

Interest—Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of this related debt. The Company may enter into interest rate exchange agreements; the amount to be paid or received under such agreements would be accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense.

Foreign Currency Translation and Transactions—The Company's foreign subsidiaries' assets and liabilities are translated at exchange rates in effect at the balance sheet date, while results of operations are translated at average exchange rates for the respective periods. The resulting translation gains or losses, net of tax are included as a separate component of stockholders' equity in accumulated other comprehensive income. Foreign currency transaction gains and losses have been included in "Other items, net" in the consolidated statements of operations.

Subsidiary Stock Transactions—Gains or losses arising from issuances by a subsidiary of its own stock are recorded within stockholders' equity.

Provision for Doubtful Accounts—The provision for doubtful accounts charged to expense was \$203.2 million (2002), \$112.3 million (2001) and \$124.1 million (2000).

Net Earnings (Loss) per Common Share—Basic earnings (loss) per share ("EPS") is based upon net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed conversions of convertible securities and the exercise of stock options only in the periods in which such effect would have been dilutive. For the years ended December 31, 2001 and December 31, 2000, incremental shares of 27.9 million and 30.1 million, respectively, for the assumed exercise of stock options were excluded from the computation of diluted EPS because their inclusion would have been anti-dilutive.

The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS.

	2002	2001	2000
Weighted average shares for basic EPS	1,752.8	1,731.6	1,225.3
Incremental shares for stock options	22.0	—	—

Comprehensive Income (Loss)—As of December 31, 2002, the components of accumulated other comprehensive loss, are net of the following tax benefits: \$5.7 million for unrealized loss on securities,

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

\$.6 million for change in fair value of cash flow hedges, \$46.5 million for cumulative translation adjustments and \$342.4 million for minimum pension liability adjustment.

	Unrealized Gain/(Loss) on Securities	Change in Fair Value of Cash Flow Hedges	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Loss
At December 31, 1999	\$ 14.7	\$ —	\$ (36.9)	\$ (8.0)	(30.2)
2000 Activity	(47.5)	—	(71.4)	(3.4)	(122.3)
At December 31, 2000	(32.8)	—	(108.3)	(11.4)	(152.5)
2001 Activity	32.5	(3.0)	(29.3)	(.4)	(.2)
At December 31, 2001	(.3)	(3.0)	(137.6)	(11.8)	(152.7)
2002 Activity	(8.0)	2.1	69.4	(491.3)	(427.8)
At December 31, 2002	\$ (8.3)	\$ (.9)	\$ (68.2)	\$ (503.1)	(580.5)

Change in Accounting—The Company adopted Statement of Position 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2") in June 2000. SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. Under the new accounting standard, all exploitation costs such as advertising expenses, marketing costs and video duplication costs for theatrical and television product will be expensed as incurred, whereas under the old accounting standards, these costs were capitalized and amortized over the products' lifetime. As a result of this early adoption in the second quarter of 2000, the Company recorded a pre-tax non-cash charge of \$753.9 million (\$452.3 million after-tax or \$.37 per basic and diluted share). This charge was reflected as a cumulative effect of a change in accounting principle, effective January 1, 2000, in the consolidated statement of operations for the year ended December 31, 2000.

In June 2000, the Financial Accounting Standards Board ("FASB") issued SFAS No. 139 "Rescission of FASB Statement No. 53 and amendments to FASB Statements No. 63, 89, and 121" ("SFAS 139") requiring that certain internally developed programming assets and programming purchased from related parties be classified as long-term in accordance with the provisions of SOP 00-2 as opposed to the previous practice of allocating these programming assets between current and long-term according to the expected amortization period.

Derivative Instruments and Hedging Activities—Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133"). SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value. SFAS 133 also established new accounting rules for hedging instruments which, depending on the nature of the hedge, require that changes in the fair value of the derivatives either be offset against the change in fair value of assets or liabilities through earnings, or be recognized in other comprehensive income until the hedged item is recognized in earnings. The impact of adoption was immaterial on the Company's consolidated results of operations and financial position.

Stock-based Compensation—The Company follows the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Company applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for the stock option grants because the Company typically does not issue options at exercise prices below market value at date of grant.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following table reflects the effect on net earnings (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future amounts since the estimated fair value of stock options on the date of grant is amortized to expense over the vesting period and additional options may be granted in future years. See Note 10 for detailed assumptions.

	2002	Year Ended December 31,		2000
		2001		
Net earnings (loss)	\$ 725.7	\$ (223.5)	\$	(816.1)
Option expense, net of tax	(200.3)	(135.6)		(105.9)
Net earnings (loss) after option expense	\$ 525.4	\$ (359.1)	\$	(922.0)
Basic and Diluted earnings (loss) per share:				
Net earnings (loss) as reported	\$.41	\$ (.13)	\$	(.67)
Net earnings (loss) after option expense	\$.30	\$ (.21)	\$	(.75)

Recent Pronouncements—Effective January 1, 2003, the Company adopted SFAS No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143"), effective for fiscal years beginning after June 15, 2002. SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS 143 requires the capitalization of any retirement costs as part of the total cost of the related long-lived asset and the subsequent allocation of the total expense to future periods using a systematic and rational method. In accordance with its provisions, the Company will record a cumulative effect of change in accounting principle during the first quarter of 2003 in connection with the implementation of this standard. The adoption of this standard will not have a material effect on the Company's statements of operations, financial position or cash flows.

Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), effective for fiscal years beginning after December 15, 2001. SFAS 144 establishes an accounting model for long-lived assets to be disposed of by sale, including discontinued operations. The adoption of SFAS 144 did not have a material effect on the Company's financial statements.

Effective December 31, 2002, the Company adopted SFAS No. 145 "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("SFAS 145"). SFAS 145 no longer requires gains and losses from the extinguishments of debt to be classified as an extraordinary item. Adoption of SFAS 145 resulted in the reclassification of \$3.9 million of extraordinary loss net of tax, recorded for the year ended December 31, 2001 to interest expense.

In June of 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), effective for exit or disposal activities initiated after December 31, 2002. SFAS 146 requires a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The adoption of SFAS 146 will not have a material effect on the Company's financial statements.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Effective December 31, 2002, the Company adopted SFAS No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"), an amendment of SFAS 123. SFAS 148 provides alternative methods of transition to a voluntary adoption of the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

In November 2002, FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002.

2) GOODWILL AND OTHER INTANGIBLE ASSETS

The initial adoption of SFAS 142, effective January 1, 2002, required the Company to perform a two-step fair value based impairment test of goodwill and intangible assets with indefinite lives. The first step of the test examines whether or not the book values of the Company's reporting units exceed their fair values. In the second step, the implied fair value of goodwill in accordance with the methodology prescribed by SFAS 142, is compared to its book value. The Company's reporting units are generally consistent with or one level below the operating segments underlying the segments. As a result of such impairment tests completed in the first quarter of 2002, the Company determined that goodwill related to Blockbuster was impaired.

The estimated fair values of Blockbuster reporting units were computed principally based upon the present value of future cash flows as of the date of adoption. The implied fair value of Blockbuster's goodwill was then compared to its book value resulting in an impairment charge of \$1.8 billion in total or \$1.5 billion, net of minority interest and tax. This methodology differs from the Company's previous policy, as permitted under accounting standards existing at that time, of using Blockbuster's undiscounted cash flows to determine if goodwill was recoverable. In accordance with the transitional guidance provided by SFAS 142, as the impairment charge was related to the implementation of SFAS 142, the charge of \$1.5 billion has been recorded as a cumulative effect of a change in accounting principle, net of minority interest and tax, in the Company's consolidated statement of operations for the year ended December 31, 2002.

SFAS 142 requires the Company to test for goodwill impairment annually and also between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit below the unit's carrying amount. During December 2002, due to a decline in its stock price, Blockbuster performed an interim impairment test on its existing goodwill balance. This test resulted in an estimated fair value, under SFAS 142, in excess of book value. As a result, there was no additional impairment.

Intangible assets subject to amortization at December 31, 2002 primarily consist of franchise and subscriber agreements that are being amortized over 5 to 40 years. Amortization expense for the year ended December 31, 2002 was \$101.7 million. The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization to be approximately \$100 million for each of

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

the next five succeeding years. Amortization expense may vary as acquisitions and dispositions occur in the future and as purchase price allocations are finalized.

The Company's intangible assets subject to amortization and the related accumulated amortization were as follows:

	At December 31, 2002		
	Gross	Accumulated Amortization	Net
Franchise agreements	\$ 452.3	\$ (64.8)	\$ 387.5
Subscriber agreements	372.5	(133.2)	239.3
Other intangible assets	243.6	(83.5)	160.1
Total	\$ 1,068.4	\$ (281.5)	\$ 786.9

	At December 31, 2001		
	Gross	Accumulated Amortization	Net
Franchise agreements	\$ 445.0	\$ (39.2)	\$ 405.8
Subscriber agreements	372.5	(82.8)	289.7
Other intangible assets	235.2	(62.6)	172.6
Total	\$ 1,052.7	\$ (184.6)	\$ 868.1

FCC licenses, valued at approximately \$11.7 billion and \$11.0 billion at December 31, 2002 and December 31, 2001, respectively, were recorded as intangible assets with indefinite lives and were not subject to amortization. The increase in FCC licenses from December 31, 2001 to December 31, 2002 resulted primarily from the KCAL-TV acquisition in May 2002.

The changes in the book value of goodwill, by segment, for the year ended December 31, 2002 are as follows:

	Cable Networks	Television	Infinity	Entertainment	Video	Total
Balance at January 1, 2002	\$ 7,239.6	\$ 13,371.0	\$ 30,869.0	\$ 2,020.8	\$ 5,608.6	\$ 59,109.0
Impairment charge	—	—	—	—	(1,817.0)	(1,817.0)
Acquisitions	168.6	34.4	0.2	1.9	93.4	298.5
Adjustments (a)	(78.1)	(223.3)	(131.4)	(50.4)	9.0	(474.2)
Balance at December 31, 2002	\$ 7,330.1	\$ 13,182.1	\$ 30,737.8	\$ 1,972.3	\$ 3,894.0	\$ 57,116.3

(a) Adjustments primarily relate to the Company's purchase price allocation for the acquisition of BET, foreign currency translation adjustments and the reversal of tax liabilities established in purchase accounting that will no longer be realized.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following table provides a reconciliation of the reported net loss and loss per share amounts for the years ended December 31, 2001 and 2000, respectively, to adjusted net earnings and per share amounts that would have been reported had SFAS 142 been adopted on January 1, 2000.

Year Ended	Earnings Per Share	
December 31, 2001	Basic	Diluted

Reported net loss	\$	(223.5)	\$	(.13)	\$	(.13)
Dilutive impact on reported net loss		—		—		—
Goodwill and intangible amortization, net of tax		1,972.5		1.14		1.12
Goodwill and intangible amortization included in loss of affiliated companies, net of tax		67.0		.04		.04
Minority interest portion of intangible amortization, net of tax		(30.9)		(.02)		(.02)
Adjusted net earnings	\$	1,785.1	\$	1.03	\$	1.01

		Year Ended December 31, 2000		Earnings Per Share Basic		Earnings Per Share Diluted
Reported net loss	\$	(816.1)	\$	(.67)	\$	(.67)
Dilutive impact on reported net loss		—		—		.02
Goodwill and intangible amortization, net of tax		1,263.1		1.03		1.00
Goodwill and intangible amortization included in loss of affiliated companies, net of tax		62.2		.05		.05
Minority interest portion of intangible amortization, net of tax		(31.6)		(.02)		(.02)
Adjusted net earnings	\$	477.6	\$.39	\$.38

3) ACQUISITIONS

On May 15, 2002, the Company acquired the assets of KCAL-TV Los Angeles for approximately \$650 million. During 2002, the Company also acquired the remaining 50% interest in Noggin, the 24-hour digital network for kids that it did not already own for approximately \$100 million. Blockbuster acquired the 51% interest that it did not already own in a joint venture in Italy and also acquired a games retailer in the United Kingdom for approximately \$82.4 million in the aggregate in 2002.

In November 2001, the Company completed the television station swaps of WDCA-TV Washington D.C. and KTXH-TV Houston in exchange for KBHK-TV San Francisco. As a result of the swaps, the Company recognized a gain of approximately \$210.1 million in "Other items, net".

On February 21, 2001, the Company completed a merger with Infinity, acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, approximately 36%. Under the terms of the merger, which was tax-free for the stockholders of Infinity and Viacom, each issued and outstanding share of Infinity Class A common stock was converted into the right to receive 0.592 of a share of Viacom Class B Common Stock. The Infinity merger was accounted for at historical cost, with the exception of minority interest, which was accounted for under the purchase method of accounting. The total purchase price of approximately \$13.4 billion represented the issuance of approximately 231.6 million shares of Viacom Class B Common Stock and the fair value of Infinity stock options assumed by the Company. Infinity stockholders received a cash payment in lieu of any fractional shares. The goodwill attributable to this transaction was approximately \$7.7 billion.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

On January 23, 2001, the Company completed its acquisition of BET for approximately \$3 billion, which principally represented the net issuance of approximately 43.0 million shares of Viacom Class B Common Stock and the assumption by the Company of approximately \$590 million in debt. The acquisition was accounted for under the purchase method of accounting. An allocation of the total cost to acquire BET was based on the fair value of the assets acquired and liabilities assumed at the time of the acquisition. The excess purchase price over the fair value of the tangible net assets acquired of approximately \$2.9 billion was allocated to intangibles. As of the acquisition date, BET's results are included as part of the Cable Networks segment.

On May 4, 2000, CBS was merged with and into the Company (the "Viacom/CBS Merger"). The total purchase price of approximately \$39.8 billion included approximately \$37.7 billion for the issuance of 825.5 million shares of Viacom Class B Common Stock and 11,004 shares of Viacom Series C convertible preferred stock, which were subsequently converted into 11.0 million shares of Viacom Class B Common Stock, and approximately \$1.9 billion for the fair value of CBS stock options assumed by the Company and transaction costs. In addition, Viacom assumed approximately \$3.7 billion of CBS' debt.

4) RESTRUCTURING, MERGER-RELATED AND BLOCKBUSTER CHARGES

In the fourth quarter of 2001, MTV Networks announced a restructuring plan to reduce headcount in its domestic and foreign offices and close certain offices in Latin America, Europe and Asia. Having met the conditions required by EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity" ("EITF 94-3"), the Company recorded a restructuring charge of \$66.6 million in selling, general and administrative expenses and \$8.8 million in depreciation and amortization in the fourth quarter of 2001. Included in the restructuring charge was severance of \$58.3 million for the termination of 449 domestic staff employees, 26 information systems employees and 151 employees in Latin America, Europe and Asia across various levels and departments including sales and marketing, production, development, finance, online and creative services. The reserve also included lease termination and other occupancy costs of \$8.3 million for vacated office space in New York. During 2002, an incremental \$8.3 million was accrued as additional lease termination costs based on a revision to the initial estimate. As of December 31, 2002, all employees under the plan were terminated and the Company had paid and charged \$47.1 million against the severance liability of which \$11.4 million was paid and charged during 2001. As of December 31, 2002, \$9.5 million was paid and charged against the lease termination liability; no payments were made against this liability in 2001. Severance and lease payments will continue into 2003 since

certain employees will be paid out over the terms of their employment contracts and lease payments will continue to be paid in accordance with the terms of the lease.

In the fourth quarter of 2001, in connection with the Company's plan to integrate UPN with CBS Network operations and, having met the conditions required by EITF 94-3, the Company recorded a restructuring charge of \$52.8 million in selling, general and administrative expenses and \$.6 million in depreciation and amortization. The restructuring charge included programming write-offs of \$29.6 million and approximately \$15.0 million of employee-related costs, including severance, for the termination of 38 employees across various levels and departments including corporate, finance and administration, sales and marketing and affiliate relations. The reserve also included lease termination and other costs of \$8.2 million for vacated space at three of UPN's offices. The integration of UPN with CBS Network operations began in January 2002 and was completed by the end of the year. During 2002, a \$5.4 million revision to initial estimates resulted in a reduction in lease termination and other costs and an increase in programming write-offs. Additionally, as of December 31, 2002, \$3.0 million of severance liabilities was reversed due to a change in estimate. As of December 31, 2002, the Company had paid and charged

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Tabular dollars in millions, except per share amounts)

approximately \$11.3 million against the severance liability associated with the termination of the employees and \$1.2 million against the lease termination and other costs. There were no payments charged against the reserve in 2001. Severance payments will continue into 2003 since certain employees will be paid out over the terms of their employment contracts.

In the second quarter of 2000, the Company recorded a non-recurring merger-related charge of \$698.5 million (\$504.5 million after-tax or \$.41 per share), associated with the integration of Viacom and CBS and the acquisition of UPN. This amount included a non-cash charge of \$415.5 million principally attributable to compensation for stock options and \$283.0 million of cash payments and accrued liabilities for severance, transaction fees and integration costs. During 2002, a \$9.0 million revision to initial estimates resulted in a reduction of liabilities for transaction fees and an increase to severance and integration liabilities. For the year ended December 31, 2002, the Company paid and charged approximately \$14.7 million for severance liabilities, \$15.6 million for integration costs and the remaining liabilities for transaction fees of \$14.1 million were released. For the year ended December 31, 2001, the Company paid and charged \$17.0 million for severance liabilities, \$0.4 million for transaction fees and \$63.0 million for integration costs. For the year ended December 31, 2000, the Company paid and charged \$92.1 million for severance liabilities, \$26.5 million for transaction fees and \$6.0 million for integration costs. As of December 31, 2002, the Company had approximately \$33.6 million remaining for severance and integration costs and the Company expects to substantially use these reserves by the end of 2003.

	Viacom/CBS Merger Related Charge		MTVN Restructuring Charge		UPN Restructuring Charge		Total
Initial charge	\$	698.5	\$	66.6	\$	52.8	\$ 817.9
Cash payments		(235.3)		(56.6)		(12.5)	(304.4)
Non-cash charges		(415.5)		—		(35.0)	(450.5)
Revision to initial estimate		(14.1)		8.3		(3.0)	(8.8)
Balance at December 31, 2002	\$	33.6	\$	18.3	\$	2.3	\$ 54.2

Blockbuster Charge

During the third quarter of 2001, Blockbuster began implementation of a strategic re-merchandising plan to allow for an expansion of store space for DVD and other strategic product offerings, which it completed by December 31, 2001. In connection with its plan, Blockbuster disposed of approximately 30% of its rental VHS library in its stores, certain VHS merchandise inventory primarily located in its distribution center and certain games from its rental library in its stores. The net book value of the eliminated inventory, net of proceeds, resulted in a primarily non-cash charge of approximately \$195.9 million to operating expenses in the Company's consolidated statement of operations. Blockbuster also recorded a charge of approximately \$26.9 million in selling, general and administrative expenses, primarily related to employee, labor and supply and disposal costs to execute the plan. Additionally, \$2.6 million was charged to depreciation expense for the write-off of fixed assets and \$1.9 million was charged below operating income to equity in loss of affiliated companies for the adoption of a similar re-merchandising plan at one of Blockbuster's joint venture operations. The plan was completed by the end of 2001 through the destruction or sale of the identified items.

Also, during the third quarter of 2001, Blockbuster recorded approximately \$27.6 million in selling, general and administrative expenses related to two lawsuits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The amounts described above, and including the \$141.7 million recorded as the change in accounting estimates for rental inventory, represented the 2001 pre-tax charge of approximately \$396.6 million.

5) CHANGE IN ACCOUNTING ESTIMATES FOR RENTAL INVENTORY

Effective July 1, 2001, Blockbuster changed its accounting estimates related to rental inventory, including residual values and useful lives. The residual value of VHS rental inventories was reduced from \$4 per unit to \$2 per unit and the residual value of game rental inventories was reduced from \$10 per unit to \$5 per unit. In addition, Blockbuster reduced its estimate of the useful life of its base stock VHS rental inventories from 36 months to 9 months. These changes in estimate reflected the impact of changes in the rental business, such as an increase in DVD rental revenues, a decrease in VHS rental revenues and trends affecting games, which led to a reduction in the average selling value of Blockbuster's previously rented VHS and game products and a reduction in the average life of VHS rental products. As a result of these changes in estimate, the Company's operating expenses were \$141.7 million higher and net loss was higher by \$73.9 million, or an increase in loss per share of \$.04, than it would have been under the previous method for the year ended December 31, 2001.

6) INVENTORY

At December 31,	2002	2001
Theatrical and television inventory:		
Theatrical:		
Released (including acquired film libraries)	\$ 517.2	\$ 510.3
Completed, not released	98.7	.9
In process and other	509.8	398.7
Television:		
Released (including acquired film libraries)	883.1	998.3
In process and other	90.2	158.4
Program rights	2,658.2	2,416.4
	4,757.2	4,483.0
Less current portion	718.8	552.5
	4,038.4	3,930.5
Merchandise inventory	505.7	261.4
Rental inventory	430.6	331.3
Publishing, primarily finished goods	71.9	71.2
Other	94.3	107.4
	1,102.5	771.3
Less current portion	613.9	366.2
	488.6	405.1
Total Current Inventory	\$ 1,332.7	\$ 918.7
Total Non-Current Inventory	\$ 4,527.0	\$ 4,335.6

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Tabular dollars in millions, except per share amounts)

At December 31, 2002, theatrical inventory completed, but not released increased by \$97.8 million from the prior year principally due to the scheduled timing of the release of completed feature films. Merchandise inventory increased \$244.3 million to \$505.7 million at December 31, 2002 in order to support Blockbuster's initiatives to focus on the retail movie and game business.

7) INVESTMENTS IN AFFILIATED COMPANIES

The Company accounts for its investments in affiliated companies over which the Company has significant influence or ownership of more than 20% but less than or equal to 50%, under the equity method. Such investments principally include but are not limited to the Company's interest in Comedy Central (50% owned), United Cinemas International (50% owned), Nickelodeon U.K. (50% owned), WF Cinema Holding L.P. (50% owned), Grauman's Theatres LLC (50% owned), Quetzal (34% owned), MarketWatch.com, Inc. (33% owned) and Sportsline.com, Inc. (30% owned). Additionally, the Company owns a 15% interest in Westwood One, Inc. ("Westwood One"), which is treated as an equity investment. Certain employees of Infinity serve as officers of Westwood One resulting in significant influence over its operations.

For equity investments, a difference typically exists between the initial investment and the proportionate share in the underlying net assets of the investee. The unamortized difference was \$43.9 million and \$74.9 million at December 31, 2002 and 2001, respectively. Prior to 2002, the amortization expense was reflected in "Equity in loss of affiliated companies, net of tax." Effective January 1, 2002, the Company adopted SFAS 142 and as a result, goodwill and intangible assets with indefinite lives are no longer amortized to earnings but are instead tested for impairment at least on an annual basis.

At December 31, 2002, the Company's equity investments included three publicly traded companies: MarketWatch.com, Inc., Sportsline.com, Inc. and Westwood One. Based upon quoted market prices at December 31, 2002, the aggregate market value of these investments was approximately \$636.7 million which exceeded the total carrying value on the consolidated balance sheet.

At the date of acquisition, for cost and equity investments in Internet-based companies, the Company typically records the investment at an amount equal to the cash consideration paid plus the fair value of the advertising and promotion time to be provided. The associated obligation to provide future advertising and promotion time is non-cash and is recorded as deferred revenue at an amount equal to the fair value of the advertising and promotion time to be provided. The related 2002 and 2001 deferred revenue balance of \$26.8 million and \$152.1 million, respectively is presented as "Deferred income" and "Other liabilities" in the consolidated balance sheets. Deferred revenue is relieved and barter revenue is recognized as the related advertising and promotion time is delivered. Barter revenue of \$54.6 million and \$87.2 million has been recognized for 2002 and 2001, respectively. During 2002 and 2001, several Internet companies completed Chapter 11 bankruptcy proceedings or signed restructuring agreements and, as a result, the Company was released from its advertising commitments, and the related deferred revenue was reversed against the investment account, with the excess of \$29.8 million and \$250.0 million recorded in "Other items, net" for the years ended December 31, 2002 and 2001, respectively, in the consolidated statements of operations.

At December 31, 2002 and 2001, respectively, the Company had \$43.5 million and \$65.6 million of cost investments that are included as a component of "Other assets". The 2002 mark-to-market adjustments in fair value for the publicly traded cost investments were (\$8.0) million, net of tax and were

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Tabular dollars in millions, except per share amounts)

recorded as a decrease to other comprehensive income. The Company determined that some of its cost investments experienced other than temporary declines in market value as of December 31, 2002 and 2001. Accordingly, the Company recorded a non-cash impairment loss on these investments for approximately \$4.5 million in 2002 and \$125.0 million in 2001, in "Other items, net."

Related Parties

National Amusements, Inc. ("NAI") is a closely held corporation that beneficially owns the Company's Class A Common Stock, representing approximately 69% of the voting power of all classes of the Company's Common Stock, and approximately 11% of the Company's Class A Common Stock and Class B Common Stock on a combined basis at December 31, 2002. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Chairman of the Board of Directors and Chief Executive Officer of the Company.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the years ended December 31, 2002 and 2001, NAI made payments to Paramount Pictures in the aggregate amounts of approximately \$12.3 million and \$18.2 million, respectively.

The Company owns a minority equity interest in Westwood One. Most of Infinity's radio stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and in certain instances, shares in revenue from the sale by Westwood One of Infinity's programming. In addition, certain employees of Infinity serve as officers of Westwood One for which the Company receives a management fee. Revenues from these arrangements were approximately \$110.4 million, \$94.8 million and \$77.6 million in 2002, 2001 and 2000, respectively.

The Company, through the normal course of business, is involved in transactions with affiliated companies that have not been material in any of the periods presented.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Tabular dollars in millions, except per share amounts)

8) BANK FINANCING AND DEBT

Long-term debt consists of the following (a):

At December 31,

	2002	2001
Notes payable to banks	\$ 423.7	\$ 645.0
Commercial paper	174.6	1,104.3
7.50% Senior Notes due 2002 (b)	—	250.0
7.625% Senior Notes due 2002	—	143.0
8.375% Notes due 2002	—	321.8

6.75% Senior Notes due 2003	334.7	350.0
6.875% Notes due 2003	279.7	274.9
7.15% Senior Notes due 2005	499.4	499.2
7.75% Senior Notes due 2005	983.8	967.8
6.40% Senior Notes due 2006	803.3	804.3
5.625% Senior Notes due 2007	764.6	—
7.70% Senior Notes due 2010	1,672.9	1,675.9
6.625% Senior Notes due 2011	994.0	993.3
8.625% Debentures due 2012	248.5	266.3
5.625% Senior Notes due 2012	599.1	—
8.875% Notes due 2014	101.9	101.9
7.625% Senior Debentures due 2016	199.1	199.0
8.25% Senior Debentures due 2022 (b)	—	237.3
8.875% Senior Debentures due 2022	—	31.1
7.50% Senior Debentures due 2023 (b)	149.6	149.6
7.875% Debentures due 2023	230.0	250.7
7.125% Senior Notes due 2023 (c)	52.2	52.2
7.875% Senior Debentures due 2030	1,282.9	1,284.2
7.25% Senior Notes due 2051	335.0	335.0
8.875% Senior Subordinated Notes due 2007	—	2.7
10.50% Senior Subordinated Notes due 2009 (d)	56.1	48.1
11.375% Subordinated Exchange Debentures due 2009	—	19.8
Other notes	28.6	16.2
Obligations under capital leases	392.2	452.0
Total Debt	10,605.9	11,475.6
Less current portion	199.0	299.0
Less discontinued operations debt (e)	201.7	352.9
Total Long-Term Debt	\$ 10,205.2	\$ 10,823.7

- (a) Unless otherwise noted, the senior and senior subordinated issuances are issuances of Viacom Inc. and are guaranteed by Viacom International Inc. ("Viacom International").
(b) Issues of Viacom International guaranteed by Viacom Inc.
(c) Issue of CBS Broadcasting Inc., a wholly owned subsidiary of Viacom Inc., which is not guaranteed.
(d) Issue of Go Outdoor Systems Holdings S.A, a wholly owned subsidiary of Viacom Inc., which is not guaranteed.
(e) Included in "Other Liabilities" on the consolidated balance sheets.

The Company's total debt presented above includes, for the period ending December 31, 2002 and December 31, 2001, respectively, (i) an aggregate unamortized premium of \$49.5 million and \$49.4 million and (ii) the change in the carrying value of the debt relating to fair value swaps of \$86.2 million and \$2.8 million.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Tabular dollars in millions, except per share amounts)

For the years ended December 31, 2002 and 2001, the following debt issuances, maturities and redemptions occurred:

Debt Issuances

August 28, 2002, \$600.0 million 5.625% senior notes due 2012
April 25, 2002, \$700.0 million 5.625% senior notes due 2007
June 29, 2001, \$335.0 million 7.25% senior notes due 2051
May 17, 2001, \$400.0 million 6.40% senior notes due 2006
May 17, 2001, \$1.0 billion 6.625% senior notes due 2011
January 17, 2001, \$400.0 million 6.40% senior notes due 2006
January 17, 2001, \$500.0 million 7.70% senior notes due 2010
January 17, 2001, \$750.0 million 7.875% senior debentures due 2030

Interest on all of the above notes is paid semi-annually except for the 7.25% senior notes which is paid quarterly.

Debt Maturities

June 15, 2002, 8.375% notes, \$321.8 million
January 15, 2002, 7.50% senior notes, \$250.0 million
January 1, 2002, 7.625% senior notes, \$143.0 million
September 15, 2001, 10.25% senior subordinated notes, \$35.3 million
June 1, 2001, 8.875% notes, \$230.0 million

Debt Redemptions

August 1, 2002, \$239.5 million 8.25% senior debentures due 2022 at 103.5% of principal
 June 15, 2002, \$2.6 million 8.875% senior subordinated notes due 2007 at 104.4% of principal
 June 1, 2002, \$31.1 million 8.875% senior debentures due 2022 at 104.1% of principal
 January 15, 2002, \$18.7 million 11.375% subordinated exchange debentures due 2009 at 105.7%
 of principal
 February 1, 2001, \$60.3 million 9.00% senior subordinated notes due 2006 at 104.5% of principal
 October 15, 2001, \$151.5 million 9.375% senior subordinated notes due 2006 at 104.7%
 of principal

For the years ended December 31, 2002 and 2001, the Company repurchased approximately \$55.0 million and \$427.7 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, excluding commercial paper and capital leases, outstanding at December 31, 2002 are as follows:

	Year of Maturity					
	2003	2004	2005	2006	2007	2008 & thereafter
Long-term debt	\$ 874.8	\$ 176.6	\$ 1,473.2	\$ 801.4	\$ 700.1	\$ 5,874.3

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Viacom Credit Agreement

At December 31, 2002, the Company's credit facilities, excluding Blockbuster's credit facility, totaled \$4.75 billion comprised of \$1.45 billion and \$1.5 billion 5-year revolving credit facilities and a \$1.8 billion 364-day revolving credit facility. The \$1.45 billion and \$1.5 billion facilities are scheduled to expire in 2005 and 2006, respectively. On February 28, 2003, the Company entered into a \$1.7 billion 364-day credit facility to replace the \$1.8 billion facility which was to expire in March 2003. The terms and conditions of the \$1.7 billion facility are substantially similar to the \$1.8 billion facility. As of February 28, 2003, the Company's credit facilities total \$4.65 billion. The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the \$1.5 billion facility. Borrowing rates under the facilities are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2002, the Company had unused revolving credit facilities, excluding Blockbuster's credit facility, of \$4.51 billion in the aggregate.

The facilities contain certain covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2002, the Company was in compliance with the financial covenants.

The primary purpose of the credit facilities is to support commercial paper borrowings. At December 31, 2002, the Company had commercial paper borrowings of \$174.6 million under its \$4.75 billion commercial paper program. The Company's credit facilities supporting the commercial paper borrowings totaled \$4.65 billion at February 28, 2003. Borrowings under the program have maturities of less than a year.

At December 31, 2002, the Company had classified approximately \$1.05 billion of commercial paper and other debt scheduled to mature within the next twelve months as long-term debt, reflecting its intent and ability, through the existence of unused revolving credit facilities, to refinance this debt on a long-term basis.

Blockbuster Credit Agreement

As of December 31, 2002, Blockbuster's credit agreement (the "Blockbuster Credit Agreement") was comprised of a \$600.0 million long-term revolver due July 1, 2004 and a \$410.0 million term loan due in quarterly installments ending July 1, 2004. Blockbuster had \$600.0 million of available borrowing capacity under the long-term revolver at December 31, 2002. Blockbuster has the ability with this available borrowing capacity to extend the maturities of the current portion of the term loan. Interest rates under the Blockbuster Credit Agreement are based on the prime rate in the United States or LIBOR (plus a margin, or "LIBOR spread," based on leverage ratios, which is currently 1.25%) at Blockbuster's option at the time of borrowing. The weighted-average interest rate at December 31, 2002 for borrowings under the Blockbuster Credit Agreement was 3.1%. A variable commitment fee based on the total leverage ratio is charged on the unused amount of the revolver (0.25% at December 31, 2002).

The Blockbuster Credit Agreement contains certain restrictive covenants, which, among other things, relate to the payment of dividends, purchase of Blockbuster's common stock or other distributions and also require compliance with certain financial covenants with respect to a maximum leverage ratio and a minimum fixed charge coverage ratio. At December 31, 2002, Blockbuster was in compliance with all covenants under the Blockbuster Credit Agreement.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Accounts Receivable Securitization Programs

As of December 31, 2002, and December 31, 2001, the Company had an aggregate of \$981.9 million and \$950.0 million, respectively, outstanding under revolving receivable securitization programs. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's consolidated balance sheets. The Company enters into these arrangements because they provide a cost-efficient form of financing and an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The Company is required to maintain certain ratios in connection with the programs. As of December 31, 2002, the Company was in compliance with the required ratios under the receivable securitization programs.

9) FINANCIAL INSTRUMENTS

The Company's carrying value of financial instruments approximates fair value, except for differences with respect to the notes and debentures and certain differences related to other financial instruments that are not significant. At December 31, 2002, the carrying value of the senior debt and senior subordinated debt was \$9.6 billion and the fair value, which is estimated based on quoted market prices, was \$11.1 billion.

The Company uses derivative financial instruments to modify its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or enter into financial instruments for speculative trading purposes. The foreign exchange hedging instruments used are spot, forward and option contracts. The foreign exchange contracts have principally been used to hedge the British Pound, the Australian Dollar, the Japanese Yen, the Canadian Dollar, the Singapore Dollar and the Euro. The Company designates forward contracts used to hedge future production costs as cash flow hedges. Additionally, the Company enters into non-designated forward contracts to hedge non-dollar denominated cash flows and foreign currency balances. The changes in fair value of the non-designated contracts are included in current period earnings as part of "Other items, net."

The Company's interest expense is exposed to movements in short-term rates. Swap agreements are used to modify this exposure. This includes both fixed to variable rate swaps, which are designated as fair value hedges and variable to fixed rate swaps, which are designated as cash flow hedges. As of December 31, 2002, if both parties were to agree, the swaps could have been terminated by a net payment from the counterparties of approximately \$75.1 million.

On January 23, 2001, the Company, in connection with the acquisition of BET, assumed \$425 million of cash flow swap agreements which effectively convert variable rate debt to a fixed rate. As of December 31, 2002, the notional amount outstanding was approximately \$175 million. The notional amount of swaps amortizes by approximately \$156 million in September of 2003 and matures in September 2004. Interest is received based upon three-month LIBOR and is paid at approximately 5.07%. The amount of the ineffectiveness of these cash flow hedges, that was reflected in earnings, was immaterial.

The effective portion of the change in value of cash flow hedges are reported in other comprehensive income and reclassified into earnings in the same period in which the hedged transaction affects earnings. The ineffective portion included in earnings was not material. The change in value of the fair value hedges and the hedged instruments is reported in earnings for the periods presented.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

During December 2001, the Company entered into \$750 million notional amount swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. Of the \$750 million notional amount, \$225 million matures on January 15, 2003, \$275 million matures on September 1, 2003 and \$250 million matures on June 1, 2005, and the Company receives interest at approximately 3.2%, 3.8% and 4.5%, respectively, and pays three-month LIBOR. These fair value hedges were fully effective. During November 2002, the 3.2% and 3.8% swap agreements entered in December 2001 were terminated by the Company resulting in the Company receiving approximately \$8.7 million in cash which is being amortized into earnings over the remaining life of the respective debt.

On April 24, 2002 the Company entered into additional \$700 million notional swap agreements, which converted fixed rate debt obligations into variable rate debt obligations. The swaps mature on May 1, 2007, and the Company receives interest at approximately 5.11% on \$400 million and 5.35% on \$300 million, while paying three-month LIBOR.

At December 31, 2002, the notional amount of the foreign exchange derivative contracts was \$266.0 million. Of this balance, \$48.5 million represents cash flow hedges used to reduce foreign exchange exposure for future production costs. The remaining \$217.5 million represents hedges of underlying foreign currency balances, expected foreign currency net cash flows and investment hedges.

The Company continually monitors its positions with, and credit quality of, the financial institutions, which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2002, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

10) STOCKHOLDERS' EQUITY

During 2002, the Company purchased 27.8 million shares of its Class B Common Stock for approximately \$1.2 billion under its share purchase programs. During 2001, the Company purchased 24.2 million shares of its Class B Common Stock for approximately \$1.0 billion under its share purchase programs. During 2000, the Company purchased 10,000 shares of its Class A Common Stock and 34.2 million shares of its Class B Common Stock for approximately \$1.95 billion in the aggregate.

Long-Term Incentive Plans—The Company has Long-Term Incentive Plans (the "Plans") under which options are issued: the Viacom Long-Term Management Incentive Plans (the "Viacom Plans"), the Blockbuster Long-Term Management Incentive Plan (the "Blockbuster Plan"), the Infinity Long-Term Management Incentive Plan (the "Infinity Plan") and the CBS Long-Term Incentive Plan (the "CBS Plan"). Effective February 21, 2001, as a result of the Company's acquisition of the minority interest of Infinity, Viacom assumed the Infinity Plan and all options outstanding as of this date were converted into Viacom options. Effective May 4, 2000, as a result of the Viacom/CBS Merger, Viacom assumed the CBS Plan and all options outstanding as of this date were converted into Viacom options. Warrants to purchase 135,420 shares of Viacom Class B Common Stock were also assumed with the Viacom/CBS Merger. The warrants have no expiration date and an exercise price of zero. Options under the Infinity Plan and CBS Plan generally vest over a three-year period and expire ten years from the date of grant. These converted options still maintain their original terms and conditions.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Viacom Plans—The purpose of the Viacom Plans is to benefit and advance the interests of the Company by rewarding certain key employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future. The Viacom Plans provide for fixed grants of equity-based interests pursuant to awards of phantom shares, stock options, stock appreciation rights, restricted shares or other equity-based interests, and for subsequent payments of cash with respect to phantom shares or stock appreciation rights based, subject to certain limits, on their appreciation in value over stated periods of time. The stock options generally vest over a three-to five-year period from the date of grant and expire 10 years after the date of grant. The Company has reserved a total of 6,996 shares of Viacom Inc. Class A Common Stock and 138,513,686 shares of Viacom Inc. Class B Common Stock for future exercise of stock options and warrants outstanding as of December 31, 2002.

The stock options available for future grant under the Viacom Plans are as follows:

December 31, 2000	107,266,077
December 31, 2001	85,653,665
December 31, 2002	67,879,728

At December 31, 2002, the Company had 27,916,163 additional stock options available for future grant under the CBS Plan and Infinity Plan.

The weighted-average fair value of each option as of the grant date was \$20.04, \$23.71 and \$27.39 in 2002, 2001 and 2000, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Expected dividend yield(a)	—	—	—
Expected stock price volatility	37.03%	33.74%	32.10%
Risk-free interest rate	5.00%	5.04%	6.56%
Expected life of options (years)	6.7	6.7	6.8

(a) The Company has not declared any cash dividends on its common stock for any of the periods presented and has no present intention of so doing.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following table summarizes the Company's stock activity under the Plans:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1999	53,978,520	\$ 26.16
Granted	11,147,875	57.12
CBS stock options assumed	64,258,809	24.76
Exercised	(10,765,816)	17.42
Canceled	(1,440,083)	39.63
Balance at December 31, 2000	117,179,305	28.98
Granted	22,208,178	52.57

BET stock options assumed	3,169,784	14.24
Infinity stock options assumed	7,988,794	48.39
Exercised	(10,587,348)	17.28
Canceled	(2,475,342)	44.16
<hr/>		
Balance at December 31, 2001	137,483,371	34.20
<hr/>		
Granted	22,452,148	42.24
Exercised	(17,561,361)	17.91
Canceled	(3,988,896)	49.63
<hr/>		
Balance at December 31, 2002	138,385,262	37.13
<hr/>		

The following table summarizes information concerning outstanding and exercisable stock options under the Plans at December 31, 2002:

		Outstanding		Exercisable	
Range of Exercise Price	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
\$ 2 to 9.99	3,241,573	1.79	\$ 5.41	3,241,573	\$ 5.41
10 to 19.99	23,619,836	3.62	16.05	23,619,836	16.05
20 to 29.99	15,159,862	3.74	23.33	15,141,936	23.33
30 to 39.99	33,482,181	6.95	35.26	15,899,712	32.12
40 to 49.99	25,322,680	7.39	43.81	10,379,070	43.22
50 to 59.99	36,490,495	7.72	55.48	15,043,151	55.81
60 to 69.99	548,420	7.44	66.89	202,110	66.34
70 to 71.00	520,215	7.58	70.02	202,861	70.02
<hr/>					
Total	138,385,262			83,730,249	
<hr/>					

Stock options exercisable at year end:

December 31, 2000	72,278,110
December 31, 2001	79,619,715
December 31, 2002	83,730,249

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Blockbuster Long-Term Management Incentive Plan

On July 15, 1999, Blockbuster's Board of Directors adopted the Blockbuster Plan for the benefit of its employees and directors. An aggregate of 25.0 million shares of Blockbuster class A common stock was reserved for issuance under the Blockbuster Plan, which provides for the issuance of stock-based incentive awards, including stock options to purchase shares of Blockbuster class A common stock, stock appreciation rights, restricted shares of Blockbuster class A common stock, restricted share units and phantom shares. The purpose of the Blockbuster Plan is to benefit and advance the interests of Blockbuster by rewarding certain key employees and non-employee directors for their contributions to the financial success of Blockbuster and thereby motivating them to continue to make such contributions in the future. Outstanding Blockbuster stock options granted in 2002, 2001, and 2000 generally vest over a four-year period from the date of grant and generally expire ten years after the date of grant, and outstanding Blockbuster stock options granted in 1999 generally vest over a five-year period from the date of grant and generally expire ten years after the date of grant.

The weighted-average fair value of each option as of the grant date was \$12.13, \$10.00 and \$5.63 in 2002, 2001 and 2000, respectively. The fair value of each Blockbuster option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Expected dividend yield (a)	0.4%	0.3%	1.0%
Expected stock price volatility	60.0%	52.0%	45.0%
Risk-free interest rate	4.35%	4.98%	6.14%
Expected life of options (years)	7.0	7.0	7.0

(a) Blockbuster's current intention is to pay dividends of \$0.02 per share each quarter on both its class A common stock and class B common stock.

The following table summarizes Blockbuster's stock option activity pursuant to Blockbuster's stock option plan:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1999	11,235,479	\$ 14.99
Granted	4,695,235	11.04
Exercised	—	—
Canceled	(2,235,173)	14.47
Balance at December 31, 2000	13,695,541	13.72
Granted	5,274,808	17.43
Exercised	(1,833,057)	14.18
Canceled	(1,725,648)	14.07
Balance at December 31, 2001	15,411,644	14.90
Granted	5,135,379	19.81
Exercised	(2,790,719)	14.06
Canceled	(1,208,050)	15.39
Balance at December 31, 2002	16,548,254	16.53

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following table summarizes information concerning currently outstanding and exercisable Blockbuster stock options issued to Blockbuster employees and directors at December 31, 2002:

Range of Exercise Price	Outstanding			Exercisable		
	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	
\$ 11 to 15	7,532,336	6.9	\$ 13.63	3,184,649	\$ 13.86	
17 to 20	8,190,718	9.1	18.33	930,746	17.41	
23 to 28	825,200	9.3	25.09	6,300	24.05	
	16,548,254			4,121,695		

11) INCOME TAXES

U.S. and foreign earnings before income taxes are as follows:

Year ended December 31,	2002	2001	2000
United States	\$ 3,372.7	\$ 590.8	\$ 165.3
Foreign	361.5	185.5	395.3
Total	\$ 3,734.2	\$ 776.3	\$ 560.6

Components of the provision for income taxes on earnings before income taxes are as follows:

Year ended December 31,	2002	2001	2000
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Current:				
Federal	\$	520.9	\$	479.1
State and local		238.9		180.2
Foreign		34.4		77.5
				47.1
		794.2		736.8
Deferred		654.7		183.1
				810.0
				(80.2)
Provision for income taxes	\$	1,448.9	\$	919.9
				\$ 729.8

The equity losses of affiliated companies are shown net of tax on the Company's consolidated statements of operations. The tax (provision) benefit relating to losses from equity investments in 2002, 2001 and 2000 are (\$14.2) million, \$21.2 million and \$20.5 million, respectively, which represented an effective tax rate of (56.0)%, 14.3% and 14.2%, respectively.

For 2002, there is no tax benefit attributable to the cumulative effect of change in accounting principle, net of minority interest, of \$1.5 billion. For 2000, the cumulative effect of change in accounting principle of \$452.3 million is represented net of a tax benefit of \$301.6 million.

In 2002 and 2001, respectively, \$210.3 million and \$141.8 million of income tax benefit was recorded as a component of stockholders' equity and minority interest as a result of exercised stock options.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

A reconciliation of the statutory U.S. federal tax rate to the Company's effective tax rate on earnings before income taxes is summarized as follows:

Year ended December 31,	2002	2001	2000
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
Amortization of intangibles	—	92.1	81.1
State and local taxes, net of federal tax benefit	5.7	7.3	7.3
Realization of additional stock basis	—	(11.6)	—
Nontaxable gain on like-kind exchange	—	(10.4)	—
Effect of foreign operations	(4.4)	(1.3)	(17.7)
Merger-related costs and non-deductible expenses	—	—	19.5
Other, net	2.5	7.4	5.0
Effective tax rate on earnings before income taxes	38.8%	118.5%	130.2%

The following is a summary of the components of the deferred tax accounts:

Year ended December 31,	2002	2001
Deferred tax assets:		
Provision for expense and losses	\$ 1,157.3	\$ 1,380.6
Postretirement and other employee benefits	947.6	584.8
Tax credit and loss carryforwards	301.2	485.2
Total deferred tax assets	2,406.1	2,450.6
Valuation allowance	(76.7)	(136.0)
Net deferred tax assets	2,329.4	2,314.6
Deferred tax liabilities:		
Property, equipment and intangible assets	(2,160.5)	(2,506.8)
Lease portfolio	(289.5)	(384.0)
Other	(729.1)	(384.0)
Total deferred tax liabilities	(3,179.1)	(3,274.8)
Deferred income taxes, net liability	\$ (849.7)	\$ (960.2)

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

At December 31, 2002 and 2001, the Company had a net current deferred tax asset of \$238.6 million and \$359.7 million, and non-current deferred income tax liabilities of \$1.1 billion and \$1.5 billion, respectively. The Company included in "Other liabilities," in 2002 and 2001, respectively, non-current deferred income tax liabilities of \$289.5 million and \$384.0 million, for its retained liabilities of discontinued business.

At December 31, 2002, the Company had net operating loss carryforwards for federal, state and local and foreign jurisdiction of approximately \$586 million, which expire in various years from 2003 through 2016. In addition, the Company had foreign tax credit carryforwards of \$55 million that expire through 2005.

The 2002 and 2001 deferred tax assets were reduced by a valuation allowance of \$76.7 million and \$136.0 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be realized.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted was approximately \$1.9 billion at December 31, 2002 and \$1.6 billion at December 31, 2001. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to distribute only the portion of such earnings which would be offset by U.S. foreign tax credits, and intends to reinvest the remainder outside the U.S. indefinitely, and for this portion it is not practicable to estimate the amount of such deferred taxes.

The federal income tax returns of the Company have been settled through 1996. The IRS is currently examining the years 1997 through May 4, 2000. In addition the Company is responsible for the federal income tax audits of several of its subsidiaries for periods prior to their acquisition by Viacom. The Company believes that adequate provision has been made for income taxes for all periods through December 31, 2002.

12) PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company and certain of its subsidiaries have non-contributory pension plans covering specific groups of employees. The benefits for certain plans are based primarily on an employee's years of service and average pay near retirement. Benefits under other plans are based primarily on an employee's pay for each year that the employee participates in the plan. Participating employees are vested in the plans after five years of service. The Company's policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue code of 1986 and the applicable rules and regulations. Plan assets consist principally of common stocks, marketable bonds and U.S. government securities. The Company's Class B Common Stock represents approximately 5.1% and 8.3% of the plan assets' fair value at December 31, 2002 and 2001, respectively.

In addition, the Company sponsors health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Retiring employees are eligible for these benefits if they meet certain age and service requirements at the time of their retirement. Most of the plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Some of the plans are partially funded; however, the Company funds most of these benefits as claims are paid.

VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following table sets forth the change in benefit obligation for the Company's benefit plans:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
At December 31,				
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 5,099.7	\$ 4,984.3	\$ 1,190.1	\$ 1,120.2
Service cost	50.2	49.7	2.4	2.4
Interest cost	347.5	364.6	82.2	82.7
Actuarial loss	579.0	254.2	121.4	78.3
Benefits paid	(506.7)	(549.3)	(106.4)	(96.2)
Business combinations	—	3.6	—	—
Participants' contributions	—	—	2.5	2.7
Amendments	4.2	2.5	(.3)	—
Cumulative translation adjustments	3.1	(9.9)	—	—
Benefit obligation, end of year	\$ 5,577.0	\$ 5,099.7	\$ 1,291.9	\$ 1,190.1

The following table sets forth the change in plan assets for the Company's benefit plans:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
At December 31,				
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 4,566.0	\$ 4,891.2	\$ 44.0	\$ 46.4
Actual return on plan assets	143.0	190.3	2.2	5.5
Employer contributions	43.9	42.1	90.3	85.6
Benefits paid	(506.7)	(549.3)	(106.4)	(96.2)
Business combinations	—	4.3	—	—
Participants' contributions	—	—	2.5	2.7
Cumulative translation adjustments	2.7	(12.6)	—	—
Fair value of plan assets, end of year	\$ 4,248.9	\$ 4,566.0	\$ 32.6	\$ 44.0

For those pension plans with accumulated benefit obligations in excess of plan assets, the projected benefit obligations and accumulated benefit obligations were \$5.54 billion and \$5.39 billion, respectively, for 2002 and \$1.31 billion and \$1.21 billion, respectively, for 2001. The fair value of such plan assets was \$4.20 billion for 2002 and \$716.6 million for 2001.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The accrued pension and postretirement costs recognized in the Company's consolidated balance sheet are computed as follows:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
At December 31,				
Funded Status	\$ (1,328.1)	\$ (533.7)	\$ (1,259.3)	\$ (1,146.1)
Unrecognized transition obligation	.8	.1	—	—
Unrecognized prior service cost (benefit)	10.1	11.2	(8.6)	(9.4)
Unrecognized actuarial loss	988.2	264.3	182.7	60.3
Accrued pension liability, net	\$ (329.0)	\$ (258.1)	\$ (1,085.2)	\$ (1,095.2)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability	\$ (1,194.0)	\$ (548.5)	\$ (1,085.2)	\$ (1,095.2)
Prepaid benefits cost	—	266.4	—	—
Intangibles	19.5	4.1	—	—
Accumulated other comprehensive pre-tax loss	845.5	19.9	—	—
Net liability recognized	\$ (329.0)	\$ (258.1)	\$ (1,085.2)	\$ (1,095.2)

Net periodic cost for the Company's pension and postretirement benefit plans consists of the following:

	Pension Benefits			Postretirement Benefits		
	2002	2001	2000	2002	2001	2000
At December 31,						
Components of net periodic cost:						
Service cost	\$ 50.2	\$ 49.7	\$ 38.5	\$ 2.4	\$ 2.4	\$ 2.1
Interest cost	347.6	364.6	278.9	82.2	82.7	59.3
Expected return on plan assets	(354.7)	(388.6)	(301.8)	(2.5)	(3.7)	(2.2)
Amortization of transition obligation	(.7)	(1.1)	(1.1)	—	—	—

Amortization of prior service cost	1.1	1.9	1.9	(1.2)	(1.1)	(.6)
Recognized actuarial (gain) loss	5.6	(.1)	(17.0)	(.6)	(.1)	(1.2)
Special termination benefits	—	—	1.7	—	—	—
Net periodic cost	\$ 49.1	\$ 26.4	\$ 1.1	\$ 80.3	\$ 80.2	\$ 57.4

The following weighted average assumptions were used in accounting for the pension plans:

	2002	2001	2000
Discount rate	6.47%	7.21%	7.71%
Expected return on plan assets	7.3%	8.3%	8.3%
Rate of increase in future compensation	4.0%	4.5%	5.0%

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The following weighted average assumptions were used in accounting for postretirement benefits:

	2002	2001	2000
Discount rate	6.5%	7.25%	7.75%
Projected health care cost trend rate for participants of age 65 and below	8.5%	7.5%	8.0%
Projected health care cost trend rate for participants above age 65	10.0%	9.0%	9.0%
Ultimate trend rate	5.0%	5.3%	5.8%
Year ultimate trend rate is achieved for participants of age 65 and below	2010	2006	2006
Year ultimate trend rate is achieved for participants above age 65	2013	2009	2008

Assumed health care cost trend rates could have a significant effect on the amounts reported for the postretirement health care plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	\$ 3.2	\$ (3.0)
Effect on the accumulated postretirement benefit obligation	\$ 50.2	\$ (46.2)

The Company contributes to multi-employer plans that provide pension and health and welfare benefits to certain employees under collective bargaining agreements. The contributions to these plans were \$44.8 million (2002) and \$41.0 million (2001).

In addition, the Company has defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were \$42.3 million, \$50.4 million and \$35.8 million for the years ended December 31, 2002, 2001 and 2000, respectively.

13) COMMITMENTS AND CONTINGENCIES

The Company has long-term noncancelable operating lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles. The Company has also entered into capital leases for satellite transponders and buildings.

Viacom's outdoor advertising business has franchise rights entitling it to display advertising on media such as buses, trains, bus shelters, terminals, billboards, and phone kiosks. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

At December 31, 2002, minimum rental payments under noncancelable leases and minimum franchise payments are as follows:

	Capital	Leases Operating	Guaranteed Minimum Franchise Payments
2003	\$ 118.1	\$ 930.9	\$ 378.2
2004	90.5	791.5	342.1
2005	75.2	662.4	303.6
2006	62.1	637.8	212.4
2007	52.0	422.9	81.3
2008 and thereafter	102.9	1,725.3	156.5
Total minimum payments	500.8	\$ 5,170.8	\$ 1,474.1
Less amounts representing interest	108.6		
Present value of net minimum payments	\$ 392.2		

Future minimum capital lease payments have not been reduced by future minimum sublease rentals of \$1.6 million. Future minimum operating lease payments have been reduced by future minimum sublease income of \$113.6 million. Rent expense amounted to \$951.6 million (2002), \$997.4 million (2001) and \$838.2 million (2000).

Programming and talent commitments of the Company, estimated to aggregate approximately \$13.5 billion, are not reflected in the balance sheet as of December 31, 2002. These commitments include approximately \$9.3 billion for the acquisition of sports programming rights, approximately \$3.1 billion relating to television, radio and feature film production and acquisitions and approximately \$1.1 billion for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

Guarantees

The Company owns a 50% equity interest in United Cinemas International ("UCI"), which operates movie theaters in Europe, Latin America and Asia. As of December 31, 2002, the Company guaranteed approximately \$250.6 million of UCI's debt obligations under a revolving credit facility which expires in December 2004, and \$155.5 million of UCI's theater leases. The Company also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres, LLC and guarantees certain theater leases for approximately \$14.7 million. The debt and lease guarantees would only be triggered upon non-payment by the respective primary obligors. These guarantees are not recorded on the balance sheet as of December 31, 2002.

Additionally, the Company has letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds approximated \$405.2 million at December 31, 2002 and are not recorded on the balance sheet.

The Company is also subject to certain off-balance sheet lease guarantees related to the divestitures of certain businesses. In October 1998, Blockbuster Music stores were sold to Wherehouse Entertainment Inc. ("Wherehouse"). Some of the leases transferred in connection with this sale had previously been guaranteed either by the Company or its affiliates. The remaining initial terms of these leases expire on various dates through 2007. However, certain leases contain renewal options that can extend the primary lease term and remain subject to the guarantee. Blockbuster had previously agreed to

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

indemnify the Company with respect to any amount paid under these guarantees. On January 21, 2003, Wherehouse filed a petition for protection under Chapter 11 of U.S. bankruptcy law. Based on information regarding lease and guaranty expirations provided to Blockbuster by Wherehouse in connection with its bankruptcy, Blockbuster's current estimate of the contingent liability is approximately \$36.0 million. Blockbuster recorded a reserve of \$18.7 million during the fourth quarter of 2002 which represented its estimate of the undiscounted lease guaranty obligation associated with the stores that Wherehouse has indicated it will vacate. The Company has accounted for these reserves in discontinued operations.

Legal Matters

Asbestos and Environmental. The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos-containing grades of decorative micarta, a laminate used in commercial ships.

Claims typically are both filed and settled in large groups, which makes the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2002, the Company had pending approximately 103,800 asbestos claims, as compared to approximately 106,000 as of December 31, 2001 and approximately 100,000 as of December 31, 2000. The 2001 and 2000 numbers of claims included approximately 7,100 claims and 1,900 claims, respectively, on an inactive docket in Baltimore which would not be counted as pending under the Company's current methodology. In addition, the pending claim count was reduced by approximately 24,000 claims as a result of the Supreme Court of New York's order dated December 2002 establishing a deferred docket of claimants alleging minimal or no impairment. Of the claims pending as of

December 31, 2002, approximately 73,900 were pending in state courts, 27,100 in federal court and approximately 2,800 were third party claims. During 2002, the Company received approximately 49,400 new claims and closed approximately 18,500 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement.

Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. To date, the Company has not been liable for any third party claims. The Company's total costs in 2002 and 2001 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$28 million and \$21 million, respectively. A portion of such costs relates to claims settled in prior years.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities and that these asbestos liabilities are not likely to have a material adverse effect on its results of operations, financial position or cash flows.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to discontinued operations conducted by companies acquired by the Company. In addition, the Company from time to time receives personal injury claims including toxic tort claims arising from historical operations of the Company and its predecessors.

Antitrust. In March 2001, after a series of judicial rulings, three individuals remained as plaintiffs in a complaint filed in the United States District Court for the Western District of Texas against the Company, Blockbuster, Paramount Home Entertainment, and other major motion picture studios and their home video subsidiaries. They asserted, among other things, that the Company, Blockbuster and the studios conspired to fix the prices of videos to retailers and distributors, engaged in discriminatory pricing, and conspired to restrain competition. They were seeking treble damages for themselves and injunctive relief under both federal and California state law. In July 2002, judgment was entered in favor of the defendants. Plaintiffs have appealed the judgment to the Fifth Circuit Court of Appeals. In January 2001, a similar complaint was filed in California in a Los Angeles County Superior Court by over 200 individual plaintiffs seeking class certification and monetary damages against the same defendants. In January 2002, the California court denied the plaintiffs' request for class certification, and the plaintiffs have appealed that decision to a California appellate court. By order dated February 20, 2003, the California state court judge dismissed with prejudice all claims against the defendants. The Company believes that the plaintiffs' position in these litigations is without merit and intends to continue to defend itself vigorously in the litigations.

Blockbuster Securities Action. During February and March 2003, three putative class action complaints were filed against Blockbuster in the United States District Court for the Northern District of Texas claiming violations of the Securities Exchange Act of 1934 and seeking a class determination for purchasers of Blockbuster stock for the approximately eight-month period between April and December 2002. Certain members of Blockbuster's senior management are also named as defendants. A shareholder derivative action arising from the same operative facts was filed in February 2003 in the same court; and another shareholder derivative action was filed in March 2003 in the 160th Judicial District Court for Dallas County, Texas claiming breach of fiduciary duties for an approximately three-week period from late April through mid-May 2002. These actions named certain Blockbuster directors, some of whom are directors and/or executive officers of the Company, and certain members of Blockbuster's senior management, as individual defendants, and Blockbuster as a nominal defendant. Responses have not yet been filed to any of these lawsuits. The Company believes the plaintiffs' positions in these lawsuits are without merit and intends to vigorously defend these matters.

Other. The Company has amounts owed by an international licensee under a series of long-term licensing arrangements covering feature film and television product. The licensee is disputing its obligation to accept and to pay for a portion of this product under certain of these arrangements. The Company has brought suit to enforce its rights under those arrangements and strongly believes in the merits of its position. The licensee is attempting to reorganize under German insolvency law. As a result, the Company may be unable to recover some or all of amounts being sought in the litigation, as well as the undisputed sums owing under these arrangements. The Company however, believes that the resolution of such matters will not have a material adverse effect on the Company's consolidated results of operations.

Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that all of the above-

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows.

14) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. Effective January 1,

2002, the Company operates its consumer publishing business, which was previously reported as the Publishing segment, under the Entertainment segment. Prior period information for the Company has been reclassified to conform to the new presentation. The Company operated five reportable segments during 2002:

Cable Networks—Basic cable and premium subscription television program services.

Television—Television networks and stations; and production and distribution of television programming.

Infinity—Radio stations and outdoor advertising properties.

Entertainment—Production and distribution of motion pictures; consumer publishing, as well as the operation of theme parks, movie theaters and music publishing.

Video—Home videocassette, DVD and video game rental and retail operations.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Effective January 1, 2003, the Company began operating its radio and outdoor advertising business within Infinity separately and, as such, will commence reporting these operations as separate segments effective January 1, 2003.

The accounting policies of the segments are the same as those described in Note 1—Summary of Significant Accounting Policies. Intercompany revenues are recorded at fair market value as if the sales were to third parties and are eliminated in consolidation. Intercompany revenue eliminations were principally associated with the Entertainment, Television and Cable segments and were \$357.4 million, \$181.2 million and \$60.0 million, respectively for 2002. Intercompany profit eliminations are principally comprised of television programming sales to cable networks and the sale of feature films to cable and broadcast networks and the Video segment. The 2001 intercompany revenue eliminations were principally associated with the Entertainment, Television and Cable Segments and were \$406.7 million, \$296.4 million and \$77.1 million, respectively. The 2000 intersegment revenues were primarily from the Entertainment Segment of \$371.5 million.

Year ended December 31,	2002	2001	2000
Revenues:			
Cable Networks	\$ 4,726.7	\$ 4,297.6	\$ 3,951.0
Television	7,490.0	7,247.7	5,426.4
Infinity	3,754.6	3,670.2	2,764.7
Entertainment	3,646.9	3,597.8	3,351.7
Video	5,565.9	5,156.7	4,960.1
Intercompany eliminations	(578.4)	(747.2)	(410.2)
Total Revenues	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7
Operating Income:			
Cable Networks	\$ 1,772.2	\$ 1,234.9	\$ 1,073.5
Television	1,202.4	402.1	351.0
Infinity	1,225.6	291.8	589.4
Entertainment	333.5	199.0	259.3
Video	355.8	(219.6)	75.7
Segment Operating Income:	4,889.5	1,908.2	2,348.9
Corporate expenses	(159.0)	(169.1)	(847.3)
Eliminations	(66.0)	(191.7)	(103.2)
Residual costs(a)	(67.8)	(87.2)	(77.5)
Total Operating Income	\$ 4,596.7	\$ 1,460.2	\$ 1,320.9

(a) Primarily includes pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses.

Year Ended December 31,	2002	2001	2000
Depreciation and Amortization:			
Cable Networks	\$ 190.9	\$ 447.1	\$ 299.8
Television	140.8	786.4	568.1
Infinity	236.4	1,225.9	693.2

Entertainment	120.7	182.8	180.8
Video	233.8	423.7	459.1
Segment Depreciation and Amortization	922.6	3,065.9	2,201.0
Corporate	23.0	21.1	22.5
Total Depreciation and Amortization	\$ 945.6	\$ 3,087.0	\$ 2,223.5

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

At December 31,	2002	2001	2000
Total Assets:			
Cable Networks	\$ 11,548.7	\$ 11,318.3	\$ 8,077.7
Television	25,709.6	25,202.5	25,417.9
Infinity	39,587.2	39,833.0	33,689.7
Entertainment	5,948.8	5,865.2	5,808.0
Video	6,206.1	7,642.8	8,385.1
Segment Assets	89,000.4	89,861.8	81,378.4
Corporate	1,938.6	2,164.1	2,089.8
Eliminations	(1,184.8)	(1,216.0)	(822.1)
Total Assets	\$ 89,754.2	\$ 90,809.9	\$ 82,646.1

Year ended December 31,	2002	2001	2000
Capital Expenditures:			
Cable Networks	\$ 95.7	\$ 139.9	\$ 158.1
Television	138.7	120.2	116.1
Infinity	81.5	99.3	72.0
Entertainment	74.6	54.9	93.9
Video	140.6	93.1	212.1
Segment Capital Expenditures	531.1	507.4	652.2
Corporate	6.0	8.0	6.8
Total Capital Expenditures	\$ 537.1	\$ 515.4	\$ 659.0

Information regarding the Company's consolidated revenues by type is as follows:

	Revenues by Type		
	Year Ended December 31,		
	2002	2001	2000
Advertising sales	\$ 11,225.4	\$ 10,723.2	\$ 8,143.6
Rental/retail sales	5,480.1	5,049.9	4,866.5
Affiliate fees	2,199.0	2,030.9	1,694.1
TV license fees	1,506.9	1,385.4	1,558.6
Features film exploitation	1,827.3	1,824.6	1,675.6
Other(a)	2,367.0	2,208.8	2,105.3
Total	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7

(a) Other primarily includes revenues from publishing, theme park operations, movie theaters, home video and royalties and fees.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Information regarding the Company's operations by geographic area is as follows:

Year Ended or At December 31,	2002	2001	2000
Revenues(a):			
United States	\$ 20,576.5	\$ 19,466.5	\$ 16,428.3
International	4,029.2	3,756.3	3,615.4
Total Revenues	\$ 24,605.7	\$ 23,222.8	\$ 20,043.7
Long-lived Assets(b):			
United States	\$ 79,869.2	\$ 81,381.6	\$ 71,979.5
International	2,718.2	2,672.6	2,834.2
Total Long-lived Assets	\$ 82,587.4	\$ 84,054.2	\$ 74,813.7

Intercompany transactions between geographic areas are not significant.

(a) Revenue classifications are based on customers' locations.

(b) Reflects total assets less current assets and non-current deferred tax assets.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

15) OTHER ITEMS, NET

For the year ended December 31, 2002, "Other items, net" reflected a net loss of \$30.0 million which principally consisted of foreign exchange losses of \$51.9 million, losses of \$19.7 million associated with securitizing trade receivables and an aggregate loss of approximately \$13.8 million resulting from the write-down of several investments to their market value. These losses were partially offset by the recovery of advertising commitments of \$29.8 million, a gain of \$18.8 million on the sale of a telephone kiosk advertising business and a net gain of \$5.5 million from the sale of investments.

For the year ended December 31, 2001, "Other items, net" of \$254.7 million principally reflected a gain from television station swaps of \$210.1 million and the recovery of certain advertising commitments of \$250.0 million offset by impairment losses of approximately \$125.0 million related to the Company's investments. The one-time pre-tax gains were also partially offset by foreign exchange losses of \$8.2 million and losses of \$22.8 million associated with securitizing trade receivables. Additionally, 2001 reflects an impairment loss of \$46.6 million related to the purchase of two television stations. The recovery of advertising commitments in 2002 and 2001 reflected the restructuring of agreements with several internet companies. As a result, the Company was released from related advertising commitments and reversed related deferred revenues.

For the year ended December 31, 2000, "Other items, net" of \$8.8 million principally reflected foreign exchange gains of \$31.7 million and net gains of approximately \$44.3 million on the sale of assets which were principally offset by the write-down of approximately \$66.9 million of several internet cost investments to their market value.

16) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended or At December 31,	2002	2001	2000
Cash paid for interest, net of amounts capitalized	\$ 727.6	\$ 825.8	\$ 651.4
Cash paid for income taxes	\$ 630.1	\$ 430.3	\$ 61.2
Supplemental schedule of non-cash investing and financing activities:			
Equipment acquired under capitalized leases	\$ 42.9	\$ 55.0	\$ 72.9
Fair value of assets acquired	\$ 1,009.3	\$ 11,355.9	\$ 61,910.3
Fair value of liabilities assumed	(91.4)	(329.4)	(14,849.3)

Minority interest	159.7	5,749.4	(5,712.1)
Cash paid, net of cash acquired	(926.0)	(886.1)	(2,380.0)

Impact on stockholders' equity	\$	151.6	\$	15,889.8	\$	38,968.9
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Viacom Inc. and Subsidiaries

Notes to Consolidated Financial Statements—(Continued)

(Tabular dollars in millions, except per share amounts)

17) Quarterly Financial Data (unaudited quarterly data):

2002	First Quarter(a)	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 5,672.2	\$ 5,849.5	\$ 6,306.5	\$ 6,777.5	\$ 24,605.7
Operating income	\$ 865.5	\$ 1,177.8	\$ 1,288.2	\$ 1,265.2	\$ 4,596.7
Net earnings before cumulative effect of change in accounting principle	\$ 367.4	\$ 546.5	\$ 640.3	\$ 652.4	\$ 2,206.6
Net earnings (loss)	\$ (1,113.5)	\$ 546.5	\$ 640.3	\$ 652.4	\$ 725.7
Basic earnings (loss) per common share:					
Earnings before cumulative effect of change in accounting principle	\$.21	\$.31	\$.37	\$.37	\$ 1.26
Net earnings (loss)	\$ (.64)	\$.31	\$.37	\$.37	\$.41
Diluted earnings per common share:					
Earnings before cumulative effect of change in accounting principle	\$.21	\$.31	\$.36	\$.37	\$ 1.24
Net earnings (loss)	\$ (.63)	\$.31	\$.36	\$.37	\$.41
Weighted average number of common shares outstanding:					
Basic	1,753.5	1,756.1	1,752.8	1,749.0	1,752.8
Diluted	1,778.7	1,781.7	1,770.3	1,768.5	1,774.8

2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues	\$ 5,752.2	\$ 5,716.9	\$ 5,713.8	\$ 6,039.9	\$ 23,222.8
Operating income(b)(c)(d)	\$ 403.7	\$ 585.8	\$ 193.7	\$ 277.0	\$ 1,460.2
Net earnings (loss) before cumulative effect of change in accounting principle	\$ (7.3)	\$ 16.7	\$ (190.4)	\$ (42.5)	\$ (223.5)
Net earnings (loss)	\$ (7.3)	\$ 16.7	\$ (190.4)	\$ (42.5)	\$ (223.5)
Basic and diluted earnings (loss) per common share:					
Earnings (loss) before cumulative effect of change in accounting principle	\$ —	\$.01	\$ (.11)	\$ (.02)	\$ (.13)
Net earnings (loss)	\$ —	\$.01	\$ (.11)	\$ (.02)	\$ (.13)
Weighted average number of common shares outstanding:					
Basic	1,628.4	1,768.6	1,768.0	1,759.7	1,731.6
Diluted	1,628.4	1,800.2	1,768.0	1,759.7	1,731.6

- (a) As described in Note 2 to the Company's consolidated financial statements, the Company recorded an after-tax non-cash goodwill impairment charge of \$1.5 billion, net of \$336 million of minority interest, as a cumulative effect of a change in accounting principle.
- (b) As described in Note 4 to the Company's consolidated financial statements, the Company recognized charges of \$355.3 million and \$39.4 million in the third and fourth quarters of 2001 related to the execution of a strategic remerchandising plan to allow for an expansion of store space for DVD and other strategic product offerings at Blockbuster.
- (c) As described in Note 4 to the Company's consolidated financial statements, the Company recognized a fourth quarter charge of \$75.4 million principally related to a restructuring plan at MTVN to reduce headcount and close certain international offices.
- (d) As described in Note 4 to the Company's consolidated financial statements, the Company recognized a fourth quarter charge of \$53.4 million related to the Company's plan to integrate UPN with CBS Network operations.

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

18) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. Viacom Inc. has fully and unconditionally guaranteed Viacom International debt securities (See Note 8). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of Viacom Inc., Viacom International, the direct and indirect Non-Guarantor Affiliates of Viacom Inc. and Viacom International, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

Statement of Operations for the Year Ended December 31, 2002

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 344.2	\$ 2,776.2	\$ 21,652.8	\$ (167.5)	\$ 24,605.7
Expenses:					
Operating	131.2	847.5	14,005.1	(118.7)	14,865.1
Selling, general and administrative	126.3	775.7	3,304.5	(8.2)	4,198.3
Depreciation and amortization	10.8	92.2	842.6	—	945.6
Total expenses	268.3	1,715.4	18,152.2	(126.9)	20,009.0
Operating income	75.9	1,060.8	3,500.6	(40.6)	4,596.7
Interest expense, net	(661.3)	(12.3)	(158.9)	—	(832.5)
Other items, net	(29.3)	(3.8)	3.6	(0.5)	(30.0)
Earnings (loss) before income taxes	(614.7)	1,044.7	3,345.3	(41.1)	3,734.2
Benefit (provision) for income taxes	240.3	(416.8)	(1,272.4)	—	(1,448.9)
Equity in earnings (loss) of affiliated companies, net of tax	1,100.1	(871.4)	(65.2)	(203.0)	(39.5)
Minority interest, net of tax	—	—	(39.2)	—	(39.2)
Net earnings (loss), before cumulative effect	725.7	(243.5)	1,968.5	(244.1)	2,206.6
Cumulative effect of change in accounting principle, net of minority interest and tax	—	—	(1,480.9)	—	(1,480.9)
Net earnings (loss)	\$ 725.7	\$ (243.5)	\$ 487.6	\$ (244.1)	\$ 725.7

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Statement of Operations for the Year Ended December 31, 2001

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 321.8	\$ 2,502.5	\$ 20,725.2	\$ (326.7)	\$ 23,222.8
Expenses:					
Operating	137.0	788.0	13,718.2	(179.4)	14,463.8
Selling, general and administrative	137.5	706.3	3,248.6	—	4,092.4
Restructuring charges	—	66.6	52.8	—	119.4
Depreciation and amortization	17.1	190.1	2,879.8	—	3,087.0
Total expenses	291.6	1,751.0	19,899.4	(179.4)	21,762.6
Operating income	30.2	751.5	825.8	(147.3)	1,460.2
Interest expense, net	(702.3)	(21.0)	(215.3)	—	(938.6)
Other items, net	(20.4)	(5.6)	280.7	—	254.7
Earnings (loss) before income taxes	(692.5)	724.9	891.2	(147.3)	776.3
Benefit (provision) for income taxes	277.0	(319.1)	(877.8)	—	(919.9)
Equity in earnings (loss) of affiliated companies, net of tax	192.0	3.6	(134.7)	(187.9)	(127.0)
Minority interest, net of tax	—	10.6	36.5	—	47.1

Net earnings (loss)	\$	(223.5)	\$	420.0	\$	(84.8)	\$	(335.2)	\$	(223.5)
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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Statement of Operations for the Year Ended December 31, 2000

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Revenues	\$ 271.7	\$ 2,520.2	\$ 17,264.4	\$ (12.6)	\$ 20,043.7
Expenses:					
Operating	107.4	813.5	10,766.2	20.0	11,707.1
Selling, general and administrative	122.5	892.6	3,078.6	—	4,093.7
Merger-related charges	—	650.0	48.5	—	698.5
Depreciation and amortization	14.6	149.6	2,059.3	—	2,223.5
Total expenses	244.5	2,505.7	15,952.6	20.0	18,722.8
Operating income	27.2	14.5	1,311.8	(32.6)	1,320.9
Interest income (expense), net	(598.9)	67.4	(237.6)	—	(769.1)
Other items, net	(19.4)	26.7	1.5	—	8.8
Earnings (loss) before income taxes	(591.1)	108.6	1,075.7	(32.6)	560.6
Benefit (provision) for income taxes	236.5	(154.6)	(811.7)	—	(729.8)
Equity in loss of affiliated companies, net of tax	(461.5)	(463.0)	(158.2)	958.5	(124.2)
Minority interest, net of tax	—	20.1	(90.5)	—	(70.4)
Net earnings (loss) before cumulative effect of change in accounting principle	(816.1)	(488.9)	15.3	925.9	(363.8)
Cumulative effect of change in accounting principle net of minority interest and tax	—	—	(452.3)	—	(452.3)
Net loss	\$ (816.1)	\$ (488.9)	\$ (437.0)	\$ 925.9	\$ (816.1)

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Balance Sheet at December 31, 2002

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 236.9	\$ 71.2	\$ 323.3	\$ —	\$ 631.4
Receivables, net	80.7	502.4	3,309.4	(171.5)	3,721.0
Inventory	8.1	68.5	1,289.0	(32.9)	1,332.7
Other current assets	140.2	394.3	947.2	—	1,481.7
Total current assets	465.9	1,036.4	5,868.9	(204.4)	7,166.8
Property and equipment	95.5	1,078.6	8,677.5	—	9,851.6
Less accumulated depreciation and amortization	20.5	438.3	3,280.1	—	3,738.9
Net property and equipment	75.0	640.3	5,397.4	—	6,112.7

Inventory	16.0	834.3	3,836.6	(159.9)	4,527.0
Goodwill	116.4	153.4	56,846.5	—	57,116.3
Intangibles	141.6	2.9	12,338.1	—	12,482.6
Investments in consolidated subsidiaries	65,570.4	14,501.2	—	(80,071.6)	—
Other assets	499.9	869.1	1,330.3	(350.5)	2,348.8
Total Assets	\$ 66,885.2	\$ 18,037.6	\$ 85,617.8	\$ (80,786.4)	\$ 89,754.2
Liabilities and Stockholders' Equity					
Accounts payable	\$ 6.6	\$ 54.4	\$ 1,128.1	\$ (12.9)	\$ 1,176.2
Accrued expenses and other	125.2	1,557.0	3,406.7	(89.8)	4,999.1
Participants' share, residuals and royalties payable	—	20.3	1,017.3	(70.8)	966.8
Current portion of long-term debt	—	13.9	185.1	—	199.0
Total current liabilities	131.8	1,645.6	5,737.2	(173.5)	7,341.1
Long-term debt	9,354.0	210.9	697.2	(56.9)	10,205.2
Other liabilities	(9,269.1)	4,213.3	10,324.7	3,606.0	8,874.9
Minority interest	—	—	845.2	—	845.2
Stockholders' Equity:					
Preferred Stock	—	106.1	21.4	(127.5)	—
Common Stock	18.5	185.7	755.9	(941.6)	18.5
Additional paid-in capital	65,597.8	6,559.9	67,426.5	(73,986.4)	65,597.8
Retained earnings (deficit)	6,025.2	5,109.4	(94.1)	(9,106.5)	1,934.0
Accumulated other comprehensive income (loss)	(491.0)	6.7	(96.2)	—	(580.5)
Less treasury stock, at cost	71,150.5	11,967.8	68,013.5	(84,162.0)	66,969.8
	4,482.0	—	—	—	4,482.0
Total stockholders' equity	66,668.5	11,967.8	68,013.5	(84,162.0)	62,487.8
Total Liabilities and Stockholders' Equity	\$ 66,885.2	\$ 18,037.6	\$ 85,617.8	\$ (80,786.4)	\$ 89,754.2

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Balance Sheet at December 31, 2001

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Assets					
Cash and cash equivalents	\$ 367.7	\$ 2.7	\$ 357.0	\$ —	\$ 727.4
Receivables, net	79.3	474.2	3,341.5	(313.2)	3,581.8
Inventory	9.9	79.7	863.8	(34.7)	918.7
Other current assets	80.5	357.5	1,089.8	—	1,527.8
Total current assets	537.4	914.1	5,652.1	(347.9)	6,755.7
Property and equipment	116.5	1,030.4	8,218.0	—	9,364.9
Less accumulated depreciation and amortization	42.1	368.0	2,619.6	—	3,029.7
Net property and equipment	74.4	662.4	5,598.4	—	6,335.2
Inventory	10.2	806.1	3,645.2	(125.9)	4,335.6
Goodwill	116.4	52.9	58,939.7	—	59,109.0
Intangibles	141.6	1.5	11,738.0	—	11,881.1
Investments in consolidated subsidiaries	65,837.7	14,734.4	—	(80,572.1)	—
Other assets	117.5	1,018.6	1,605.4	(348.2)	2,393.3
Total Assets	\$ 66,835.2	\$ 18,190.0	\$ 87,178.8	\$ (81,394.1)	\$ 90,809.9
Liabilities and Stockholders' Equity					
Accounts payable	\$ —	\$ 58.4	\$ 969.1	\$ (82.5)	\$ 945.0
Accrued expenses and other	(12.7)	1,622.5	3,614.0	(215.5)	5,008.3

Participants' share, residuals and royalties payable	—	12.8	1,322.1	(25.5)	1,309.4
Current portion of long-term debt	—	13.0	286.0	—	299.0
Total current liabilities	(12.7)	1,706.7	6,191.2	(323.5)	7,561.7
Long-term debt	9,332.1	717.2	823.4	(49.0)	10,823.7
Other liabilities	(9,449.0)	3,412.3	10,921.5	3,611.1	8,495.9
Minority interest	—	149.1	1,062.7	—	1,211.8
Stockholders' Equity:					
Preferred Stock	—	106.1	20.4	(126.5)	—
Common Stock	18.4	188.5	734.3	(922.8)	18.4
Additional paid-in capital	64,980.6	6,536.8	68,182.0	(74,718.8)	64,980.6
Retained earnings (deficit)	5,299.5	5,352.8	(581.6)	(8,862.4)	1,208.3
Accumulated other comprehensive income (loss)	4.1	20.5	(175.1)	(2.2)	(152.7)
	70,302.6	12,204.7	68,180.0	(84,632.7)	66,054.6
Less treasury stock, at cost	3,337.8	—	—	—	3,337.8
Total stockholders' equity	66,964.8	12,204.7	68,180.0	(84,632.7)	62,716.8
Total Liabilities and Stockholders' Equity	\$ 66,835.2	\$ 18,190.0	\$ 87,178.8	(81,394.1)	\$ 90,809.9

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Statement of Cash Flows for the Year Ended December 31, 2002

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (432.2)	\$ 713.3	\$ 2,843.3	\$ —	\$ 3,124.4
Investing activities:					
Acquisitions, net of cash acquired	—	(162.8)	(763.2)	—	(926.0)
Capital expenditures	—	(87.3)	(449.8)	—	(537.1)
Investments in and advances to affiliated companies	—	(44.2)	(16.6)	—	(60.8)
Purchases of short-term investments	—	(2.0)	—	—	(2.0)
Proceeds from sale of investments	—	6.4	15.3	—	21.7
Proceeds from dispositions	—	—	50.5	—	50.5
Net cash flow used for investing activities	—	(289.9)	(1,163.8)	—	(1,453.7)
Financing activities:					
Repayments to banks, including commercial paper, net	(959.7)	—	(194.1)	—	(1,153.8)
Increase (decrease) in intercompany payables	1,275.6	145.6	(1,421.2)	—	—
Proceeds from issuance of notes and debentures	1,298.0	—	—	—	1,298.0
Repayment of notes and debentures	(488.6)	(489.4)	(31.4)	—	(1,009.4)
Purchase of Company common stock	(1,139.0)	—	—	—	(1,139.0)
Proceeds from exercise of stock options	315.1	—	42.5	—	357.6
Payment on capital lease obligations	—	(11.1)	(103.2)	—	(114.3)
Other, net	—	—	(5.8)	—	(5.8)
Net cash flow provided by (used for) financing activities	301.4	(354.9)	(1,713.2)	—	(1,766.7)
Net increase (decrease) in cash and cash equivalents	(130.8)	68.5	(33.7)	—	(96.0)
Cash and cash equivalents at beginning of year	367.7	2.7	357.0	—	727.4
Cash and cash equivalents at end of year	\$ 236.9	\$ 71.2	\$ 323.3	\$ —	\$ 631.4

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Statement of Cash Flows for the Year Ended December 31, 2001

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (261.7)	\$ 680.9	\$ 3,089.9	\$ —	\$ 3,509.1
Investing activities:					
Acquisitions, net of cash acquired	(1.4)	(35.6)	(849.1)	—	(886.1)
Capital expenditures	—	(120.6)	(394.8)	—	(515.4)
Investments in and advances to affiliated companies	—	(47.8)	(22.3)	—	(70.1)
Purchases of short-term investments	—	(14.2)	—	—	(14.2)
Proceeds from sale of investments	—	3.0	58.6	—	61.6
Proceeds from dispositions	—	—	233.7	—	233.7
Net cash flow used for investing activities	(1.4)	(215.2)	(973.9)	—	(1,190.5)
Financing activities:					
Repayments to banks, including commercial paper, net	(1,093.3)	(100.0)	(2,818.7)	—	(4,012.0)
Increase (decrease) in intercompany payables	(778.0)	(642.2)	1,420.2	—	—
Proceeds from issuance of notes and debentures	3,417.9	—	5.8	—	3,423.7
Purchase of Company common stock	(1,066.1)	—	—	—	(1,066.1)
Repayment of notes and debentures	(225.0)	(35.3)	(656.8)	—	(917.1)
Proceeds from exercise of stock options	182.5	—	2.1	—	184.6
Payment on capital lease obligations	—	(12.0)	(124.3)	—	(136.3)
Other, net	—	—	(2.5)	—	(2.5)
Net cash flow provided by (used for) financing activities	438.0	(789.5)	(2,174.2)	—	(2,525.7)
Net increase (decrease) in cash and cash equivalents	174.9	(323.8)	(58.2)	—	(207.1)
Cash and cash equivalents at beginning of year	192.8	326.5	415.2	—	934.5
Cash and cash equivalents at end of year	\$ 367.7	\$ 2.7	\$ 357.0	\$ —	\$ 727.4

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VIACOM INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Tabular dollars in millions, except per share amounts)

Statement of Cash Flows for the Year Ended December 31, 2000

	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
Net cash flow provided by (used for) operating activities	\$ (654.1)	\$ 830.5	\$ 2,146.9	\$ —	\$ 2,323.3
Investing activities:					
Acquisitions, net of cash acquired	—	—	(2,380.0)	—	(2,380.0)
Capital expenditures	(1.5)	(126.3)	(531.2)	—	(659.0)
Investments in and advances to affiliated companies	(7.3)	(57.9)	(174.0)	—	(239.2)
Purchases of short-term investments	—	(89.9)	—	—	(89.9)
Proceeds from sale of investments	—	82.1	234.5	—	316.6
Proceeds from dispositions	—	—	190.6	—	190.6
Net cash flow used for investing activities	(8.8)	(192.0)	(2,660.1)	—	(2,860.9)

Financing activities:

Borrowing from (repayments to) banks, including commercial paper, net	469.7	(96.2)	1,039.9	—	1,413.4
Increase (decrease) in intercompany payables	456.3	(530.3)	74.0	—	—
Proceeds from issuance of notes and debentures	1,606.5	—	76.4	—	1,682.9
Repayment of notes and debentures	—	(160.6)	(171.3)	—	(331.9)
Purchase of Company common stock	(1,945.4)	—	—	—	(1,945.4)
Proceeds from exercise of stock options	187.0	—	—	—	187.0
Payment on capital lease obligations	—	(10.9)	(119.7)	—	(130.6)
Purchase of common stock by subsidiary	—	—	(84.1)	—	(84.1)
Net cash flow provided by (used for) financing activities	774.1	(798.0)	815.2	—	791.3
Net increase (decrease) in cash and cash equivalents	111.2	(159.5)	302.0	—	253.7
Cash and cash equivalents at beginning of year	81.6	486.0	113.2	—	680.8
Cash and cash equivalents at end of year	\$ 192.8	\$ 326.5	\$ 415.2	— \$	934.5

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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PART III**Item 10. Directors and Executive Officers of the Registrant.**

The information required by this item with respect to the Company's directors is contained in the Viacom Inc. Proxy Statement for the Company's 2003 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Information Concerning Director Nominees" and "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference. The information required by this item with respect to the executive officers of the Company is included in Part I of this Form 10-K under the caption "Executive Officers of the Company," which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item is contained in the Proxy Statement under the headings "Directors' Compensation" and "Executive Compensation," which information is incorporated herein by reference. Information contained in the Proxy Statement under the headings "Executive Compensation—Report of the Compensation Committee on Executive Compensation" and "Executive Compensation—Performance Graph" is not incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is contained in the Proxy Statement under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by this item is contained in the Proxy Statement under the headings "Executive Compensation—Compensation Committee Interlocks and Insider Participation" and "Related Transactions," which information is incorporated herein by reference.

Item 14. Controls and Procedures.

The Company's chief executive officer and chief financial officer have evaluated the effectiveness of Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) as of a date within 90 days prior to the filing of this annual report and concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this annual report is being prepared.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART IV**Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K.**

(a)

1. *Financial Statements.*

The financial statements of the Company filed as part of this report on Form 10-K are listed on the Index on page F-1.

2. *Financial Statement Schedules.*

The financial statement schedule required to be filed by Item 8 of this Form 10-K is listed on the Index on page F-1.

3. *Exhibits.*

The exhibits listed in Item 15(c) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page E-1.

(b) *Reports on Form 8-K.*

The Company filed no reports on Form 8-K during the last quarter of the period covered by this Form 10-K.

(c) *Exhibits.*

The exhibits listed in Item 15(c) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Viacom Inc. has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

VIACOM INC.

By: /s/ SUMNER M. REDSTONE

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

Date: March 27, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of Viacom Inc. and in the capacities and on the dates indicated:

Signature	Title	Date
<u> /s/ SUMNER M. REDSTONE </u> Sumner M. Redstone	Chairman of the Board of Directors Chief Executive Officer	March 27, 2003
<u> /s/ RICHARD J. BRESSLER </u> Richard J. Bressler	Senior Executive Vice President Chief Financial Officer	March 27, 2003
<u> /s/ SUSAN C. GORDON </u> Susan C. Gordon *	Senior Vice President Controller Chief Accounting Officer	March 27, 2003
<u> George S. Abrams </u> *	Director	March 27, 2003
<u> David R. Andelman </u> *	Director	March 27, 2003
<u> George H. Conrades </u> *	Director	March 27, 2003
<u> Philippe P. Dauman </u> *	Director	March 27, 2003
<u> * </u> *	Director	March 27, 2003

William H. Gray III

/s/ MEL KARMAZIN

Mel Karmazin

Director

March 27, 2003

*

Jan Leschly

Director

March 27, 2003

*

David T. McLaughlin

Director

March 27, 2003

*

Ken Miller

Director

March 27, 2003

*

Leslie Moonves

Director

March 27, 2003

*

Brent D. Redstone

Director

March 27, 2003

*

Shari Redstone

Director

March 27, 2003

*

Frederic V. Salerno

Director

March 27, 2003

*

William Schwartz

Director

March 27, 2003

*

Ivan Seidenberg

Director

March 27, 2003

*

Patty Stonesifer

Director

March 27, 2003

*

Robert D. Walter

Director

March 27, 2003

*By:

/s/ MICHAEL D. FRICKLAS

March 27, 2003

Michael D. Fricklas
*Attorney-in-Fact
for the Directors*

CERTIFICATION

I, Sumner M. Redstone, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
- 4.

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ **SUMNER M. REDSTONE**

Sumner M. Redstone
Chairman and Chief Executive Officer

CERTIFICATION

I, Richard J. Bressler, certify that:

1. I have reviewed this annual report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a)

all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ RICHARD J. BRESSLER

Richard J. Bressler
Senior Executive Vice President and
Chief Financial Officer

**INDEX TO EXHIBITS
ITEM 15(c)**

Exhibit No.	Description of Document	Page No.
(2)	Plan of Acquisition	
(a)	Amended and Restated 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 (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).	
(b)	Agreement and Plan of Merger, dated as of October 30, 2000, among Viacom Inc., IBC Merger Corp. and Infinity Broadcasting Corporation (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Viacom Inc. filed on October 31, 2000) (File No. 1-9553).	
(3)	Articles of Incorporation and By-laws	
(a)	Restated Certificate of Incorporation of Viacom Inc. effective May 23, 2001 (incorporated by reference to Exhibit 3(a) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 1-9553).	
(b)	Amended and Restated By-laws of Viacom Inc. effective May 4, 2000 (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).	
(4)	Instruments defining the rights of security holders, including indentures	
(a)	Specimen certificate representing Viacom Inc. Class A Common Stock (filed herewith).	
(b)	Specimen certificate representing Viacom Inc. Class B Common Stock (filed herewith).	
(c)	The instruments defining the rights of holders of the long-term debt securities of Viacom Inc. and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Viacom Inc. hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.	
(10)	Material Contracts	
(a)	Viacom Inc. 1989 Long-Term Management Incentive Plan (as 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) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*	

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

Exhibit No.	Description of Document	Page No.
(b)	Viacom Inc. 1994 Long-Term Management Incentive Plan (as 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) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*	

- (c) Viacom Inc. 1997 Long-Term Management Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 1-9553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*
- (d) Viacom Inc. 2000 Long-Term Management Incentive Plan (as amended and restated through January 31, 2001) (incorporated by reference to Exhibit 10(d) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001 (File No. 1-9553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*
- (e) Viacom Inc. Senior Executive Short-Term Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit C to Viacom Inc.'s Proxy Statement dated June 5, 2000) (File No. 1-9553).*
- (f) 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).*
- (g) 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).*
- (h) 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) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*
- (i) Viacom Inc. 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Viacom Inc.'s Proxy Statement dated April 28, 1995) (File No. 1-9553) (as amended effective October 10, 2002 by the Amendment to Viacom Stock Option Plans) (filed as Exhibit 10(bb) herewith).*
- (j) Viacom Inc. 2000 Stock Option Plan for Outside Directors (as amended and restated through October 10, 2002)(filed herewith).*
- (k) Viacom Excess 401(k) Plan (Effective April 1, 1984, Restated as of December 1, 1999, Amended Effective January 1, 2002 and August 28, 2002) (filed herewith).*

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

Exhibit No.	Description of Document	Page No.
(l)	Excess Pension Plan for Certain Employees of Viacom International Inc. restated as of January 1, 1996 (incorporated by reference to Exhibit 10(j) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1999) (File No. 1-9553).*	
(m)	Viacom Excess 401(k) Plan for Designated Senior Executives (incorporated by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2002) (File No. 1-9553).*	
(n)	Viacom Bonus Deferral Plan for Designated Senior Executives (incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2002) (File No. 1-9553).*	
(o)	Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Sumner M. Redstone (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613).*	
(p)	Employment Letter Agreement, dated March 20, 2003, between Viacom Inc. and Sumner M. Redstone (incorporated by referenced to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed on March 20, 2003) (File No. 1-9553).*	
(q)	Employment Letter Agreement, dated September 6, 1999, between Viacom Inc. and Mel Karmazin (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-4 initially filed by Viacom Inc. on October 7, 1999) (File No. 333-88613), as amended by the First Amendment to Employment Agreement dated December 31, 1999 (incorporated by reference to Exhibit 10(ss) to the Annual Report on Form 10-K of CBS Corporation for the fiscal year ended December 31, 1999) (File No. 1-977), and as further amended by an Agreement dated June 13, 2000 (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2000) (File No. 1-9553).*	
(r)	Employment Letter Agreement, dated March 20, 2003, between Viacom Inc. and Mel Karmazin (incorporated by referenced to Exhibit 10.2 to the Current Report on Form 8-K of Viacom Inc. filed on March 20, 2003) (File No. 1-9553).*	
(s)	Agreement, dated as of January 1, 1996, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10(1) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 1995) (File No. 1-9553), as amended by an Agreement dated August 20, 1998 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 1998) (File No. 1-9553).*	
(t)	Agreement, dated September 6, 1999, between Viacom Inc. and Philippe P. Dauman (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8- K of Viacom Inc. filed on September 8, 1999, as amended by Form 8-K/A filed on	

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document	Page No.
(u)	Agreement, dated March 2001, between Viacom Inc. and Richard J. Bressler (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, 2001)(File No. 1-9553).*	
(v)	Agreement, dated as of May 1, 2000, between Viacom Inc. and Michael D. Fricklas (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended September 30, 2000) (File No. 1-9553).*	
(w)	Agreement, dated as of May 1, 2000, between Viacom Inc. and William A. Roskin (incorporated by reference to Exhibit 10(v) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Agreement dated August 1, 2002 (incorporated by reference to Exhibit 10(c) to the Quarterly Report of Viacom Inc. for the quarter ended September 30, 2002)(File No. 1-9553).*	
(x)	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).*	
(y)	Agreement, dated as of May 17, 1995, between CBS Broadcasting Inc. and Leslie Moonves, as amended by an Agreement dated January 20, 1998 (incorporated by reference to Exhibit 10(v) to the Annual Report on Form 10-K of CBS Corporation for the fiscal year ended December 31, 1997) (File No. 1-977), as further amended by an Agreement dated as of July 5, 1999 (incorporated by reference to Exhibit 10(q) to the Quarterly Report on Form 10-Q of CBS Corporation for the quarter ended September 30, 1999 (File No. 1-977), and as further amended by an Agreement dated as of May 25, 2000 (incorporated by reference to Exhibit 10(x) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000).*	
(z)	CBS Corporation ("CBS") plans* assumed by Viacom Inc. after the merger with CBS, consisting of the following:	
(i)	CBS 1991 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 1-14599).	
(ii)	CBS 1993 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 1-14599).	
(iii)	Amended and Restated Infinity Broadcasting Corporation Stock Option Plan (incorporated by reference to Exhibit 4.4 to the Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed by CBS (f/k/a Westinghouse Electric Corporation) on January 2, 1997) (File No. 333-13219).	

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document	Page No.
(iv)	Infinity Broadcasting Corporation Warrant Certificate No. 3 to Mel Karmazin (incorporated by reference to Exhibit 4.6 to the Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed by CBS Corporation (f/k/a Westinghouse Electric Corporation) on January 2, 1997) (File No. 333-13219).	
(v)	CBS Supplemental Executive Retirement Plan (As amended as of April 1, 1999) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).	
(vi)	CBS Bonus Supplemental Executive Retirement Plan (As amended as of April 1, 1999) (incorporated by reference to Exhibit 10(i) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).	
(vii)	CBS Supplemental Employee Investment Fund (As amended as of January 1, 1998) (incorporated by reference to Exhibit 10(j) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 1-977).	
(viii)	Director's Charitable Giving Program, As Amended Effective April 30, 1996 (incorporated by reference to Exhibit 10(g) to the Quarterly Report on Form 10-Q of CBS (f/k/a Westinghouse Electric Corporation) for the quarter ended June 30, 1996) (File No. 1-977).	
(ix)	CBS Deferred Compensation and Stock Plan for Directors (as amended as of February 24, 2000) (incorporated	

by reference to Exhibit 10(y)(ix) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000).

- (x) Advisory Director's Plan Termination Fee Deferral Terms and Conditions, Effective April 30, 1996 (As Revised Effective February 24, 2000) (incorporated by reference to Exhibit 10(y)(x) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000).
- (aa) Infinity Broadcasting Corporation ("Infinity") stock option plans* assumed by Viacom Inc. after the merger with Infinity, consisting of the following:
 - (i) Infinity 1998 Long-Term Incentive Plan (as amended as of May 3, 2000) (filed herewith).
 - (ii) Infinity Stock Plan for Directors (Effective as of February 24, 2000) (filed herewith).
 - (iii) Infinity 1999 Long-Term Incentive Plan (as amended as of December 29, 2000) (filed herewith).
- (bb) Amendment to Viacom Stock Option Plans referred to above in Exhibits 10(a) through 10(d), 10(h) and (10)(i) (filed herewith).*

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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Exhibit No.	Description of Document	Page No.
(cc)	Credit Agreement, dated as of June 21, 1999, between Blockbuster Inc. and the banks named therein (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form S-1 initially filed by Blockbuster Inc. on May 6, 1999) (File No. 333-77899), as amended by Amendment No. 1, dated as of June 15, 2000 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Blockbuster Inc., for the quarter ended September 30, 2000) (File No. 1-15153), and Amendment No. 2, dated as of May 7, 2002 (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q of Viacom Inc. for the quarter ended June 30, 2002 (File No. 1-9553).	
(dd)	Amended and Restated Five-Year Credit Agreement, dated as of May 3, 2000, as amended and restated as of March 7, 2001, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; The Chase Manhattan Bank, as Administrative Agent; Fleet National Bank and Bank of America, N.A., as Co-Syndication Agents; and Bank of New York, as Documentation Agent (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Amendment No. 1 to the Amended and Restated Five-Year Credit Agreement dated as of February 28, 2003 (filed herewith).	
(ee)	Five-Year Credit Agreement, dated as of March 7, 2001, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; The Chase Manhattan Bank, as Administrative Agent; Salomon Smith Barney Inc., as Syndication Agent; and Bank of America, N.A. and Fleet National Bank, as Co-Documentation Agents (incorporated by reference to Exhibit 10(cc) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2000), as amended by Amendment No. 1 to Five-Year Credit Agreement dated as of March 5, 2002 (incorporated by reference to Exhibit 10(aa) to the Annual Report on Form 10-K of Viacom Inc. for the fiscal year ended December 31, 2001) (File No. 1-9553), and Amendment No. 2 to the Five-Year Credit Agreement dated as of February 28, 2003 (filed herewith).	
(ff)	364-Day Credit Agreement, dated as of February 28, 2003, among Viacom Inc.; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; JPMorgan Chase Bank, as Administrative Agent; Salomon Smith Barney Inc., as Syndication Agent; and Bank of America, N.A., Deutsche Bank Securities, Inc. and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (filed herewith).	
(12)	Statement re Computations of Ratios (filed herewith).	
(21)	Subsidiaries of Viacom Inc. (filed herewith).	
(23)	Consents of Experts and Counsel	
(a)	Consent of PricewaterhouseCoopers LLP (filed herewith).	
(24)	Powers of Attorney (filed herewith).	

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(c).

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INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Item 15a

The following consolidated financial statements and schedule of the registrant and its subsidiaries are submitted herewith as part of this report:

	<u>Reference (Page/s)</u>
1. Report of Independent Accountants	II-37
2. Management's Statement of Responsibility for Financial Reporting	II-38
3. Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000	II-39
4. Consolidated Balance Sheets as of December 31, 2002 and 2001	II-40
5. Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000	II-41
6. Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended December 31, 2002, 2001 and 2000	II-42
7. Notes to Consolidated Financial Statements	II-43—II-86

Financial Statement Schedule:

II. Valuation and qualifying accounts	F-2
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All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

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VIACOM INC. AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

Col. A	Col. B		Col. C			Col. D	Col. E
Description	Balance at Beginning of Period	Balance Acquired through Acquisitions (1)	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period	
Allowance for doubtful accounts:							
Year ended December 31, 2002	\$ 274.9	\$ —	\$ 203.2	\$ 4.1	\$ 204.2	\$ 278.0	
Year ended December 31, 2001	\$ 246.2	\$ —	\$ 112.3	\$ (9.3)	\$ 74.3	\$ 274.9	
Year ended December 31, 2000	\$ 109.5	\$ 94.7	\$ 124.1	\$ 28.4	\$ 110.5	\$ 246.2	
Valuation allowance on deferred tax assets:							
Year ended December 31, 2002	\$ 136.0	\$ —	\$ 1.1	\$ —	\$ 60.4(3)	\$ 76.7	
Year ended December 31, 2001	\$ 172.1	\$ —	\$ 5.0	\$ 22.5	\$ 63.6(2)	\$ 136.0	
Year ended December 31, 2000	\$ 96.0	\$ 53.0	\$ 39.0	\$ —	\$ 15.9	\$ 172.1	
Reserves for inventory obsolescence:							
Year ended December 31, 2002	\$ 82.3	\$ —	\$ 61.2	\$ 8.8	\$ (34.4)	\$ 117.1	
Year ended December 31, 2001	\$ 190.8	\$ —	\$ 108.3	\$ (2.1)	\$ 214.7	\$ 82.3	
Year ended December 31, 2000	\$ 33.2	\$ 196.7	\$ 59.0	\$ (1.7)	\$ 96.4	\$ 190.8	

Notes:

- (1) Primarily consists of acquisition of CBS.
- (2) Primarily related to the release of a pre-acquisition CBS valuation allowance of foreign tax credits.
- (3) Primarily related to the release of valuations allowances related to foreign operating losses.

F-2

CLASS A COMMON STOCK
PAR VALUE \$0.01

CLASS A COMMON STOCK
PAR VALUE \$0.01

VA

(logo)

CUSIP 925524 10 0
SEE REVERSE FOR CERTAIN DEFINITIONS

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This Certifies that

is the owner of
FULLY PAID AND NON-ASSESSABLE SHARES OF THE CLASS A COMMON STOCK OF

Viacom Inc. (the "Corporation"), transferable on the books of the Corporation in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the Restated Certificate of Incorporation, as amended, and the Bylaws, as amended, of the Corporation (copies of which are on file with the Transfer Agent), to all of which the holder by acceptance hereof assents. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

Countersigned and Registered:
THE BANK OF NEW YORK
Transfer Agent and Registrar

By

(signature)
Authorized Officer

(signature)

CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

(signature)

SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY

VIACOM INC.

THE CORPORATION WILL FURNISH WITHOUT CHARGE, TO EACH STOCKHOLDER WHO SO REQUESTS, THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF OF THE CORPORATION, AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS.

RESTRICTIONS ON TRANSFER AND VOTING: THE RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED, OF THE CORPORATION PROVIDES THAT, 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. AS USED HEREIN, 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 RIGHTS OF OWNERSHIP WITH RESPECT TO, CAPITAL STOCK OF CORPORATIONS HOLDING, DIRECTLY OR INDIRECTLY, FEDERAL COMMUNICATIONS COMMISSION 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 OF SUCH CONTROL. IF ANY STOCKHOLDER OR PROPOSED TRANSFEREE FROM WHOM INFORMATION IS

REQUESTED AS DESCRIBED ABOVE SHOULD FAIL TO RESPOND TO SUCH REQUEST 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. AS USED HEREIN, 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.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with right
of survivorship and not as tenants in common

UNIF GIFT MIN ACT _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate, in every particular, without alteration or enlargement or any change whatever.

CLASS B COMMON STOCK
PAR VALUE \$0.01

CUSIP 925524 30 8
SEE REVERSE FOR CERTAIN DEFINITIONS

VB

(logo)

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This certifies that
is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE CLASS B COMMON STOCK OF

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Dated:

Countersigned and Registered:
THE BANK OF NEW YORK

Transfer Agent
and Registrar

By

(signature)

Authorized Officer

(signature)

EXECUTIVE VICE PRESIDENT,
GENERAL COUNSEL AND SECRETARY

(signature)

CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

VIACOM INC.

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(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 OF SUCH CONTROL. IF ANY STOCKHOLDER OR PROPOSED TRANSFEREE FROM WHOM INFORMATION IS REQUESTED AS DESCRIBED ABOVE SHOULD FAIL TO RESPOND TO SUCH REQUEST 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,

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TEN COM	as tenants in common
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JT TEN	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT	_____	Custodian	_____
(Cust)		(Minor)	

under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate, in every particular, without alteration or enlargement or any change whatever.

Viacom Inc.
2000 Stock Option Plan for Outside Directors
(As Amended as of January 31, 2001 and October 10, 2002)

ARTICLE I

General

Section 1.1 *Purpose.*

The purpose of the Viacom Inc. 2000 Stock Option Plan for Outside Directors (the "Plan") is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or National Amusements, Inc. or their subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries. The Plan replaces the Viacom Inc. Stock Option Plan for Outside Directors and the Viacom Inc. 1994 Stock Option Plan for Outside Directors (the "Predecessor Plans"). From and after the Effective Date of the Plan as provided in Article VI below, no further awards shall be made under the Predecessor Plans.

Section 1.2 *Definitions.*

As used in the Plan, 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 the shares of Class B Common Stock, par value \$0.01 per share, of the Company.
- (c) "Date of Grant" shall have the meaning set forth in Section 2.1.
- (d) "Effective Date" shall mean the effective date of the Plan provided for in Article VI below.
- (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 on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by the Fitch Group Daily Market Publications or, if there is no such report or the Company no longer subscribes to such publication, the 4:00 p.m. (New York time) closing price as reported by The Wall Street Journal (Northeast edition) or any other authoritative source selected by the Company.
- (g) "Outside Director" shall mean any member of the Board of Directors of the Company who is not an employee of the Company or National Amusements, Inc. or any of their respective subsidiaries or a member of the immediate family of a member of the Board who is an employee of any of such companies.
- (h) "Participant" shall mean any Outside Director to whom Stock Options have been granted under the Plan.
- (i) "Predecessor Plans" shall have the meaning set forth in Section 1.1 above.
- (j) "Stock Option" shall mean a contractual right granted to a Participant under the Plan to purchase shares of Class B Common Stock or other securities at such time and price, and subject to the terms and conditions, as are set forth in the Plan.

Section 1.3 *Administration of the Plan.*

The Plan shall be administered by the members of the Board who are not Outside Directors. All questions of interpretation, administration and application of the Plan shall be determined by the Board. The Board may authorize any officer of the Company to execute and deliver a stock option certificate on behalf of the Company to a Participant.

Section 1.4 *Eligible Persons.*

Stock Options shall be granted only to Outside Directors.

Section 1.5 *Class B Common Stock Subject to the Plan.*

Subject to adjustment in accordance with the provisions of Article III hereof, the maximum number of shares of Class B Common Stock which may be issued under the Plan shall be 1,000,000 shares. 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. Exercise of Stock Options in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Options are exercised. Shares of Class B Common Stock with respect to which Stock Options expire or are cancelled without being exercised or are otherwise terminated, may be regranted under the Plan.

ARTICLE II

Provisions applicable to stock options

Section 2.1 *Grants of Stock Options.*

Each person who becomes a director for the first time on or subsequent to the Effective Date and, at the time such person is first elected or appointed to the Board, is an Outside Director, shall be granted Stock Options to purchase 10,000 shares of Class B Common Stock, effective as of the date of such individual's election or appointment to the Board (the "Date of Grant" of such Stock Options), on the terms and conditions set forth in the Plan, at an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of the Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. Each person who is an Outside Director on August 1, 2000, January 31, 2001 and each January 31st thereafter through and including January 31, 2010 (each, the "Date of Grant" of the respective Stock Options) shall be granted additional Stock Options to purchase 3,000 shares of Class B Common Stock, on the terms and conditions set forth in the Plan, at an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. All Stock Options granted under the Plan shall be "Non-Qualified Stock Options" which do not meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The terms and conditions of the Stock Options shall be set forth in an option certificate which shall be delivered to the Participant reasonably promptly following the Date of Grant of such Stock Options.

Section 2.2 *Exercise of Stock Options.*

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein. Each grant of Stock Options under the Plan shall vest on the first anniversary of the Date of Grant of such Stock Options provided that the holder of such Stock Options is a director of the Company on such date.

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(b) *Option Period.*

(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.* Any attempt to exercise a Stock Option or to transfer any shares issued upon exercise of a Stock Option by any Participants 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 Board, in its sole discretion, determines, or the Participant desiring to exercise such Stock Options, upon the request of the Board, provides an opinion of counsel satisfactory to the Board, that such registration or qualification is not required as a result of the availability of any exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock 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 Board.

(c) *Exercise in the Event of Termination of Services.*

(i) *Termination other than for Death or Disability.* If the services of a Participant as a director of the Company terminate for any reason other than for death or disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date. Upon a termination described in this Section 2.2(c)(i), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(ii) *Death.* If a Participant dies while serving as a director, his or her Stock Options may be exercised until the first anniversary of the date of death, but only to the extent such Stock Options were vested on the date of death, by any person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution. All rights with respect to Stock Options that are not vested as of the date of death will terminate on such date of death.

(iii) *Permanent Disability.* If the services of Participant as a director of the Company terminate by reason of permanent disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date. Upon a termination described in this Section 2.2(c)(iii), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(d) *Payment of Purchase Price Upon Exercise.* Every share of Class B Common Stock purchased through the exercise of a Stock Option shall be paid for in full in cash (e.g., personal bank check, certified check or official bank check) on or before the settlement date for such share of Class B Common Stock. In addition, the Participants 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 exercise of such Stock Options.

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ARTICLE III

Effect of Certain Corporate Changes

In the event of any merger, consolidation, stock-split, dividend, distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any Stock Options, (ii) the exercise price of any Stock Options, (iii) the number and kind of securities subject to the initial grants and the annual grants referred to in Section 2.1, and (iv) the maximum number and kind of securities referred to in Section 1.5 available for issuance under the Plan, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

ARTICLE IV

Miscellaneous

Section 4.1 *No Right to Re-election.*

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 4.2 *Restriction on Transfer.*

The rights of a Participant with respect to the Stock Options shall not be transferable by the Participant to whom such Stock Options are granted, except by will or the laws of descent and distribution.

Section 4.3 *Stockholder Rights.*

No grant of Stock Options under the Plan shall entitle a Participant to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant upon exercise of a Stock Option.

Section 4.4 *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, recapitalizations, reorganizations 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 4.5 *Exercise Periods Following Termination of Services.*

For the purposes of determining the dates on which Stock Options may be exercised following a termination of services or the death or disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Stock Options may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date the Stock Options may be exercised is the last business day preceding the end of the exercise period.

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Section 4.6 *Headings.*

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 4.7 *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 V

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, including, without limitation, to amend the provisions for determining the amount of Stock Options to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no termination, suspension, alteration or amendment of the Plan that would adversely affect a Participant's rights under the Plan with respect to any award of Stock Options made prior to such action shall be effective as to such Participant unless he or she consents thereto.

ARTICLE VI

Effective Date and Stockholder Approval

The Effective Date of the Plan shall be May 25, 2000 and stockholder approval shall be sought at the first annual meeting of stockholders following such date. In the event that stockholder approval is not obtained on or before the date of such annual meeting, the Plan and all grants hereunder shall be void *ab initio* and of no effect. No Stock Option shall be exercisable until the date of such stockholder approval. Unless earlier terminated in accordance with Article V above, the Plan shall terminate on the tenth anniversary of the Effective Date, and no further Stock Options may be granted hereunder after such date. Assuming the Plan is approved by the stockholders of the Company, no further awards shall be made under the Predecessor Plans after the Effective Date. Awards outstanding under the Predecessor Plans shall remain outstanding after the Effective Date subject to the terms thereof.

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**VIACOM
EXCESS 401(k) PLAN**

**EFFECTIVE APRIL 1, 1984
RESTATED AS OF DECEMBER 1, 1999
AMENDED EFFECTIVE JANUARY 1, 2002
FURTHER AMENDED EFFECTIVE AUGUST 28, 2002**

Section 1. Establishment and Purpose of the Plan.

1.1 *Establishment.* There is hereby established for the benefit of Participants an unfunded plan of voluntarily deferred compensation known as the Viacom Excess 401(k) Plan. Any Eligible Employee who is identified by the Company on or after August 28, 2002 as a reporting person for purposes of Section 16(b) of the Securities Act of 1934 ("Reporting Employee") shall no longer be eligible to participate in this Plan, and shall instead be eligible to participate in the Viacom Excess 401(k) Plan for Designated Senior Executives. Except as provided to the contrary herein, any elections and deferrals made under the Plan by a Reporting Employee prior to the date he is identified as a Reporting Employee shall remain in full force and effect.

1.2 *Purpose.* The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Account of a Participant with an Employer Match.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 *Account.* The term "Account" shall mean a Participant's individual account, as described in Section 5 of the Plan.

2.2 *Board of Directors.* The term "Board of Directors" means the Board of Directors of the Company.

2.3 *Bonus.* The term "Bonus" means any cash bonus paid under the Viacom Inc. Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 *Committee.* The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 *Company.* The term "Company" means Viacom Inc.

2.6 *Compensation.* The term "Compensation" means an Eligible Employee's annual compensation as defined in the Viacom 401(k) Plan with the following modifications: (i) the limitations imposed by Internal Revenue Code §401(a)(17) shall not be taken into account, and (ii) Bonuses earned for calendar years prior to January 1, 2002 shall not be excluded.

2.7 *Eligible Employee.* The term "Eligible Employee" means an employee of an Employer who (i) has annual base salary payable at a rate equal to or greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) of the Code (as adjusted from time to time by the Committee) and (ii) is designated by the Committee as an employee who is eligible to participate in the Plan. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (i) in effect for the Plan Year in which such employee initially

became an Eligible Employee. In no event shall any Reporting Employee be considered an Eligible Employee under the Plan on or after August 28, 2002.

2.8 *Employer.* The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.9 *Employer Match.* The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions, calculated using the rate of matching contributions under the Viacom 401(k) Plan in effect at the time such Plan contributions are made. Effective January 1, 2002 for all Bonuses earned for calendar years beginning after December 31, 2001, Excess Bonus Deferral Contributions shall not be credited with an Employer Match.

2.10 *Excess Bonus Deferral Contributions.* For all Bonuses earned for calendar years prior to January 1, 2002, the term "Excess Bonus Deferral Contributions" means the portion of the Participant's Compensation attributable to a Bonus that he elects to defer under the terms of this Plan. Effective August 28, 2002 for all Bonuses earned on or after January 1, 2002, the Plan shall no longer provide for Excess Bonus Deferral Contributions. Any Bonus Deferral Contribution election made under this Plan for the Bonus earned for the calendar year 2002 shall be deemed to have been made under, and be recognized by, the Viacom Bonus Deferral Plan, or the Viacom Bonus Deferral Plan for Designated Senior Executives, as appropriate.

2.11 *Excess Salary Reduction Contributions.* The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation, excluding any Bonus, earned during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.12 *Investment Options.* The term "Investment Options" means the investment funds available to participants in the Viacom 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.13 *Joint Payment Option.* The term "Joint Payment Option" means, in accordance with Section 5.2, (i) any payment option election made by a Participant in effect in this Plan immediately prior to August 28, 2002, and (ii) any payment option election made on or after August 28, 2002. A Joint Payment Option shall

apply to all amounts credited to the Participant's Account in this Plan and his account in the Viacom Bonus Deferral Plan, as well as any similar plan applicable to Reporting Employees.

2.14 *Limitation.* The term "Limitation" means the limitation on contributions to defined contribution plans under Section 415(c), on compensation taken into account under Section 401(a)(17), or on elective deferrals under Section 401(k)(3) and Section 402(g) of the Internal Revenue Code of 1986.

2.15 *Participant.* The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions or Excess Bonus Deferral Contributions made to the Plan.

2.16 *Plan.* The term "Plan" means the Viacom Excess 401(k) Plan as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 *Designation of Eligible Employees.* All employees who were Eligible Employees immediately prior to August 28, 2002 will remain Eligible Employees, subject to Section 2.7. Beginning August 28, 2002, each month the Committee will designate in its sole discretion those additional employees who satisfy the terms of paragraph 2.7 as eligible to participate in the Plan.

3.2 Election to Participate.

(a) An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess

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Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. Such election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee.

(b) For Bonuses earned for calendar years prior to January 1, 2002, an Eligible Employee could elect within 30 days of the date he became an Eligible Employee to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding calendar year. Prior to December 31 of each Plan Year, an Eligible Employee could elect to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 1999 an Eligible Employee could make an Excess Bonus Deferral Contribution election with respect to any cash bonus scheduled to be paid in 2001 under the Viacom Inc. Short-Term Incentive Plan.

3.3 *Amendment or Suspension of Election.* Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan during the Plan Year by filing a new election in accordance with the prescribed administrative guidelines. Such new election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee. A Participant will not be permitted to make up suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended. Any Excess Bonus Deferral Contribution election is irrevocable once made and is invalid if made beyond the dates prescribed in paragraph 3.2.

3.4 Amount of Elections.

(a) Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the Participants' Compensation, excluding any Bonus.

(b) For all Bonuses earned for calendar years prior to January 1, 2002, each Bonus Deferral election filed by an Eligible Employee must have specified the amount of Excess Bonus Deferral Contribution in a whole percentage between 1% and 15% of the Participant's applicable Bonus.

(c) For Eligible Employees as of December 31, 1995, Compensation for Plan Year 1997 subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed the greater of (i) \$750,000, or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year. For employees who become Eligible Employees in 1996 or 1997, Compensation for Plan Years 1996 and 1997, if applicable, subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed \$750,000.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Account with respect to the eligible portion of Excess Salary Reduction Contributions and, for Bonuses earned for calendar years beginning prior to January 1, 2002, Excess Bonus Deferral Contributions, of such Participant. The eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's Excess Bonus Deferral Contribution shall be limited to 5% of each contribution. For employees who become eligible in 1996 and subsequent years, the eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's the Excess Bonus Deferral Contribution shall be based on Compensation up to an annual maximum amount of \$750,000. For Eligible Employees as of December 31, 1995, the eligible portion of such Participant's Excess Salary Reduction Contributions and the eligible portion of such Participant's Excess

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Bonus Deferral Contribution for the 1997 Plan Year and each subsequent year shall be based on Compensation up to an annual maximum equal to the greater of (i) \$750,000 or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year.

Section 5. Individual Account.

5.1 *Creation of Accounts.* The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's (i) Excess Salary Reduction Contributions, (ii) Excess Bonus Deferral Contributions for Bonuses earned for calendar years prior to January 1, 2002 and (iii) Employer Match, if any, made in all Plan Years.

5.2 *Joint Payment Account Option Election.*

(a) Any Joint Payment Option defined in Section 2.13(i) shall continue to apply until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who first becomes a Participant on or after August 28, 2002 and who has not elected Joint Payment Option under Section 4.2 of the Viacom Bonus Deferral Plan shall elect a Joint Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2. Such Joint Payment Option shall continue to apply until changed by the Participant in accordance with this Section 5.

(c) A Participant may elect to receive his entire Account under either of the following Joint Payment Options: (1) a single lump sum; or, (2) annual payments over a period of two, three, four or five years on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan or under the Viacom Bonus Deferral Plan, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the 2nd, 3rd, 4th or 5th calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Joint Payment Option election, a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Joint Payment Option that provides for a lump sum payment and terminates employment in 2002, such lump sum shall be paid on or about January 31, 2003. A Participant alternatively could designate January 31 of 2004, 2005, 2006 or 2007 in which to receive his lump sum.

Example 2: If a Participant elects a Joint Payment Option that provides for annual payments over a period of four years and terminates employment in 2002, each payment on or about January 31, 2003 through 2006 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2003, 20% in January, 2004, 30% in January, 2005 and 40% in January 2006; or, any other combination of percentages that totals 100%.

(c) A Participant may change his Joint Payment Option no more than three times over the course of his employment with the Company or any affiliate. A Participant may change an existing

Joint Payment Option only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Joint Payment Option shall remain in effect.

5.3 *Investments.*

(a) All Excess Salary Reduction Contributions, Excess Bonus Deferral Contributions and Employer Match, if any, will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the Viacom 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 *Account Statements.* Each Participant will be given, at least annually, a statement showing (i) the amount of all Contributions, (ii) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (iii) the balance of the Participant's Account after crediting Investments.

Section 6. *Payment.*

A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred here under shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale,

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transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. 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 any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the Viacom 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 *Committee.* This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 *Powers of the Committee.* The Committee's powers will include, but will not be limited to, the power

- (i) to determine who are Eligible Employees for purposes of participation in the Plan,
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision,
- (iii) to adopt rules consistent with the Plan, and
- (iv) to approve certain amendments to the Plan.

10.3 *Claims Procedure.* The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days

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of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

10.4 *Finality of Committee Determinations.* Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 *Severability.* If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 *Governing Law.* The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 *Gender.* Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

INFINITY BROADCASTING CORPORATION
1998 LONG-TERM INCENTIVE PLAN
(As amended as of May 3, 2000)

ARTICLE I
GENERAL

1.1 Purpose

The purposes of the 1998 Long-Term Incentive Plan, as amended from time to time (the "Plan"), for key personnel of Infinity Broadcasting Corporation ("Corporation") and its subsidiaries (the Corporation and its subsidiaries severally and collectively referred to in the Plan as the "Company") are to foster and promote the long-term financial success of the Company and materially increase stockholder value by (i) attracting and retaining key personnel of outstanding ability, (ii) strengthening the Company's capability to develop, maintain and direct a competent management team, (iii) motivating key personnel, by means of performance-related incentives, to achieve long-range performance goals, (iv) providing incentive compensation opportunities competitive with those of other major companies and (v) enabling key personnel to participate in the long-term growth and financial success of the Company.

1.2 Administration

(a) The Plan will be administered by a committee of the Board of Directors of the Corporation ("Committee") which will consist of two or more members. Each member will be a "non-employee director," as that term is defined by Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as such rule may be amended, or any successor rule, and an "outside director," as that term is defined by Section 162(m) of the Internal Revenue Code of 1986, as amended. The members will be appointed by the Board of Directors, and any vacancy on the Committee will be filled by the Board of Directors or in a manner authorized by the Board.

(b) Subject to the limitations of the Plan, the Committee will have the sole and complete authority: (i) to select in accordance with Section 1.3 persons who will participate in the Plan ("Participant" or "Participants") (including the right to delegate authority to select as Participants persons who are not required to file reports with respect to securities of the Company pursuant to Section 16(a) of the Exchange Act ("Nonreporting Persons")); (ii) to make Awards and payments in such forms and amounts as it may determine (including the right to delegate authority to make Awards to Nonreporting Persons within limits approved from time to time by the Committee), (iii) to impose such limitations, restrictions and conditions upon such Awards as the Committee, or, with respect to Awards to Nonreporting Persons, the Committee's authorized delegates, deems appropriate; (iv) to interpret the Plan and the terms of any document relating to the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; (v) to amend or cancel an existing Award in whole or in part (including the right to delegate authority to amend or cancel an existing Award to a Nonreporting Person in whole or in part within limits approved from time to time by the Committee), except that the Committee and its authorized delegates may not, unless otherwise provided in the Plan, or unless the Participant affected thereby consents, take any action under this clause that would adversely affect the rights of such Participant with respect to the Award, and except that the Committee and its authorized delegates may not, unless otherwise provided in the Plan, take any action to amend any outstanding Option under the Plan in order to decrease the Option Price under such Option; and (vi) to make all other determinations and to take all other actions necessary or advisable for the interpretation, implementation and administration of the Plan. The Committee's determinations on matters within its authority will be conclusive and binding upon the Company and all other persons.

(c) The Committee will act with respect to the Plan on behalf of the Corporation and on behalf of any subsidiary issuing stock under the Plan, subject to appropriate action by the board of directors of

any such subsidiary. All expenses associated with the Plan will be borne by the Corporation subject to such allocation to its subsidiaries and operating units as it deems appropriate.

1.3 Selection for Participation

Participants selected by the Committee (or its authorized delegates) must be Eligible Persons, as defined below. "Eligible Persons" are key persons who are officers or salaried employees of the Company or its parent or their subsidiaries. Eligible Persons will also include independent contractors of the Company as to an Award if the person is an independent contractor at the time the Award is granted. In making this selection and in determining the form and amount of Awards, the Committee may give consideration to the functions and responsibilities of the Eligible Person, his or her past, present and potential contributions to the Company and such other factors as the Committee deems relevant.

1.4 Types of Awards under Plan

Awards ("Awards") under the Plan may be in the form of any one or more of the following: (i) Incentive Stock Options ("ISOs") and Non-statutory Stock options ("NSOs") (Incentive Stock Options and Non-statutory Stock Options severally and collectively referred to in the Plan as "Options"), as described in Article II; (ii) Stock Appreciation Rights ("SARs") and Participant Limited Stock Appreciation Rights ("Participant Limited Rights"), as described in Article II; (iii) Performance Awards ("Performance Awards") as described in Article IV; and (iv) Restricted Stock ("Restricted Stock") and Restricted Units ("Restricted Units"), each as described in Article V.

1.5 Shares Subject to the Plan

(a) Shares of stock issued under the Plan may be in whole or in part authorized and unissued or treasury shares of the Corporation's Class A Common Stock, par value \$0.01 per share ("Common Stock"), or "Formula Value Stock" as defined in Section 8.12(d) (Common Stock and Formula Value Stock severally and collectively referred to in the Plan as "Stock").

(b) The maximum number of shares of Stock which may be issued for all purposes under the Plan (including but not limited to shares issued pursuant to the exercise of ISOs) will be 25,000,000, increased on January 1 of each calendar year from and including January 1, 2001 by 10,000,000 shares. The maximum

number of such shares subject to options to purchase Stock, SARs and Participant Limited Rights under the Plan awarded to any one Participant in any one calendar year may not exceed 3,500,000 shares plus unused share amounts that could have been awarded to that Participant in previous calendar years.

(c) Except as otherwise provided below, any shares of Stock subject to an Option or other Award which is canceled or terminates without any shares having been issued pursuant thereto having been exercised will again be available for Awards under the Plan. Shares subject to an Option canceled upon the exercise of an SAR will not again be available for Awards under the Plan except to the extent the SAR is settled in cash. To the extent that an Award is settled in cash, shares of Stock subject to that Award will again be available for Awards. Shares of Stock tendered by a Participant or withheld by the Company to pay the exercise price of an Option or to satisfy the tax withholding obligations of the exercise or vesting of an Award will be available again for Awards under the Plan. Shares of Restricted Stock forfeited to the Company in accordance with the Plan and the terms of the particular Award will be available again for Awards under the Plan.

(d) No fractional shares will be issued, and the Committee will determine the manner in which fractional share value will be treated.

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ARTICLE II STOCK OPTIONS

2.1 Award of Stock Options

(a) The Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, award to any Participant ISOs and NSOs to purchase Stock.

(b) The Committee may provide with respect to any option to purchase Stock that, if the Participant, while an Eligible Person, exercises the option in whole or in part using already-owned Stock, the Participant will, subject to this Section 2.1 and such other terms and conditions as may be imposed by the Committee, receive an additional option ("Reload Option"). The Reload Option will be to purchase, at Fair Market Value as of the date the original option was exercised, a number of shares of Stock equal to the number of whole shares used by the Participant to exercise the original option. The Reload Option will be exercisable only between the date of its grant and the date of expiration of the original option.

(c) A Reload Option will be subject to such additional terms and conditions as the Committee may approve, which terms may provide that the Committee may cancel the Participant's right to receive the Reload Option and that the Reload Option will be granted only if the Committee has not canceled such right prior to the exercise of the original option. Such terms may also provide that, upon the exercise by a Participant of a Reload Option while an Eligible Person, an additional Reload Option will be granted with respect to the number of whole shares used to exercise the first Reload Option.

2.2 Stock Option Agreements

The award of an option will be evidenced by a written agreement ("Stock Option Agreement") in such form and containing such terms and conditions as the Committee may from time to time determine. The Committee may also at any time and from time to time provide for the deferral of delivery of any shares for which the option may be exercisable until a specified date or dates and subject to terms and conditions determined by the Committee.

2.3 Option Price

The purchase price of Stock under each Option ("Option Price") will not be less than the Fair Market Value of such Stock on the date the Option is awarded.

2.4 Exercise and Term of Options

(a) Except as otherwise provided in the Plan, Options will become exercisable at such time or times as the Committee may specify. The Committee may at any time and from time to time accelerate the time at which all or any part of the Option may be exercised.

(b) The Committee will establish procedures governing the exercise of options and will require that notice of exercise be given. Stock purchased on exercise of an option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company or (2) if so provided by the Committee (not later than the time of grant, in the case of an ISO) (i) through the delivery of shares of Stock which are then outstanding and which have a Fair Market Value on the date of exercise equal to the exercise price, (ii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (iii) by any combination of the permissible forms of payment.

2.5 Termination of Eligibility

Unless the Committee provides otherwise: (a) in the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent of

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the Committee or as a result of his or her death, retirement or disability, each of his or her outstanding Options (whether held by the Participant or, if the Option is an NSO that has been transferred to a Permissible Transferee (as defined in Section 8.12) in accordance with Section 8.1, by that Permissible Transferee) will be exercisable by the Participant (or his or her legal representative or designated beneficiary) or Permissible Transferee, as the case may be, to the extent that such Option was then exercisable, at any time prior to an expiration date established by the Committee at the time of award, but in no event after such expiration date; and (b) if the Participant ceases to be an Eligible Person for any other reason, all of the Participant's then outstanding Options (whether held by the Participant or, if the Option is an NSO that has been transferred to a Permissible Transferee in accordance with Section 8.1, by that Permissible Transferee) will terminate immediately.

2.6 Company Limited Rights

(a) If so provided in the Stock Option Agreement, as it may be amended from time to time, in the event of a Change in Control (as defined in Article VII of the Plan), the Company will have the right to cancel any portion of the Option (whether vested or nonvested) that remains unexercised on the date the Company exercises its Company Limited Right pursuant to this Section 2.6 (or the entire Option if no part of the Option has yet been exercised) in exchange for a payment in cash of an amount equal to the number of shares of Common Stock as to which the Option remains unexercised at the time the Company exercises such right multiplied by the excess of (a) the higher of (x) the Minimum Price Per Share (as defined below), or (y) the highest reported closing sale price of a share of the Common Stock on the New York Stock Exchange at any time during the period beginning on the sixtieth (60th) day prior to the date on which the Company exercises such right and ending on the date on which the Company exercises such right, over (b) the Option Price per share.

(b) For purposes of this Section 2.6, unless otherwise provided in the relevant Stock Option Agreement, the term "Minimum Price Per Share" will mean the highest gross price (before brokerage commissions and soliciting dealers' fees) paid or to be paid for a share of Common Stock (whether by way of exchange, conversion, distribution upon liquidation or otherwise) in any Change in Control which is in effect at any time during the period beginning on the sixtieth (60th) day prior to the date on which the Company exercises such right and ending on the date on which the Company exercises such right. For purposes of this definition, if the consideration paid or to be paid in any such Change in Control consists, in whole or in part, of consideration other than cash, then the Board will take such action as in its judgment it deems appropriate to establish the cash value of such consideration.

(c) The Company's right to cancel an Option pursuant to Section 2.6 may be exercised at any time until the end of the thirtieth (30th) day following the occurrence of the Change in Control.

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ARTICLE III STOCK APPRECIATION RIGHTS AND LIMITED RIGHTS

3.1 Award of Stock Appreciation Right

(a) An SAR is an Award entitling the recipient on exercise to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), determined in whole or in part by reference to appreciation in Stock value.

(b) In general, an SAR entitles the Participant to receive, with respect to each share of Stock as to which the SAR is exercised, the excess of the share's Fair Market Value on the date of exercise over its Fair Market Value on the date the SAR was granted.

(c) SARs may be granted in tandem with options granted under the Plan ("Tandem SARs") or independently of Options ("Independent SARs"). An SAR granted in tandem with an NSO may be granted either at or after the time the Option is granted. An SAR granted in tandem with an ISO may be granted only at the time the Option is granted.

(d) SARs awarded under the Plan will be evidenced by either a Stock Option Agreement (when SARs are granted in tandem with an Option) or a separate written agreement between the Company and the Participant in such form and containing such terms and conditions as the Committee may from time to time determine.

(e) Except as otherwise provided herein, a Tandem SAR will be exercisable only at the same time and to the same extent and subject to the same conditions as the Option related thereto is exercisable, and the Committee may prescribe additional conditions and limitations on the exercise of the SAR. The exercise of a Tandem SAR will cancel the related Option. Tandem SARs may be exercised only when the Fair Market Value of Stock to which it relates exceeds the Option Price.

(f) Except as otherwise provided herein, an Independent SAR will become exercisable at such time or times, and on such conditions, as the Committee may specify, and the Committee may at any time accelerate the time at which all or any part of the SAR may be exercised.

The Committee may provide, under such terms and conditions as it may deem appropriate, for the automatic grant of additional SARs upon the full or partial exercise of an Independent SAR.

Any exercise of an Independent SAR must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

(g) Except as otherwise provided herein, all SARs will automatically be exercised on the last trading day prior to the expiration date established by the Committee at the time of the award for the SAR, or, in the case of a Tandem SAR, for the related Option, so long as exercise on such date will result in a payment to the Participant.

(h) Unless otherwise provided by the Committee, no SAR will become exercisable or will be automatically exercised for six months following the date on which it was granted or the effective date of the Plan, whichever is later.

(i) At the time of award of an SAR, the Committee may limit the amount of the payment that may be made to a Participant upon the exercise of the SAR. The Committee may further determine that, if the amount to be received by a Participant in any year is limited pursuant to this provision, payment of all or a portion of the amount that is unpaid as a result of the limitation may be made to the Participant at a subsequent time. No such limitation will require a Participant to return to the Company any amount theretofore received by him or her upon the exercise of an SAR.

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(j) Payment of the amount to which a Participant is entitled upon the exercise of an SAR will be made in cash, Stock, or partly in cash and partly in Stock, as the Committee may determine. To the extent that payment is made in Stock, the shares will be valued at their Fair Market Value on the date of exercise of the SAR. The Committee may also at any time and from time to time provide for the deferral of delivery of any shares and/or cash for which the SAR may be exercisable until a specified date or dates and subject to terms and conditions determined by the Committee.

(k) Unless otherwise determined by the Committee, each SAR will expire on the first to occur of the following: (i) the expiration date set by the Committee at the time of an award of an SAR, (ii) in the case of a Tandem SAR, termination of the related option, (iii) expiration of a period of six months after the Participant's ceasing to be an Eligible Person as a result of termination of service to the Company with the consent of the Committee or as a result of his or her death, retirement or disability, or (iv) the Participant ceasing to be an Eligible Person for any other reason.

3.2 *Participant Limited Rights*

(a) The Committee may award Participant Limited Rights pursuant to the provisions of this Section 3.2 to the holder of an Option to purchase Common Stock granted under the Plan (a "Related Option") with respect to all or a portion of the shares subject to the Related Option. A Participant Limited Right may be exercised only during the period beginning on the first day following a Change in Control, as defined in Article VII of the Plan, and ending on the thirtieth day following such date. Each Participant Limited Right will be exercisable only to the same extent that the Related Option is exercisable, and in no event after the termination of the Related Option. Participant Limited Rights will be exercisable only when the Fair Market Value (determined as of the date of exercise of the Participant Limited Rights) of each share of Common Stock with respect to which the Participant Limited Rights are to be exercised exceeds the Option Price per share of Common Stock subject to the Related option.

(b) Upon the exercise of Participant Limited Rights, the Related Option will be considered to have been exercised to the extent of the number of shares of Common Stock with respect to which such Participant Limited Rights are exercised. Upon the exercise or termination of the Related Option, the Participant Limited Rights with respect to such Related Option will be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the Related Option was so exercised or terminated.

(c) The effective date of the grant of a Participant Limited Right will be the date on which the Committee approves the grant of such Participant Limited Right. Each grantee of a Participant Limited Right will be notified promptly of the grant of the Participant Limited Right in such manner as the Committee prescribes.

(d) Upon the exercise of Participant Limited Rights, the holder thereof will receive in cash an amount equal to the product computed by multiplying (i) the excess of (a) the higher of (x) the Minimum Price Per Share (as hereinafter defined), or (y) the highest reported closing sales price of a share of Common Stock on the New York Stock Exchange at any time during the period beginning on the sixtieth day prior to the date on which such Participant Limited Rights are exercised and ending on the date on which such Participant Limited Rights are exercised, over (b) the Option Price per share of Common Stock subject to the Related Option, by (ii) the number of shares of Common Stock with respect to which such Participant Limited Rights are being exercised.

(e) For purposes of this Section 3.2, the term "Minimum Price Per Share" will mean the highest gross price (before brokerage commissions and soliciting dealers' fees) paid or to be paid for a share of Common Stock (whether by way of exchange, conversion, distribution upon liquidation or otherwise) in any Change in Control which is in effect at any time during the period beginning on the sixtieth day prior to the date on which such Participant Limited Rights are exercised and ending on the date on which such Participant Limited Rights are exercised. For purposes of this definition, if the

consideration paid or to be paid in any such Change in Control will consist, in whole or in part, of consideration other than cash, the Board will take such action, as in its judgment it deems appropriate, to establish the cash value of such consideration.

ARTICLE IV PERFORMANCE AWARDS

4.1 *Nature of Performance Awards*

A Performance Award provides for the recipient to receive an amount in cash or Stock or a combination thereof (such form to be determined by the Committee) following the attainment of Performance Goals. Performance Goals may be related to personal performance, corporate performance (including corporate stock performance), departmental performance or any other category of performance deemed by the Committee to be important to the success of the Company or may be related to the occurrence of any triggering event or events that the Committee may deem appropriate. The Committee will determine the Performance Goals, the period or periods during which performance is to be measured or otherwise determined and all other terms and conditions applicable to the Award. Regardless of the degree to which Performance Goals are attained, a Performance Award will be paid only when, if and to the extent that the Committee determines to make such payment.

4.2 *Other Awards Subject to Performance Condition*

The Committee may, at the time any Award described in this Plan is granted, impose the condition (in addition to any conditions specified or authorized in the Plan) that Performance Goals be met prior to the Participant's realization of any payment or benefit under the Award.

ARTICLE V RESTRICTED STOCK AND RESTRICTED UNITS

5.1 *Awards of Restricted Stock and Restricted Units*

(a) The Committee may award to any Participant shares of Stock subject to this Article V and such other terms and conditions as the Committee may prescribe, such Stock referred to herein as "Restricted Stock." Each certificate for Restricted Stock will be registered in the name of the Participant and deposited by him or her, together with a stock power endorsed in blank, with the Corporation.

(b) The Committee may also award to any Participant Restricted Units subject to this Article V and such other terms and conditions as the Committee may prescribe. For purposes hereof, a "Restricted Unit" will mean any award of a contractual right granted under this Article V to receive Stock (or, at the discretion of the Committee, cash in an amount based on the Fair Market Value of the Stock, or a combination of Stock and cash) which would become vested and nonforfeitable, in whole or in part, upon the completion of such period of service as may be determined by the Committee.

5.2 *Restricted Stock/Restricted Unit Agreement*

Awards of Restricted Stock and Restricted Units under the Plan will be evidenced by a written agreement in such form and containing such terms and conditions as the Committee may determine.

5.3 *Restriction Period; Dividend Equivalents*

(a) At the time of award of Restricted Stock or Restricted Units, there will be established for each Participant a "Restriction Period" of such length as the Committee determines. The Restriction Period may be waived by the Committee. Shares of Restricted Stock and Restricted Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided.

(b) Subject to such restrictions on transfer, the Participant as owner of such shares of Restricted Stock will have the rights of the holder of such Restricted Stock, except that the Committee may provide at

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the time of the Award that any dividends or other distributions paid with respect to such Stock during the Restriction Period will be accumulated and held by the Company and will be subject to the same forfeiture provisions and the same restrictions on transfer as apply to the shares of Restricted Stock with respect to which they were paid.

(c) Upon the expiration or waiver by the Committee of the Restriction Period and the satisfaction (as determined by the Committee) of any other conditions determined by the Committee, restrictions applicable to the Restricted Stock or Restricted Units will lapse and the Corporation will, in the case of Restricted Stock, redeliver to the Participant (or his or her legal representative or designated beneficiary) the shares deposited pursuant to Section 5.1 free and clear of all restrictions except as may be imposed by law and, in the case of Restricted Units, will pay out such units as provided in the Restricted Unit Agreement.

5.4 *Termination of Eligibility*

(a) Unless otherwise determined by the Committee, in the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent of the Committee, or as a result of his or her death, retirement or disability, the restrictions imposed under this Article V will lapse with respect to such number of the shares of Restricted Stock and with respect to such number of Restricted Units previously awarded to him or her as may be determined by the Committee. All other shares of Restricted Stock and Restricted Units previously awarded to him or her which are still subject to restrictions, along with any dividends or other distributions thereon that have been accumulated and held by the Company, will be forfeited, and in the case of Restricted Stock, the Corporation will have the right to complete the blank stock power.

(b) Unless otherwise determined by the Committee, in the event the Participant ceases to be an Eligible Person for any other reason, all shares of Restricted Stock and all Restricted Units previously awarded to him or her which are still subject to restrictions, along with any dividend or other distributions on Restricted Stock that have been accumulated and held by the Company, will be forfeited, and, in the case of Restricted Stock, the Corporation will have the right to complete the blank stock power.

5.5 *Dividend Equivalents*

The Committee will determine whether and to what extent, if any, to credit to the account of, or to pay currently to, each recipient of Restricted Units, an amount equal to any dividends or other distributions paid during the Restriction Period with respect to the corresponding number of shares of Stock covered thereby ("Dividend Equivalent"). To the extent provided by the Committee at or after the date of grant, any Dividend Equivalents with respect to cash dividends on the Stock credited to a Participant's account will be deemed to have been invested in shares of Stock on the record date established for the related dividend and, accordingly, a number of additional Restricted Units shall be credited to such Participant's account equal to the greatest whole number which may be obtained by dividing (x) the value of such Dividend Equivalent on the record date by (y) the Fair Market Value of a share of Stock on such date.

ARTICLE VI DEFERRAL OF PAYMENTS

6.1 *Deferral of Amounts*

(a) If the Committee makes a determination to designate Awards or, from time to time, groups or types of Awards, eligible for deferral hereunder, a Participant may, subject to such terms and conditions and within such limits as the Committee may from time to time establish, elect to defer the receipt of amounts due to him or her under the Plan. Amounts so deferred are referred to herein as "Deferred Amounts." The Committee may also permit amounts now or hereafter deferred or available

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for deferral under any present or future incentive compensation program or deferral arrangement of the Company to be deemed Deferred Amounts and to become subject to the provisions of this Article. Awards which are so deferred will be deemed to have been awarded in cash and the cash deferred as Deferred Amounts.

(b) The period between the date on which the Participant's Deferred Amount would have been payable absent deferral and the final payment of such Deferred Amount will be referred to herein as the "Deferral Period."

6.2 *Payment of Deferred Amounts*

Payment of Deferred Amounts will be made on such terms and conditions as the Committee may determine and will be made at such time or times, and may be in cash, Stock, or partly in cash and partly in Stock, as the Committee in its sole discretion may from time to time determine.

ARTICLE VII CHANGES IN CONTROL

7.1 *Effect of Change in Control*

Upon the occurrence of a change in control (a) as defined in the relevant agreement for an Award or (b) as may be determined by the Committee (each of (a) and (b) a "Change of Control"), then notwithstanding any other provisions of the Plan:

- (i) if so provided in the respective Stock Option Agreements, as they may be amended from time to time, Options and, subject to the exercise provisions of Section 3.2(a) of the Plan, Participant Limited Rights, but not SARs, outstanding and unexercised on the date of the Change in Control will become immediately exercisable;
- (ii) if so provided in the respective Stock Option Agreements, as they may be amended from time to time, Company Limited Rights will become immediately exercisable;
- (iii) Performance Awards will be deemed to have been earned if so determined by the Committee and may be paid on such basis as the Committee may prescribe.
- (iv) Restricted Stock and Restricted Units may be deemed to be earned and the Restriction Period may be deemed to be expired on such terms and conditions as the Committee may determine; and
- (v) amounts deferred under this Plan may be paid on such terms as the Committee determines.

ARTICLE VIII GENERAL PROVISIONS

8.1 *Non-Transferability*

No Option, Participant Limited Right, SAR, Performance Award, Restricted Unit or share of Restricted Stock or Deferred Amount under the Plan will be transferable other than by will, by the applicable laws of descent and distribution, or, if permitted by the Company, by transfer to a properly designated beneficiary in the event of death; provided, however, that the Committee may, in its sole discretion, permit the transfer of an NSO Option (including any Tandem SARs or Participant Limited Rights but not any right to receive a Reload Option upon exercise of the NSO Option) by a Participant to a Permissible Transferee (as defined in Section 8.12) subject to such terms and conditions as the Committee may, from time to time, determine. All Awards and Deferred Amounts will be exercisable or received during the Participant's lifetime only by such Participant or his or her legal representative or, in the case of an NSO Option (including any Tandem SARs or Participant Limited Rights) that has been transferred to a Permissible Transferee in accordance with this Section 8.1, by that Permissible Transferee. Any transfer contrary to this Section 8.1 will nullify the option, Participant Limited Right,

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SAR, Performance Award, Restricted Unit or share of Restricted Stock, and any attempted transfer of a Deferred Amount contrary to this Section 8.1 will be void and of no effect.

8.2 *Beneficiaries*

The Committee may, but need not, establish or authorize the establishment of procedures not inconsistent with Section 8.1 under which a Participant may designate a beneficiary or beneficiaries to hold, exercise and/or receive amounts due under an Award or with respect to Deferred Amounts in the event of the Participant's death.

8.3 *Adjustments Upon Changes in Stock*

If there is any change in the Stock and/or the corporate structure of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split up, dividend in kind or other change in the corporate structure or distribution to the stockholders, appropriate adjustments may be made by the Board of Directors of the Company (or if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares and the price per share subject to outstanding Options or which may be issued under outstanding Performance Awards or Awards of Restricted Stock. Appropriate adjustments may also be made by the Board of Directors or the Committee in the terms of any Awards under the Plan to reflect such changes and to modify any other terms of outstanding Awards, including modifications of performance targets and changes in the length of Performance Periods.

8.4 *Conditions of Awards*

(a) Unless the Committee determines otherwise, either by waiving the condition(s) or by limiting or otherwise amending the condition(s) with respect to any specified Award or group of Awards, the rights of a Participant with respect to any Award received under this Plan will be subject to the conditions that, until the Participant has fully received all payments, transfers and other benefits under the Award, he or she will (i) not engage, either directly or indirectly, in any manner or capacity as advisor, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any business or activity which is at the time competitive with any business or activity conducted by the Company and (ii) be available, unless he or she has died, at reasonable times for consultations at the request of the Company's management with respect to phases of the business with which he or she is or was actively connected during the time he or she was an officer, employee or independent contractor, but such consultations will not (except in the case of a Participant whose active service was outside the United States) be required to be performed at any place or places outside of the United States of America or during usual vacation periods or periods of illness or other incapacity. In the event that either of the above conditions is applicable (or is applicable as modified by the Committee) and is not fulfilled, the Participant will forfeit all rights to any unexercised Option or SAR, or any Performance Award or Stock held which has not yet been determined by the Committee to be payable or unrestricted (and any unpaid amounts equivalent to dividends or other distributions or amounts equivalent to interest relating thereto) as of the date of the breach of condition. Any determination by the Board of Directors of the Corporation, which will act upon the recommendation of the Chief Executive Officer, that the Participant is, or has, engaged in a competitive business or activity as aforesaid or has not been available for consultations as aforesaid or, if the Committee has modified such condition(s) with respect to the Participant's Award, that the Participant has not complied with such condition(s) as modified by the Committee will be conclusive.

(b) This Section 8.4 will not apply to Participant Limited Rights.

All cash proceeds from the exercise of Options will constitute general funds of the Company.

8.6 *Tax Withholding*

- (a) The Company will collect, through withholding or otherwise, an amount sufficient to satisfy any applicable statutory federal, state and local withholding tax requirements (the "withholding requirements") with respect to payments made pursuant to the Plan.
- (b) In the case of an Award pursuant to which Stock may be delivered, the Committee will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy any applicable statutory withholding requirements, or make other arrangements satisfactory to the Committee with regard to such requirements, prior to the delivery of any Stock. If and to the extent that such withholding is required, the Committee may permit the Participant or such other person to elect at such time and in such manner as the Committee provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the statutory withholding requirement. In the alternative, the Committee may, at the time of grant of any such Award, require that the Company withhold from any shares to be delivered Stock with a value calculated to satisfy any applicable statutory tax withholding requirements.
- (c) If at the time an ISO is exercised the Committee determines that the Company could be liable for statutory withholding requirements with respect to a disposition of the Stock received upon exercise, the Committee may require as a condition of exercise that the person exercising the ISO agree (i) to inform the Company promptly of any disposition of Stock received upon exercise, and (ii) to give such security as the Committee deems adequate to meet the potential liability of the Company for the statutory withholding requirements and to augment such security from time to time in any amount reasonably deemed necessary by the Committee to preserve the adequacy of such security.

8.7 *Non-Uniform Determinations*

The Committee's determinations under the Plan, including without limitation, (i) the determination of the Participants to receive Awards, (ii) the form, amount, timing and payment of such Awards, (iii) the terms and provisions of such Awards and (iv) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, Awards under the Plan, whether or not such Participants are similarly situated.

8.8 *Leaves of Absence; Transfers*

The Committee will be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan with respect to any leave of absence from the Company granted to a Participant. Without limiting the generality of the foregoing, the Committee will be entitled to determine (i) whether or not any such leave of absence will be treated as if the Participant ceased to be an Eligible Person and (ii) the impact, if any, of any such leave of absence on Awards under the Plan. In the event a Participant transfers within the Company, such Participant will not be deemed to have ceased to be an Eligible Person for purposes of the Plan.

8.9 *General Restriction*

- (a) Each Award under the Plan will be subject to the condition that, if at any time the Committee determines that (i) the listing, registration or qualification of shares of Stock upon any securities exchange or under any state or federal law, (ii) the consent or approval of any government or regulatory body or (iii) an agreement by the Participant with respect thereto, is necessary or desirable, then such Award will not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement has been effected or obtained free from any conditions not acceptable to the Committee.
- (b) Shares of Common Stock for use under the provisions of this Plan will not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such

other exchanges, if any, as the Board of Directors of the Corporation determines, and a registration statement under the Securities Act of 1933 with respect to such shares has become, and is, effective.

8.10 *Effective Date*

- (a) The Plan is effective on December 7, 1998, as amended.
- (b) No Award may be granted under the Plan after December 6, 2008, but Awards previously made may extend beyond that date and Reload Options and additional Reload Options provided for with respect to original options outstanding prior to that date may continue unless the Committee otherwise provides and subject to such additional terms and conditions as the Committee may provide except that all Reload Options issued after that date will be NSOs, and the provisions of Article VI of the Plan will survive and remain effective as to all present and future Deferred Amounts until such later date as the Committee or the Board of Directors may determine.
- (c) The adoption of the Plan will not preclude the adoption by appropriate means of any other stock option or other incentive plan for officers or employees.

8.11 *Amendment, Suspension and Termination of Plan*

The Board of Directors or the Committee may at any time or times amend the Plan for any purpose which may at the time be permitted by law, or may at any time suspend or terminate the Plan as to any further grants of Awards.

8.12 *Certain Definitions*

- (a) The terms "retirement" and "disability" as used under the Plan will have the meanings determined from time to time by the Committee.
- (b) The term "Fair Market Value" as it relates to Common Stock means the average of the high and low prices of the Common Stock as reported by the Composite Tape of the New York Stock Exchange (or such successor reporting system as the Committee may select) on the relevant date or, if no sale of the Common Stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales. The term "Fair Market Value" as it relates to Formula Value Stock will mean the value determined by the Committee.
- (c) "subsidiary" means any corporation, partnership or other entity of which shares of voting stock sufficient to elect a majority of the Board of Directors, or other persons performing similar functions, is owned by the Corporation, either directly or indirectly through one or more subsidiaries.
- (d) "Formula Value Stock" means shares of a class or classes of stock the value of which is derived from a formula established by the Committee which reflects such financial measures as the Committee may determine. Such shares will have such other characteristics as may be determined at time of their authorization.
- (e) Unless otherwise determined by the Committee, "Permissible Transferee" means any of the following: (1) a member of the Participant's Immediate Family; (2) a trust solely for the benefit of the Participant and/or the Participant's Immediate Family; and (3) a partnership or limited liability company whose only partners or members, as the case may be, are the Participant and/or Permissible Transferees of the Participant as otherwise identified in this definition. "Immediate Family" has the meaning set forth in Rule 16a-1(e) under the Exchange Act, as such rule may be amended from time to time, or any successor rule.

8.13 *Governing Law.*

The Plan and all agreements or other documents relating to the Plan will be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflict of laws.

**INFINITY BROADCASTING CORPORATION
STOCK PLAN FOR DIRECTORS**

(Effective as of February 24, 2000)

Section 1. Introduction

1.1 *Establishment.* Infinity Broadcasting Corporation, a Delaware corporation (the "Company"), has established the Infinity Broadcasting Corporation Stock Plan for Directors, as such plan may be amended from time to time (the "Plan"), for those directors of the Company who are neither officers (other than non-executive officers) nor employees of the Company. The Plan provides, among other things, for the payment of Director compensation, including Board Chairman compensation and compensation for other special services as a Director, if any, in the form of Stock Options and Restricted Stock and the opportunity for the Directors to defer receipt of all or a part of their cash compensation. Unless otherwise provided for herein, the term Company includes Infinity Broadcasting Corporation and its subsidiaries.

1.2 *Purposes.* The purposes of the Plan are to encourage the Directors to own shares of the Company's stock and thereby to align their interests more closely with the interests of the other shareholders of the Company, to encourage the highest level of Director performance, and to provide a financial incentive that will help attract and retain the most qualified Directors.

1.3 *Director Compensation.* Directors will not be compensated for their services as directors for 1998. Thereafter, Directors will receive such compensation in such form, which may include cash, equity or any combination thereof, as the Board or the Committee may from time to time determine. For 1999, unless and until the Board or the Committee determines otherwise, Directors will receive an annual director's fee of \$30,000 in cash (which will not be eligible for deferral under the Plan) and a grant of stock options for 4,500 shares of Stock pursuant to Section 6. Beginning in calendar year 2000, unless the Board or the Committee determines otherwise, Directors will receive an annual director's fee of \$60,000 payable as follows: \$30,000 in cash and a grant of \$30,000 in Stock Options pursuant to Section 6. Such fee may be prorated for Directors serving for less than the full year, but only to the extent, if any, so determined by the Company. Directors will also be reimbursed for their out-of-pocket expenses incurred in attending Board and committee meetings.

Section 2. Definitions

2.1 *Definitions.* The following terms will have the meanings set forth below:

- (a) "*Board*" means the Board of Directors of the Company.
 - (b) "*Board Chairman*" means the director who is the non-employee, non-executive chairman of the Board, if any.
 - (c) "*Cause*" means any act of (i) fraud or intentional misrepresentation or (ii) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any of its direct or indirect majority-owned subsidiaries.
 - (d) "*CBS*" means CBS Corporation.
 - (e) "*CBS/Viacom Merger*" means the merger of CBS Corporation and Viacom Inc.
 - (f) "*Change in Control*" will have the meaning assigned to it in Section 8.2.
 - (g) "*Committee*" means the Compensation Committee of the Board (or any subcommittee thereof) or any successor committee established by the Board, or any subcommittee thereof, in each case consisting of two or more members each of whom is a "*non-employee director*" as that term is defined by Rule 16b-3 under the Exchange Act, as such rule may be amended, or any successor rule.
 - (h) "*Continuing Directors*" will have the meaning assigned to it in Section 8.2.
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- (i) "*Deferral Account*" means the account established by the Company in respect of each Director pursuant to Section 5.3(a) and to which deferred cash compensation has been or will be credited pursuant to the Plan.
 - (j) "*Director*" means a member of the Board who is neither an officer nor an employee of the Company. For purposes of the Plan, an employee is an individual whose wages are subject to the withholding of federal income tax under Section 3401 of the Internal Revenue Code, and an officer is an individual elected or appointed by the Board or chosen in such other manner as may be prescribed in the By-laws of the Company to serve as such, other than a non-executive officer (such as the Board Chairman).
 - (k) "*Eligible Director*" means an individual who is director of either the Company or CBS Corporation, or both.
 - (l) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time.
 - (m) "*Fair Market Value*" means the mean of the high and low prices of the Stock as reported by the composite tape of the New York Stock Exchange (or such successor reporting system as the Committee may select) on the relevant date or, if no sale of the Stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.
 - (n) "*Grant Date*" means, as to a Stock Option Award, the date of grant pursuant to Section 6.1 and as to a Restricted Stock Award, the date of grant pursuant to Section 7.1.
 - (o) "*Grant Year*" means, as to a particular award, the calendar year in which the award was granted.
 - (p) "*Internal Revenue Code*" means the Internal Revenue Code of 1986, as amended from time to time.

- (q) "*Restricted Stock*" means shares of Stock, or a contract right to receive shares of Stock at a later time, awarded to a Director pursuant to Section 7 which would become vested and nonforfeitable, in whole or in part, upon the satisfaction of certain restrictions in accordance with the Plan.
- (r) "*Restricted Stock Award*" means an award of shares of Restricted Stock or of a contract right to receive shares of Stock at a later time granted to a Director pursuant to Section 7 of the Plan.
- (s) "*Stock*" means the Class A Common Stock, \$0.01 par value, of the Company.
- (t) "*Stock Option*" means a non-statutory stock option to purchase shares of Stock for a purchase price per share equal to the Exercise Price (as defined in Section 6.2(a)) in accordance with the provisions of the Plan.
- (u) "*Stock Option Award*" means an award of Stock Options granted to a Director pursuant to Section 6 of the Plan.
- (v) "*Stock Option Value*" means the value of a Stock Option for one share of Stock on the relevant date as determined by the Company using the Black Scholes pricing model or any other reasonable method.
- (w) "*Stock Option Vesting Date*" will have the meaning assigned to it in Section 6.2(c).

2.2 *Gender and Number.* Except when otherwise indicated by the context, the masculine gender will also include the feminine gender, and the definition of any term herein in the singular will also include the plural.

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Section 3. *Plan Administration*

- (a) The Plan will be administered by the Committee. The members of the Committee will be members of the Board appointed by the Board, and any vacancy on the Committee will be filled by the Board or in a manner authorized by the Board.
- (b) Subject to the limitations of the Plan, the Committee and/or the Board, will have the sole and complete authority: (i) to impose such limitations, restrictions and conditions upon such awards as it deems appropriate; (ii) to interpret the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; and (iii) to make all other determinations and to take all other actions necessary or advisable for the implementation and administration of the Plan. The Committee's or the Board's determinations on matters within its authority will be conclusive and binding upon the Company and all other persons.
- (c) The Company will be the sponsor of the Plan. All expenses associated with the Plan will be borne by the Company.

Section 4. *Stock Subject to the Plan*

- 4.1 *Number of Shares.* 250,000 shares of Stock are authorized for issuance under the Plan in accordance with the provisions of the Plan, subject to adjustment and substitution as set forth in this Section 4. This authorization may be increased from time to time by approval of the Board and, if such approval is required, by the shareholders of the Company. The Company will at all times during the term of the Plan retain as authorized and unissued Stock at least the number of shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.
- 4.2 *Other Shares of Stock.* Any shares of Stock that are subject to a Stock Option Award or a Restricted Stock Award and which are forfeited for any reason, any shares of Stock that for any other reason are not issued to a Director, and any shares of Stock tendered by a Director to pay the Exercise Price of a Stock Option will automatically become available again for use under the Plan if Rule 16b-3 under the Exchange Act, as such rule may be amended, or any successor rule, and interpretations thereof by the Securities and Exchange Commission or its staff permit such share replenishment.
- 4.3 *Adjustments Upon Changes in Stock.* If there is any change in the Stock of the Company, through merger, consolidation, division, share exchange, combination, reorganization, recapitalization, stock dividend, stock split, spin-off, split up, dividend in kind or other change in the corporate structure or distribution to the shareholders, appropriate adjustments may be made by the Board or the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares which may be issued under the Plan. Appropriate adjustments may also be made by the Board or the Committee in the terms of any awards under the Plan to reflect such changes and to modify any other terms of outstanding awards on an equitable basis as the Board or the Committee in its discretion determines.

Section 5. *Deferral of Compensation*

- 5.1 *Amount of Deferral.* Unless the Board or the Committee determines that a particular type or award of Director compensation will not be deferrable under the Plan, either for a given year or years or in general, a Director may elect to defer receipt of all or a specified portion of the cash compensation otherwise payable to the Director for services rendered to the Company in any capacity as a director.
- 5.2 *Manner of Electing Deferral.* A Director will make elections permitted hereunder by giving written notice to the Company in a form approved by the Board or the Committee and in compliance with Section 5.4. The notice will include: (i) the percentage of cash compensation to be deferred, which

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amount must be stated in whole increments of five percent; and (ii) the time as of which deferral is to commence.

5.3 *Deferral Accounts.*

- (a) *Deferral Accounts.* A Deferral Account has been or will be established for each Director electing to defer hereunder. Each Deferral Account will be credited with the amounts deferred on the date such compensation would otherwise be payable and will be debited with the amount of any such compensation forfeited in accordance with applicable Board policy, if any.

(b) *Interest.* Unless otherwise determined by the Board or the Committee prior to the deferral date, amounts in a Deferral Account will accrue interest from time to time at the Interest Credit Rate then in effect, compounded annually. The "Interest Credit Rate" will be reset by the Company on an annual basis in January of the year, and will equal the then current one-year U.S. Treasury Bill rate or such other fixed rate as the Board or the Committee may from time to time determine.

5.4 *Time for Electing Deferral.* Any election to (i) defer cash compensation, (ii) alter the portion of such amounts deferred, or (iii) revoke an election to defer such amounts, must be made prior to the time such compensation is earned by the Director and otherwise in compliance with any deadline which the Company may from time to time impose and in the manner set forth in Section 5.2.

5.5 *Payment of Deferred Amounts.* Payments from a Deferral Account will consist of the deferred cash compensation and accumulated interest in said account and, unless otherwise determined by the Board or the Committee prior to the time payments commence, will be made in five consecutive annual installments beginning in the January following the date the Director ceases to be an Eligible Director.

5.6 *Payments to a Deceased Director's Estate.* In the event of a Director's death before the balance of his or her Deferral Account is fully paid to the Director, payment of the balance of the Deferral Account will then be made to the beneficiary properly designated by the Director pursuant to Section 5.7, if any, or to his or her estate in the absence of such a beneficiary designation, in the time and manner selected by the Board or the Committee. The Board or the Committee may take into account the application of any duly appointed administrator or executor of a Director's estate and direct that the balance of the Director's Deferral Account be paid to his or her estate in the manner requested by such application.

5.7 *Designation of Beneficiary.* A Director may designate a beneficiary in the event of the Director's death in a form approved by the Company.

Section 6. Stock Option Awards

6.1 Grants of Stock Option Awards.

(a) *General Stock Option Grants.* The Board or the Committee may, from time to time, grant Stock Option Awards to one or more Directors or to the Board Chairman, if any, for such number of shares as the Board or the Committee may determine as all or a portion of the annual director's fee or the Board Chairman's fee, if any, for a given year or years, or as compensation for special services outside of the scope of normal Board, committee or Board Chairman activities, or as additional compensation to such Director or Directors or to such Board Chairman, if any, for their services as such.

(b) *Certain Annual Director's Fee Grants.* In the event that the Board or the Committee determines that a percentage of the value of the annual director's fee for a given year or years (which may be prorated for Directors serving less than a full year) will be in the form of a Stock Option Award, then, unless the Board or the Committee determines otherwise: (i) such Stock Options will be granted automatically on the last Wednesday in January of such year to each Director in office on such Grant Date, or, if a person joins the Board or otherwise first becomes a Director at any time after the last Wednesday in January of a given calendar year, on the last Wednesday of the calendar month in which

such person first becomes a Director (or in the next following calendar month if such person first becomes a Director after the last Wednesday of the month); and (ii) the total number of shares of Stock subject to any such Stock Option Award will be the number of shares determined by dividing the amount of the annual director's fee to be paid in the form of a Stock Option Award by the Stock Option Value on the Grant Date, rounded up to the nearest whole share.

(c) *Adjustments.* All Stock Options granted pursuant to Section 6.1 are subject to adjustment as provided in Section 4.3.

6.2 *Terms and Conditions of Stock Options.* Unless otherwise determined by the Board or the Committee, Stock Options granted under the Plan will be subject to the following terms and conditions:

(a) *Exercise Price.* The purchase price per share at which a Stock Option may be exercised ("Exercise Price") will be equal to the Fair Market Value of a share of Stock on the Grant Date. Notwithstanding anything herein to the contrary, in no event may the Board or the Committee establish an Exercise Price that is less than the Fair Market Value of a share of Stock on the Grant Date.

(b) *Exercisability.* Subject to the terms and conditions of the Plan and of the agreement referred to in Section 6.2(j), a Stock Option may be exercised in whole or in part as to any shares as to which it has become exercisable ("vested") upon notice of exercise to the Company commencing on the Option Vesting Date, as set forth in Section 6.2(c), for such Stock Option shares and thereafter until the Stock Option terminates. During a Director's lifetime, a Stock Option may be exercised only by the Director or the Director's guardian or legal representative.

(c) *Vesting of Stock Option Awards.*

(1) To the extent otherwise outstanding, Stock Options will become exercisable ("vest") as to shares as follows ("Stock Option Vesting Date or Dates"):

(i) except as otherwise provided pursuant to Section 6.2(c)(1)(ii), (iii) or (iv), and provided that the Director is an Eligible Director on each respective Stock Option Vesting Date:

(a) one-third of the Stock Option shares (rounded down to the nearest whole share) will become exercisable commencing on January 1 of the calendar year next following the Grant Year;

(b) one-half of the remaining Stock Option shares (rounded down to the nearest whole share) will become exercisable commencing on January 1 of the second calendar year following the Grant Year; and

(c) the remaining Stock Option shares will become exercisable commencing on January 1 of the third calendar year following the Grant Year;

(ii) in the event that a Director ceases to be an Eligible Director prior to the time his or her Stock Options vest for any reason other than: (a) as a result of the CBS/Viacom Merger (respecting Stock Options granted in calendar years 1999 and 2000) or (b) removal from office as a director of the Company and/or as a director of CBS, if applicable, for Cause, then a prorata portion of the Stock Option shares that would otherwise have vested on the January 1 following the date

the Director so ceased to be an Eligible Director (based on the number of full and partial months served in the calendar year in which he or she ceased to be an Eligible Director divided by 12) will vest on such January 1 and all other unvested Stock Option shares will remain unvested; and

(iii) in the event a Director ceases to be a Director as a result of the CBS/Viacom Merger, Stock Options granted in calendar years 1999 and 2000 shall vest and become immediately exercisable at the earlier of the effective date of the CBS/Viacom Merger or as provided in Section 6.2(c)(1).

(iv) all outstanding Stock Option shares which have not otherwise become exercisable pursuant to Section 6.2(c)(1)(i) or 6.2(c)(1)(iii) will become immediately exercisable upon the occurrence of a Change in Control as set forth in Section 8.

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(2) Notwithstanding anything to the contrary herein, (i) in the event that a director is removed for Cause from office as a director of the Company and/or of CBS, if applicable (and/or, in the case of Stock Options granted to a director in his or her capacity as Board Chairman, from office as Board Chairman, if applicable), all outstanding Stock Options will be forfeited immediately as of the time the grantee is so removed from office, and (ii) upon the occurrence of a Change in Control, all outstanding Stock Options will vest and become immediately exercisable.

(d) *Mandatory Holding of Stock.* Except as otherwise provided in Section 9 and except as otherwise determined by the Board or the Committee, any Stock acquired on exercise of a Stock Option must be held by the grantee until the later of: (1) three years from the Grant Date; (2) two years from the date the grantee ceases to be an Eligible Director; or (3) until the occurrence of a Change in Control, whichever first occurs (the "Option Shares Holding Period"); provided, however, as long as at least six months have elapsed since the Grant Date, such Option Shares Holding Period, if any, will not apply in the case of a beneficiary properly designated by the Director pursuant to Section 6.3, if any, or a person holding a Stock Option under a deceased grantee's will or under the applicable laws of descent or distribution, exercising a Stock Option in accordance with Section 6.2(h)(3).

(e) *Option Term.* The term of a Stock Option (the "Option Term") will be the shorter of: (1) the period of ten years from its Grant Date; (2) the period from the Grant Date until the time the Stock Option is forfeited as provided in Section 6.2(c)(2)(i) in the event of removal from office for Cause; (3) as to any portion of a Stock Option, the period from the Grant Date until the date such Stock Option can no longer become vested as provided in Section 6.2(c)(1) because the grantee has ceased to be an Eligible Director; or (4) the period from the Grant Date until the date the Stock Option (or portion thereof) ceases to be exercisable as provided in Section 6.2(h).

(f) *Payment of Exercise Price.* Stock purchased on exercise of a Stock Option must be paid for as follows: (1) in cash or by check (acceptable to the Company), bank draft or money order payable to the order of the Company; (2) through the delivery of shares of Stock which are then outstanding and which have a Fair Market Value on the date of exercise equal to the Exercise Price per share multiplied by the number of shares as to which the Stock Option is being exercised (the "Aggregate Exercise Price"); (3) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the Aggregate Exercise Price; or (4) by a combination of the permissible forms of payment; provided, however, that any portion of the Exercise Price representing a fraction of a share must be paid in cash and no share of Stock held for less than six months may be delivered in payment of the Aggregate Exercise Price.

(g) *Rights as a Shareholder.* The holder of a Stock Option will not have any of the rights of a shareholder with respect to any shares of Stock subject to the Stock Option until such shares are issued by the Company following the exercise of the Stock Option.

(h) *Termination of Eligibility.* If a grantee ceases to be an Eligible Director for any reason prior to the end of the ten year period from the Grant Date, any outstanding Stock Options will be exercisable according to the following provisions:

(1) If a grantee ceases to be an Eligible Director for any reason other than removal for Cause or death, any outstanding Stock Options held by such grantee which are vested or which thereafter vest in accordance with Section 6.2(c)(1)(ii) or (iii) will be exercisable by the grantee in accordance with their terms at any time prior to the expiration of the Option Term;

(2) If a grantee is removed for Cause from office as a director of the Company and/or of CBS, if applicable (and/or, in the case of Stock Options granted to a director in his or her capacity as Board Chairman, from office as Board Chairman, if applicable), for Cause, any outstanding unvested Stock Options held by such grantee will be forfeited and any outstanding vested Stock Options will cease to be exercisable by the grantee at the earlier of (a) the time the grantee is so removed from office and (b) the expiration of the Option Term; and

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(3) Following the death of a grantee, any Stock Options that are outstanding and exercisable by such grantee at the time of death or which thereafter vest in accordance with Section 6.2(c)(1)(ii) or (iii) will be exercisable in accordance with their terms by the person or persons entitled to do so under the grantee's will, by a beneficiary properly designated by the director in the event of death pursuant to Section 6.3, if any, or by the person or persons entitled to do so under the applicable laws of descent and distribution at any time prior to the earlier of (a) the expiration of the Option Term and (b) two years after the date of death.

(i) *Termination of Stock Option.* A Stock Option will terminate on the earlier of (1) exercise of the Stock Option in accordance with the terms of the Plan, and (2) expiration of the Option Term as specified in Sections 6.2(e) and 6.2(h).

(j) *Stock Option Agreement.* All Stock Options will be evidenced by an agreement, or an amendment thereto, which will be executed on behalf of the Company by the Chief Executive Officer, the President, or any Vice President and by the grantee.

(k) *General Restrictions.*

(1) The obligation of the Company to issue Stock pursuant to Stock Options under the Plan will be subject to the condition that, if at any time the Company determines that (a) the listing, registration or qualification of shares of Stock upon any securities exchange or under any state or federal law, or (b) the consent or approval of any government or regulatory body is necessary or desirable, then such Stock will not be issued unless such listing, registration, qualification, consent or approval has been effected or obtained free from any conditions not acceptable to the Company.

(2) Shares of Stock for use under the provisions of this Section 6 will not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board may determine, and a registration statement under the Securities Act of 1933 with

respect to such shares has become, and is, effective.

Subject to the provisions of the Plan, any Stock Option granted under the Plan will be subject to such restrictions and other terms and conditions, if any, as the Board and/or the Committee may determine, in its or their discretion, and as are set forth in the agreement referred to in Section 6.2(j), or an amendment thereto; provided, however, that in no event will the Committee or the Board have any power or authority which would cause transactions pursuant to the Plan to cease to be exempt from the provisions of Section 16(b) of the Exchange Act pursuant to Rule 16b-3, as such rule may be amended, or any successor rule.

6.3 *Designation of a Beneficiary.* A Director may designate a beneficiary to hold and exercise outstanding vested Stock Options in accordance with the Plan in the event of the Director's death in a form approved by the Company.

Section 7. Restricted Stock Awards.

7.1 Grants of Restricted Stock Awards.

(a) *Restricted Stock Grants.* The Board or the Committee may, from time to time, grant Restricted Stock Awards to one or more Directors or to the Board Chairman, if any, for such number of shares of Restricted Stock as the Board or the Committee may determine as all or a portion of the annual director's fee or the Board Chairman's fee, if any, for a given year or years, or as compensation for special services outside of the scope of normal Board, committee or Board Chairman activities, or as additional compensation to such Director or Directors or to such Board Chairman, if any, for their services as such, all subject to this Section 7 and to such other terms and conditions as the Board or the Committee may provide.

(b) *Adjustments.* Restricted Stock granted pursuant to Section 7.1 is subject to adjustment as provided in Section 4.3.

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7.2 *Restricted Stock Agreement; Issuance of Shares.* All Restricted Stock Awards will be evidenced by an agreement, or an amendment thereto, which will be executed on behalf of the Company by the Chief Executive Officer, the President or any Vice President and by the grantee.

If the Restricted Stock Award is made in shares (rather than as a contract right to receive shares), a certificate representing the shares of Restricted Stock will be registered in the name of the Director and deposited by him or her, together with a stock power endorsed in blank, with the Company.

7.3 Restriction Period; Dividends or Dividend Equivalents

(a) *Restriction Period.* At the time of award of Restricted Stock, there will be established for each grantee a "Restriction Period" of such length as the Board or the Committee determines. The Restriction Period may be waived by the Board or the Committee. Shares of Restricted Stock and contract rights to receive shares of Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as otherwise provided in Section 9.

Upon the expiration or waiver by the Board or the Committee of the Restriction Period and the satisfaction (as determined by the Board or the Committee) of any other conditions determined by the Board or the Committee, restrictions applicable to the Restricted Stock will lapse and the Company will, in the case of shares of Restricted Stock, redeliver to the grantee (or to his or her legal representative or designated beneficiary) the shares deposited pursuant to Section 7.2 free and clear of all restrictions except as may be imposed by law and, in the case of contract rights to receive shares of Stock, will pay out such shares as provided in the Restricted Stock Agreement.

(b) *Dividends or Dividend Equivalents.* Subject to the restrictions on transfer set forth in Section 7.3(a), the grantee as owner of shares of Restricted Stock will have the rights of the holder of such Restricted Stock, except that the Board or the Committee may provide at the time of the award that any dividends or other distributions paid with respect to such Stock during the Restriction Period will be accumulated and held by the Company and will be subject to the same forfeiture provisions and the same restrictions on transfer as apply to the shares of Restricted Stock with respect to which they were paid.

The Board or the Committee will determine whether and to what extent, if any, to credit to the account of, or to pay currently to, each recipient of a contract right to receive shares of Stock, an amount equal to any dividends or other distributions paid during the Restriction Period with respect to the corresponding number of shares of Stock covered thereby ("Dividend Equivalent"). To the extent provided by the Board or the Committee at or after the date of grant, any Dividend Equivalents with respect to cash dividends on the Stock credited to a grantee's account will be deemed to have been invested in shares of Stock on the record date established for the related dividend and, accordingly, a contract right to receive a number of additional shares of Stock will be credited to such grantee's account equal to the greatest whole number which may be obtained by dividing (x) the value of such Dividend Equivalent on the record date by (y) the Fair Market Value of a share of Stock on such date.

7.4 *Termination of Eligibility.* Unless otherwise determined by the Board or the Committee, in the event the grantee is no longer an Eligible Director, all shares of Restricted Stock and contract rights to receive shares of Stock previously awarded to him or her which are still subject to restrictions, along with any dividends or other distributions thereon or any dividend equivalents that have been accumulated and held by the Company, will be forfeited, and in the case of Restricted Stock, the Company will have the right to complete the blank stock power.

7.5 Transfer and Other Restrictions.

(a) Except as otherwise provided in Section 9, shares of Restricted Stock and contract rights to receive shares of Stock are not transferable during the Restriction Period.

(b) The obligation of the Company to issue shares of Restricted Stock or to issue Stock pursuant to a contract right to receive shares of Stock under the Plan will be subject to the condition that if, at any

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time, the Company determines that (i) the listing, registration or qualification of shares of Restricted Stock upon any securities exchange or under any state or federal law or (ii) the consent or approval of any government or regulatory body is necessary or desirable, then such Restricted Stock will not be issued unless such listing, registration, qualification, consent or approval has been effected or obtained free from any conditions not acceptable to the Company.

(c) Shares of Stock for use under the provisions of this Section 7 will not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board may determine, and a registration statement under the Securities Act of 1933 with respect to such shares has become, and is, effective.

(d) Subject to the foregoing provisions of this Section 7 and the other provisions of the Plan, any shares of Restricted Stock or contract rights to receive shares of Stock granted under the Plan will be subject to such restrictions and other terms and conditions, if any, as the Board or the Committee may determine, in its discretion, and as are set forth in the agreement referred to in Section 7.2, or an amendment thereto; provided, however, that in no event will either the Committee or the Board have any power or authority which would cause transactions pursuant to the Plan (other than pursuant to Section 8) to cease to be exempt from the provisions of Section 16(b) of the Exchange Act under Rule 16b-3, as such rule may be amended, or any successor rule.

Section 8. Change in Control

8.1 *Settlement of Compensation.* In the event of a Change in Control of the Company as defined herein, (a) to the extent not already vested, all Stock Option Awards, Restricted Stock Awards and other benefits hereunder will be vested immediately; and (b) the value of all unpaid benefits and deferred amounts will be paid in cash to a trustee or otherwise on such terms as a majority of the Continuing Directors (or a majority of the members of a subcommittee of the Committee consisting solely of members who are Continuing Directors ("Continuing Directors Subcommittee")) may prescribe or permit.

8.2 *Definition of Change in Control.* A Change in Control will mean the occurrence of one or both of the following:

(a) at any time during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board, or individuals whose election or nomination for election to the Board was approved by a vote of at least two-thirds of the directors then still in office who were either directors at the beginning of such two-year period or whose nomination or election was so approved by such directors (together, the "Continuing Directors"), shall cease for any reason to constitute at least a majority of the entire Board; or

(b) a majority of the Continuing Directors or of the members of the Continuing Directors Subcommittee shall determine that a Change in Control has occurred for purposes of the Plan.

Section 9. Assignability

9.1 The right to receive shares, payments or distributions hereunder (including any "derivative security" issued pursuant to the Plan, as such term is defined by the rules promulgated under Section 16 of the Exchange Act), any shares of Restricted Stock granted hereunder during the Restriction Period, and any Stock Options granted hereunder will not be transferable or assignable by a Director other than by will, by the laws of descent and distribution, to a beneficiary properly designated by the Director pursuant to the appropriate section of the Plan in the event of death, if any, or pursuant to a domestic relations order as defined by Section 414(p)(1)(B) of the Internal Revenue Code or the rules thereunder that satisfies Section 414(p)(1)(A) of the Internal Revenue Code or the rules thereunder.

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9.2 In addition, Stock acquired on exercise of a Stock Option will not be transferable prior to the end of the applicable Option Shares Holding Period, if any, other than by will, by transfer to a beneficiary properly designated by the Director pursuant to the appropriate section of the Plan in the event of death, if any, by the applicable laws of descent and distribution, or pursuant to a domestic relations order as defined by Section 414(p)(1)(B) of the Internal Revenue Code or the rules thereunder that satisfies Section 414(p)(1)(A) of the Internal Revenue Code or the rules thereunder.

Section 10. Retention; Withholding of Tax

10.1 *Retention.* Nothing contained in the Plan or in any Stock Option Award or Restricted Stock Award granted under the Plan (other than Section 8) will interfere with or limit in any way the right of the Company to remove any director from the Board or to remove the Board Chairman, if any, from office as such pursuant to the Restated Certificate of Incorporation and the Bylaws of the Company, nor confer upon any Director any right to continue in the service of the Company.

10.2 *Withholding of Tax.* To the extent required by applicable law and regulation, each Director must arrange with the Company for the payment of any federal, state or local income or other tax applicable to any payment or any delivery of Stock hereunder before the Company will be required to make such payment or issue (or, in the case of Restricted Stock, deliver) such shares under the Plan.

Section 11. Plan Amendment, Modification and Termination

The Board may at any time terminate, and from time to time may amend or modify the Plan.

Section 12. Requirements of Law

12.1 *Federal Securities Law Requirements.* Implementation and interpretations of, and transactions pursuant to, the Plan will be subject to all conditions required under Rule 16b-3, as such rule may be amended, or any successor rule, to qualify such transactions for any exemption from the provisions of Section 16(b) of the Exchange Act available under that rule, or any successor rule.

12.2 *Governing Law.* The Plan and all agreements hereunder will be construed in accordance with and governed by the laws of the State of Delaware.

Section 13. Other Compensation

Nothing contained in the Plan will be deemed to limit or restrict the right of the Company to compensate directors for their services in any capacity in whole or in part under separate compensation or deferral plans or programs for directors or under other compensation arrangements.

INFINITY BROADCASTING CORPORATION
1999 LONG-TERM INCENTIVE PLAN
(As amended as of December 29, 2000)

ARTICLE I
GENERAL

1.1 Purpose

The purposes of the 1999 Long-Term Incentive Plan, as amended from time to time (the "Plan") for eligible employees of Infinity Broadcasting Corporation ("Corporation") and its subsidiaries (the Corporation and its subsidiaries severally and collectively referred to in the Plan as the "Company") are to foster and promote the long-term financial success of the Company and materially increase stockholder value by: (i) attracting and retaining employees of outstanding ability; (ii) strengthening the Company's capability to develop, maintain and direct a high performance team; (iii) motivating employees, by means of performance-related incentives, to achieve long-range performance goals; (iv) providing incentive compensation opportunities competitive with those of other major companies; and (v) enabling employees to participate in the long-term growth and financial success of the Company.

1.2 Administration

(a) The Plan will be administered by a committee of the Board of Directors of the Corporation ("Committee") which will consist of two or more members. The members will be appointed by the Board of Directors, and any vacancy on the Committee will be filled by the Board of Directors or in a manner authorized by the Board.

(b) Subject to the limitations of the Plan, the Committee will have the sole and complete authority: (i) to select in accordance with Section 1.3 persons who will participate in the Plan ("Participant" or "Participants") (including the right to delegate authority to select Participants); (ii) to make Awards and payments in such forms and amounts as it may determine (including the right to delegate authority to make Awards within limits approved from time to time by the Committee); (iii) to impose such limitations, restrictions, terms and conditions upon such Awards as the Committee or its authorized delegates deems appropriate; (iv) to interpret the Plan and the terms of any document relating to the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; (v) to amend or cancel an existing Award in whole or in part (including the right to delegate authority to amend or cancel an existing Award in whole or in part within limits approved from time to time by the Committee), except that the Committee and its authorized delegates may not, unless otherwise provided in the Plan, or unless the Participant affected thereby consents, take any action under this clause that would adversely affect the rights of such Participant with respect to the Award, and except that the Committee and its authorized delegates may not, unless otherwise provided in the Plan, take any action to amend any outstanding Option under the Plan in order to decrease the Option Price under such Option; and (vi) to make all other determinations and to take all other actions necessary or advisable for the interpretation, implementation and administration of the Plan. The Committee's determinations on matters within its authority will be conclusive and binding upon the Company and all other persons.

(c) The Committee will act with respect to the Plan on behalf of the Corporation and on behalf of any subsidiary issuing stock under the Plan, subject to appropriate action by the board of directors of any such subsidiary. All expenses associated with the Plan will be borne by the Corporation subject to such allocation to its subsidiaries and operating units as it deems appropriate.

1.3 Selection for Participation

Participants selected by the Committee (or its authorized delegates) must be Eligible Persons, as defined below. "Eligible Persons" are persons who are employees of the Company or its parent corporation(s) or their subsidiaries ("Employee" or "Employees"). Eligible Persons will also include independent contractors of the Company as to an Award if the person is an independent contractor at the time the Award is granted. In making this selection and in determining the form and amount of Awards, the Committee may give consideration to the functions and responsibilities of the Eligible Person, his or her past, present and potential contributions to the Company and such other factors as the Committee deems relevant.

1.4 Types of Awards under Plan

Awards ("Awards") under the Plan may be in the form of any one or more of the following: (i) Non-statutory stock options ("NSOs" or "Options"), as described in Article II; (ii) Stock Appreciation Rights ("SARs") and Participant Limited Stock Appreciation Rights ("Participant Limited Rights"), as described in Article II; (iii) Performance Awards ("Performance Awards") as described in Article IV; and (iv) Restricted Stock ("Restricted Stock") and Restricted Units ("Restricted Units"), each as described in Article V.

1.5 Shares Subject to the Plan

Shares of stock issued under the Plan may be in whole or in part authorized and unissued or treasury shares of the Corporation's Class A Common Stock, par value \$0.01 per share ("Common Stock"), or "Formula Value Stock" as defined in Section 8.12(d) (Common Stock and Formula Value Stock severally and collectively referred to in the Plan as "Stock").

The maximum number of shares of Stock which may be issued for all purposes under the Plan will be 8,500,000, plus such additional shares as the Board of Directors or the Committee or their respective delegee may, from time to time, authorize by a resolution or resolutions duly adopted by said Board of Directors or Committee.

Except as otherwise provided below, any shares of Stock subject to an Option or other Award which is canceled or terminates without any shares having been issued pursuant thereto having been exercised will again be available for Awards under the Plan. Shares subject to an Option canceled upon the exercise of an SAR will not again be available for Awards under the Plan except to the extent the SAR is settled in cash. To the extent that an Award is settled in cash, shares of Stock subject to that Award will again be available for Awards. Shares of Stock tendered by a Participant or withheld by the Company to pay the exercise price of an Option or to satisfy the tax withholding obligations of the exercise or vesting of an Award will be available again for Awards under the Plan. Shares of Restricted Stock forfeited to the Company in accordance with the Plan and the terms of the particular Award will be available again for Awards under the Plan.

No fractional shares will be issued, and the Committee will determine the manner in which fractional share value will be treated.

ARTICLE II STOCK OPTIONS

2.1 *Award of Stock Options*

The Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, award to any Participant Options to purchase Stock.

The Committee may provide with respect to any Option to purchase Stock that, if the Participant, while an Eligible Person, exercises the Option in whole or in part using already-owned Stock, the Participant

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will, subject to this Section 2.1 and such other terms and conditions as may be imposed by the Committee, receive an additional option ("Reload Option"). The Reload Option will be to purchase, at Fair Market Value as of the date the original Option was exercised, a number of shares of Stock equal to the number of whole shares used by the Participant to exercise the original Option. The Reload Option will be exercisable only between the date of its grant and the date of expiration of the original Option.

A Reload Option will be subject to such additional terms and conditions as the Committee may approve, which terms may provide that the Committee may cancel the Participant's right to receive the Reload Option and that the Reload Option will be granted only if the Committee has not canceled such right prior to the exercise of the original Option. Such terms may also provide that, upon the exercise by a Participant of a Reload Option while an Eligible Person, an additional Reload Option will be granted with respect to the number of whole shares used to exercise the first Reload Option.

2.2 *Stock Option Agreements*

The award of an Option will be evidenced by a written agreement ("Stock Option Agreement") in such form and containing such terms and conditions as the Committee may from time to time determine. The Committee may also at any time and from time to time provide for the deferral of delivery of any shares for which the Option may be exercisable until a specified date or dates and subject to terms and conditions determined by the Committee.

2.3 *Option Price*

The purchase price of Stock under each Option ("Option Price") will not be less than the Fair Market Value of such Stock on the date the Option is awarded.

2.4 *Exercise and Term of Options*

(a) Except as otherwise provided in the Plan, Options will become exercisable at such time or times as the Committee may specify. The Committee may at any time and from time to time accelerate the time at which all or any part of the Option may be exercised.

(b) The Committee will establish procedures governing the exercise of Options and will require that notice of exercise be given. Stock purchased on exercise of an Option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company; or (2) if so provided by the Committee: (i) through the delivery of shares of Stock which are then outstanding and which have a Fair Market Value on the date of exercise equal to the exercise price, (ii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (iii) by any combination of the permissible forms of payment.

2.5 *Termination of Eligibility*

Unless the Committee provides otherwise: (a) in the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent of the Committee or as a result of his or her death, retirement or disability, each of his or her outstanding Options will be exercisable by the Participant (or his or her legal representative or designated beneficiary), to the extent that such Option was then exercisable, at any time prior to an expiration date established by the Committee at the time of award, but in no event after such expiration date; (b) in the event an Award is made to the estate of a person who died while an Employee, each outstanding Option held by such estate will be exercisable by the estate (or the distributee of said estate) at any time prior to an expiration date established by the Committee at the time of award; and (c) if the Participant ceases to be an Eligible Person for any other reason, all of the Participant's then outstanding Options will terminate immediately.

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2.6 *Company Limited Rights*

If so provided in the Stock Option Agreement, as it may be amended from time to time, in the event of a Change in Control (as defined in Article VII of the Plan), the Company will have the right to cancel any portion of the Option (whether vested or nonvested) that remains unexercised on the date the Company exercises its Company Limited Right pursuant to this Section 2.6 (or the entire Option if no part of the Option has yet been exercised) in exchange for a payment in cash of an amount equal to the number of shares of Common Stock as to which the Option remains unexercised at the time the Company exercises such right multiplied by the excess of (a) the higher of (x) the Minimum Price Per Share (as defined below), or (y) the highest reported closing sale price of a share of the Common Stock on the New York Stock Exchange at any time during the period beginning on the sixtieth (60th) day prior to the date on which the Company exercises such right and ending on the date on which the Company exercises such right, over (b) the Option Price per share.

For purposes of this Section 2.6, unless otherwise provided in the relevant Stock Option Agreement, the term "Minimum Price Per Share" will mean the highest gross price (before brokerage commissions and soliciting dealers' fees) paid or to be paid for a share of Common Stock (whether by way of exchange, conversion,

distribution upon liquidation or otherwise) in any Change in Control which is in effect at any time during the period beginning on the sixtieth (60th) day prior to the date on which the Company exercises such right and ending on the date on which the Company exercises such right. For purposes of this definition, if the consideration paid or to be paid in any such Change in Control consists, in whole or in part, of consideration other than cash, then the Board will take such action as in its judgment it deems appropriate to establish the cash value of such consideration.

The Company's right to cancel an Option pursuant to Section 2.6 may be exercised at any time until the end of the thirtieth (30th) day following the occurrence of the Change in Control.

ARTICLE III STOCK APPRECIATION RIGHTS AND LIMITED RIGHTS

3.1 Award of Stock Appreciation Right

(a) An SAR is an Award entitling the recipient on exercise to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), determined in whole or in part by reference to appreciation in Stock value.

(b) In general, an SAR entitles the Participant to receive, with respect to each share of Stock as to which the SAR is exercised, the excess of the share's Fair Market Value on the date of exercise over its Fair Market Value on the date the SAR was granted.

(c) SARs may be granted in tandem with Options granted under the Plan ("Tandem SARs") or independently of Options ("Independent SARs"). An SAR granted in tandem with an NSO may be granted either at or after the time the Option is granted.

(d) SARs awarded under the Plan will be evidenced by either a Stock Option Agreement (when SARs are granted in tandem with an Option) or a separate written agreement between the Company and the Participant in such form and containing such terms and conditions as the Committee may from time to time determine.

(e) Except as otherwise provided herein, a Tandem SAR will be exercisable only at the same time and to the same extent and subject to the same conditions as the Option related thereto is exercisable, and the Committee may prescribe additional conditions and limitations on the exercise of the SAR. The exercise of a Tandem SAR will cancel the related Option. Tandem SARs may be exercised only when the Fair Market Value of Stock to which it relates exceeds the Option Price.

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(f) Except as otherwise provided herein, an Independent SAR will become exercisable at such time or times, and on such conditions, as the Committee may specify, and the Committee may at any time accelerate the time at which all or any part of the SAR may be exercised.

The Committee may provide, under such terms and conditions as it may deem appropriate, for the automatic grant of additional SARs upon the full or partial exercise of an Independent SAR.

Any exercise of an Independent SAR must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

(g) Except as otherwise provided herein, all SARs will automatically be exercised on the last trading day prior to the expiration date established by the Committee at the time of the award for the SAR, or, in the case of a Tandem SAR, for the related Option, so long as exercise on such date will result in a payment to the Participant.

(h) Unless otherwise provided by the Committee, no SAR will become exercisable or will be automatically exercised for six months following the date on which it was granted or the effective date of the Plan, whichever is later.

(i) At the time of award of an SAR, the Committee may limit the amount of the payment that may be made to a Participant upon the exercise of the SAR. The Committee may further determine that, if the amount to be received by a Participant in any year is limited pursuant to this provision, payment of all or a portion of the amount that is unpaid as a result of the limitation may be made to the Participant at a subsequent time. No such limitation will require a Participant to return to the Company any amount theretofore received by him or her upon the exercise of an SAR.

(j) Payment of the amount to which a Participant is entitled upon the exercise of an SAR will be made in cash, Stock, or partly in cash and partly in Stock, as the Committee may determine. To the extent that payment is made in Stock, the shares will be valued at their Fair Market Value on the date of exercise of the SAR. The Committee may also at any time and from time to time provide for the deferral of delivery of any shares and/or cash for which the SAR may be exercisable until a specified date or dates and subject to terms and conditions determined by the Committee.

(k) Unless otherwise determined by the Committee, each SAR will expire on the first to occur of the first of the following: (i) the expiration date set by the Committee at the time of an award of an SAR, (ii) in the case of a Tandem SAR, termination of the related Option, (iii) expiration of a period of six months after the Participant's ceasing to be an Eligible Person as a result of termination of service to the Company with the consent of the Committee or as a result of his or her death, retirement or disability, or (iv) the Participant ceasing to be an Eligible Person for any other reason.

3.2 Participant Limited Rights

(a) The Committee may award Participant Limited Rights pursuant to the provisions of this Section 3.2 to the holder of an Option to purchase Common Stock granted under the Plan (a "Related Option") with respect to all or a portion of the shares subject to the Related Option. A Limited Right may be exercised only during the period beginning on the first day following a Change in Control, as defined in Article VII of the Plan, and ending on the thirtieth (30th) day following such date. Each Participant Limited Right will be exercisable only to the same extent that the Related Option is exercisable, and in no event after the termination of the Related Option. Participant Limited Rights will be exercisable only when the Fair Market Value (determined as of the date of exercise of the Participant Limited Rights) of each share of Common Stock with respect to which the Participant Limited Rights are to be exercised exceeds the Option Price per share of Common Stock subject to the Related Option.

(b) Upon the exercise of Participant Limited Rights, the Related Option will be considered to have been exercised to the extent of the number of shares of Common Stock with respect to which such

Participant Limited Rights are exercised. Upon the exercise or termination of the Related Option, the Participant Limited Rights with respect to such Related Option will be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the Related Option was so exercised or terminated.

(c) The effective date of the grant of a Limited Right will be the date on which the Committee approves the grant of such Limited Right. Each grantee of a Limited Right will be notified promptly of the grant of the Limited Right in such manner as the Committee prescribes.

(d) Upon the exercise of Limited Rights, the holder thereof will receive in cash an amount equal to the product computed by multiplying (i) the excess of (a) the higher of (x) the Minimum Price Per Share (as hereinafter defined), or (y) the highest reported closing sales price of a share of Common Stock on the New York Stock Exchange at any time during the period beginning on the sixtieth (60th) day prior to the date on which such Participant Limited Rights are exercised and ending on the date on which such Participant Limited Rights are exercised, over (b) the Option Price per share of Common Stock subject to the Related Option, by (ii) the number of shares of Common Stock with respect to which such Participant Limited Rights are being exercised.

(e) For purposes of this Section 3.2, the term "Minimum Price Per Share" will mean the highest gross price (before brokerage commissions and soliciting dealers' fees) paid or to be paid for a share of Common Stock (whether by way of exchange, conversion, distribution upon liquidation or otherwise) in any Change in Control which is in effect at any time during the period beginning on the sixtieth (60th) day prior to the date on which such Participant Limited Rights are exercised and ending on the date on which such Participant Limited Rights are exercised. For purposes of this definition, if the consideration paid or to be paid in any such Change in Control will consist, in whole or in part, of consideration other than cash, the Board will take such action, as in its judgment it deems appropriate, to establish the cash value of such consideration.

ARTICLE IV PERFORMANCE AWARDS

4.1 Nature of Performance Awards

A Performance Award provides for the recipient to receive an amount in cash or Stock or a combination thereof (such form to be determined by the Committee) following the attainment of Performance Goals. Performance Goals may be related to personal performance, corporate performance (including corporate stock performance), departmental performance or any other category of performance deemed by the Committee to be important to the success of the Company or may be related to the occurrence of any triggering event or events that the Committee may deem appropriate. The Committee will determine the Performance Goals, the period or periods during which performance is to be measured or otherwise determined and all other terms and conditions applicable to the Award. Regardless of the degree to which Performance Goals are attained, a Performance Award will be paid only when, if and to the extent that the Committee determines to make such payment.

4.2 Other Awards Subject to Performance Condition

The Committee may, at the time any Award described in this Plan is granted, impose the condition (in addition to any conditions specified or authorized in the Plan) that Performance Goals be met prior to the Participant's realization of any payment or benefit under the Award.

ARTICLE V RESTRICTED STOCK AND RESTRICTED UNITS

5.1 Awards of Restricted Stock and Restricted Units

The Committee may award to any Participant shares of Stock subject to this Article V and such other terms and conditions as the Committee may prescribe, such Stock referred to herein as "Restricted Stock." Each certificate for Restricted Stock will be registered in the name of the Participant and deposited by him or her, together with a stock power endorsed in blank, with the Corporation.

The Committee may also award to any Participant Restricted Units subject to this Article V and such other terms and conditions as the Committee may prescribe. For purposes hereof, a "Restricted Unit" will mean any award of a contractual right granted under this Article V to receive Stock (or, at the discretion of the Committee, cash in an amount based on the Fair Market Value of the Stock, or a combination of Stock and cash) which would become vested and nonforfeitable, in whole or in part, upon the completion of such period of service as may be determined by the Committee.

5.2 Restricted Stock/Restricted Unit Agreement

Awards of Restricted Stock and Restricted Units under the Plan will be evidenced by a written agreement in such form and containing such terms and conditions as the Committee may determine.

5.3 Restriction Period; Dividend Equivalents

At the time of award of Restricted Stock or Restricted Units, there will be established for each Participant a "Restriction Period" of such length as the Committee determines. The Restriction Period may be waived by the Committee. Shares of Restricted Stock and Restricted Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided.

Subject to such restrictions on transfer, the Participant as owner of such shares of Restricted Stock will have the rights of the holder of such Restricted Stock, except that the Committee may provide at the time of the Award that any dividends or other distributions paid with respect to such Stock during the Restriction

Period will be accumulated and held by the Company and will be subject to the same forfeiture provisions and the same restrictions on transfer as apply to the shares of Restricted Stock with respect to which they were paid.

Upon the expiration or waiver by the Committee of the Restriction Period and the satisfaction (as determined by the Committee) of any other conditions determined by the Committee, restrictions applicable to the Restricted Stock or Restricted Units will lapse and the Corporation will, in the case of Restricted Stock, redeliver to the Participant (or his or her legal representative or designated beneficiary) the shares deposited pursuant to Section 5.1 free and clear of all restrictions except as may be imposed by law and, in the case of Restricted Units, will pay out such units as provided in the Restricted Unit Agreement.

5.4 Termination of Eligibility

Unless otherwise determined by the Committee, in the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent of the Committee, or as a result of his or her death, retirement or disability, the restrictions imposed under this Article V will lapse with respect to such number of the shares of Restricted Stock and with respect to such number of Restricted Units previously awarded to him or her as may be determined by the Committee. All other shares of Restricted Stock and Restricted Units previously awarded to him or her which are still subject to restrictions, along with any dividends or other distributions thereon that have been accumulated and held by the Company, will be forfeited, and in the case of Restricted Stock, the Corporation will have the right to complete the blank stock power.

Unless otherwise determined by the Committee, in the event the Participant ceases to be an Eligible Person for any other reason, all shares of Restricted Stock and all Restricted Units previously awarded to him or her which are still subject to restrictions, along with any dividend or other distributions on Restricted Stock that have been accumulated and held by the Company, will be forfeited, and, in the case of Restricted Stock, the Corporation will have the right to complete the blank stock power.

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5.5 Dividend Equivalents

The Committee will determine whether and to what extent, if any, to credit to the account of, or to pay currently to, each recipient of Restricted Units, an amount equal to any dividends or other distributions paid during the Restriction Period with respect to the corresponding number of shares of Stock covered thereby ("Dividend Equivalent"). To the extent provided by the Committee at or after the date of grant, any Dividend Equivalents with respect to cash dividends on the Stock credited to a Participant's account will be deemed to have been invested in shares of Stock on the record date established for the related dividend and, accordingly, a number of additional Restricted Units shall be credited to such Participant's account equal to the greatest whole number which may be obtained by dividing (x) the value of such Dividend Equivalent on the record date by (y) the Fair Market Value of a share of Stock on such date.

ARTICLE VI DEFERRAL OF PAYMENTS

6.1 Deferral of Amounts

If the Committee makes a determination to designate Awards or, from time to time, groups or types of Awards, eligible for deferral hereunder, a Participant may, subject to such terms and conditions and within such limits as the Committee may from time to time establish, elect to defer the receipt of amounts due to him or her under the Plan. Amounts so deferred are referred to herein as "Deferred Amounts." The Committee may also permit amounts now or hereafter deferred or available for deferral under any present or future incentive compensation program or deferral arrangement of the Company to be deemed Deferred Amounts and to become subject to the provisions of this Article. Awards which are so deferred will be deemed to have been awarded in cash and the cash deferred as Deferred Amounts.

The period between the date on which the Participant's Deferred Amount would have been payable absent deferral and the final payment of such Deferred Amount will be referred to herein as the "Deferral Period."

6.2 Payment of Deferred Amounts

Payment of Deferred Amounts will be made on such terms and conditions as the Committee may determine and will be made at such time or times, and may be in cash, Stock, or partly in cash and partly in Stock, as the Committee in its sole discretion may from time to time determine.

ARTICLE VII CHANGES IN CONTROL

7.1 Effect of Change in Control

Upon the occurrence of a change in control (a) as defined in the relevant agreement for an Award or (b) as may be determined by the Committee (each of (a) and (b) a "Change of Control"), then notwithstanding any other provision of the Plan:

- (i) if so provided in the respective Stock Option Agreements, as they may be amended from time to time, Options and, subject to the exercise provisions of Section 3.2(a) of the Plan, Participant Limited Rights, but not SARs, outstanding and unexercised on the date of the Change in Control will become immediately exercisable;
- (ii) if so provided in the respective Stock Option Agreements, as they may be amended from time to time, Company Limited Rights will become immediately exercisable;

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- (iii) Performance Awards will be deemed to have been earned if so determined by the Committee and may be paid on such basis as the Committee may prescribe;

- (iv)

Restricted Stock and Restricted Units may be deemed to be earned and the Restriction Period may be deemed to be expired on such terms and conditions as the Committee may determine; and

- (v) amounts deferred under this Plan may be paid on such terms as the Committee determines.

ARTICLE VIII GENERAL PROVISIONS

8.1 Non-Transferability

No Option, Limited Right, SAR, Performance Award, Restricted Unit or share of Restricted Stock or Deferred Amount under the Plan will be transferable other than by will, by the applicable laws of descent and distribution, or, if permitted by the Company, by transfer to a properly designated beneficiary in the event of death. All Awards and Deferred Amounts will be exercisable or received during the Participant's lifetime only by such Participant or his or her legal representative. Any transfer contrary to this Section 8.1 will nullify the Option, Participant Limited Right, SAR, Performance Award, Restricted Unit or share of Restricted Stock, and any attempted transfer of a Deferred Amount contrary to this Section 8.1 will be void and of no effect.

8.2 Beneficiaries

The Committee may, but need not, establish or authorize the establishment of procedures not inconsistent with Section 8.1 under which a Participant may designate a beneficiary or beneficiaries to hold, exercise and/or receive amounts due under an Award or with respect to Deferred Amounts in the event of the Participant's death.

8.3 Adjustments Upon Changes in Stock

If there is any change in the Stock and/or the corporate structure of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split up, dividend in kind or other change in the corporate structure or distribution to the stockholders, appropriate adjustments may be made by the Board of Directors of the Company (or if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares and the price per share subject to outstanding Options or which may be issued under outstanding Performance Awards or Awards of Restricted Stock. Appropriate adjustments may also be made by the Board of Directors or the Committee in the terms of any Awards under the Plan to reflect such changes and to modify any other terms of outstanding Awards, including modifications of performance targets and changes in the length of Performance Periods.

8.4 Conditions of Awards

(a) Unless the Committee determines otherwise, either by waiving the condition(s) or by limiting or otherwise amending the condition(s) with respect to any specified Award or group of Awards, the rights of a Participant with respect to any Award received under this Plan will be subject to the conditions that, until the Participant has fully received all payments, transfers and other benefits under the Award, he or she will (i) not engage, either directly or indirectly, in any manner or capacity as advisor, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any business or activity which is at the time competitive with any business or activity conducted by the Company and (ii) be available, unless he or she has died, at reasonable times for consultations at the request of the Company's management with respect to phases of the business with which he or she is

or was actively connected during the time he or she was an employee or independent contractor, but such consultations will not (except in the case of a Participant whose active service was outside the United States) be required to be performed at any place or places outside of the United States of America or during usual vacation periods or periods of illness or other incapacity. In the event that either of the above conditions is applicable (or is applicable as modified by the Committee) and is not fulfilled, the Participant will forfeit all rights to any unexercised Option or SAR, or any Performance Award or Stock held which has not yet been determined by the Committee to be payable or unrestricted (and any unpaid amounts equivalent to dividends or other distributions or amounts equivalent to interest relating thereto) as of the date of the breach of condition. Any determination by the Board of Directors of the Corporation, which will act upon the recommendation of the Chief Executive Officer, that the Participant is, or has, engaged in a competitive business or activity as aforesaid or has not been available for consultations as aforesaid or, if the Committee has modified such condition(s) with respect to the Participant's Award, that the Participant has not complied with such condition(s) as modified by the Committee will be conclusive.

(b) This Section 8.4 will not apply to Participant Limited Rights.

8.5 Use of Proceeds

All cash proceeds from the exercise of Options will constitute general funds of the Company.

8.6 Tax Withholding

The Company will collect, through withholding or otherwise, an amount sufficient to satisfy any applicable statutory federal, state and local withholding tax requirements (the "withholding requirements") with respect to payments made pursuant to the Plan.

In the case of an Award pursuant to which Stock may be delivered, the Committee will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy any applicable statutory withholding requirements, or make other arrangements satisfactory to the Committee with regard to such requirements, prior to the delivery of any Stock.

If and to the extent that such withholding is required, the Committee may permit the Participant or such other person to elect at such time and in such manner as the Committee provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the statutory withholding requirement. In the alternative, the Committee may, at the time of grant of any such Award, require that the Company withhold from any shares to be delivered Stock with a value calculated to satisfy any applicable statutory tax withholding requirements.

8.7 *Non-Uniform Determinations*

The Committee's determinations under the Plan, including without limitation (i) the determination of the Participants to receive Awards, (ii) the form, amount, timing and payment of such Awards, (iii) the terms and provisions of such Awards, and (iv) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, Awards under the Plan, whether or not such Participants are similarly situated.

8.8 *Leaves of Absence; Transfers*

The Committee will be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect to any leave of absence from the Company granted to a Participant. Without limiting the generality of the foregoing, the Committee will be entitled to determine: (i) whether or not any such leave of absence will be treated as if the Participant ceased to be an Eligible Person; and (ii) the impact, if any, of any such leave of absence on Awards under the Plan. In the event a Participant transfers within the Company, such Participant will not be deemed to have ceased to be an Eligible Person for purposes of the Plan.

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8.9 *General Restriction*

(a) Each Award under the Plan will be subject to the condition that, if at any time the Committee determines that (i) the listing, registration or qualification of shares of Stock upon any securities exchange or under any state or federal law, (ii) the consent or approval of any government or regulatory body, or (iii) an agreement by the Participant with respect thereto, is necessary or desirable, then such Award will not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement has been effected or obtained free from any conditions not acceptable to the Committee.

(b) Shares of Common Stock for use under the provisions of this Plan will not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board of Directors of the Corporation determines, and a registration statement under the Securities Act of 1933 with respect to such shares has become, and is, effective.

8.10 *Effective Date*

The Plan is effective April 1, 1999, as amended.

No Award may be granted under the Plan after the Plan is terminated pursuant to Section 8.11, but Awards previously made may extend beyond that date and Reload Options and additional Reload Options provided for with respect to original Options outstanding prior to that date may continue unless the Committee otherwise provides and subject to such additional terms and conditions as the Committee may provide, and the provisions of Article VI of the Plan will survive and remain effective as to all present and future Deferred Amounts until such later date as the Committee or the Board of Directors may determine.

The adoption of the Plan will not preclude the adoption by appropriate means of any other stock option or other incentive plan for employees and/or independent contractors.

8.11 *Amendment, Suspension and Termination of Plan*

The Board of Directors or the Committee may at any time or times amend the Plan for any purpose which may at the time be permitted by law, or may at any time suspend or terminate the Plan as to any further grants of Awards.

8.12 *Certain Definitions*

(a) The terms "retirement" and "disability" as used under the Plan will have the meanings determined from time to time by the Committee.

(b) The term "Fair Market Value" as it relates to Common Stock means the average of the high and low prices of the Common Stock as reported by the Composite Tape of the New York Stock Exchange (or such successor reporting system as the Committee may select) on the relevant date or, if no sale of the Common Stock has been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales. The term "Fair Market Value" as it relates to Formula Value Stock will mean the value determined by the Committee.

(c) "subsidiary" means any corporation, partnership or other entity of which shares of voting stock sufficient to elect a majority of the Board of Directors, or other persons performing similar functions, is owned by the Corporation, either directly or indirectly through one or more subsidiaries.

(d) "Formula Value Stock" means shares of a class or classes of stock the value of which is derived from a formula established by the Committee which reflects such financial measures as the Committee may determine. Such shares will have such other characteristics as may be determined at time of their authorization.

8.13 *Governing Law*

The Plan and all agreements or other documents relating to the Plan will be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflict of laws.

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AMENDMENT TO VIACOM STOCK OPTION PLANS

The following stock option plans of Viacom Inc. ("Viacom") were amended, effective as of October 10, 2002, to eliminate the requirement that payment of the option exercise price and appropriate income taxes be made at the time of exercise and instead require that payment be made on or before the settlement date (generally three business days after the option exercise), in order to harmonize the provisions of the Viacom stock option plans and the stock option plans of CBS Corporation ("CBS") assumed by Viacom at the time of the merger with CBS and to facilitate uniform stock option administration:

Viacom Inc. 1989 Long-Term Management Incentive Plan

Viacom Inc. 1994 Long-Term Management Incentive Plan

Viacom Inc. 1997 Long-Term Management Incentive Plan

Viacom Inc. 2000 Long-Term Management Incentive Plan

Viacom Inc. Stock Option Plan for Outside Directors

Viacom Inc. 1994 Stock Option Plan for Outside Directors

**AMENDMENT NO. 1
TO
AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT**

This AMENDMENT NO. 1, dated as of February 28, 2003 (this "**Amendment**"), is made by and among VIACOM INC., a Delaware corporation ("**Viacom**" or the "**Borrower**"), the banks listed on the signature pages of this Amendment as "Lenders" (the "**Lenders**"), and JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as administrative agent for the Lenders (the "**Administrative Agent**").

PRELIMINARY STATEMENT:

Viacom, Viacom International Inc., a Delaware corporation ("**Viacom International**"), the Lenders, the Administrative Agent, Fleet National Bank and Bank of America, N.A., as Co-Syndication Agents, and The Bank of New York, as Documentation Agent, previously entered into that certain Amended and Restated Five-Year Credit Agreement, dated as of May 3, 2000, as amended and restated as of March 7, 2001 (as so amended and restated, the "**Existing Agreement**"; the Existing Agreement, as amended by this Amendment, being referred to herein as the "**Amended Agreement**"). The Borrower now wishes to amend the Existing Agreement in certain particulars. The Required Lenders and the Administrative Agent have agreed to such amendments, on the terms and conditions set forth herein. The parties therefore agree as follows (capitalized terms used but not defined herein having the meanings assigned such terms in the Existing Agreement):

SECTION 1. Amendments to Existing Agreement. The Existing Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, hereby amended as follows:

(a) *Accounting Principles.* The final *proviso* contained in Section 1.2(b) is hereby amended in its entirety to read as follows:

"provided further, however, that the parties hereto agree that Viacom and its Subsidiaries have adopted Statement of Position 00-2, "Accounting by Producers or Distributors of Films" effective as from January 1, 2000; Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective as from January 1, 2002; SFAS No. 143, "Accounting for Asset Retirement Obligations" effective as from January 1, 2003; SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" effective as from January 1, 2002; SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendments to FASB Statement No. 13 and Technical Corrections" effective as from January 1, 2003."

(b) *Judgment Default.* Subsection (h) of Article VI is hereby amended by adding the following new phrase at the beginning thereof: "subject to Schedule VI(h)".

(c) *New Schedule.* Schedule VI(h) attached to this Amendment is hereby made, and shall be deemed to constitute, Schedule VI(h) to the Amended Agreement.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the "**Effective Date**") when, and only when, (a) the 364-Day Credit Agreement, dated as of February 28, 2003, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank, as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities, Inc., and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents (the "**364-Day Credit Agreement**"), shall have become effective pursuant to the terms thereof and (b) the Administrative Agent shall have

received (i) counterparts of this Amendment executed by Viacom, the Required Lenders and the Administrative Agent (*provided*, that any Lender that executes the 364-Day Credit Agreement shall be deemed to have delivered a counterpart of this Amendment), and (ii) the consent of Viacom International, substantially in the form of Exhibit A hereto (the "**Consent**"), duly executed by an authorized officer of Viacom International.

SECTION 3. Representations and Warranties of Borrower. The Borrower hereby represents and warrants as follows:

(a) *No Breach, etc.* None of the execution and delivery of this Amendment, the consummation of the transactions contemplated herein and in the Amended Agreement and compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the charter or By-laws (or other equivalent organizational documents) of the Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any material agreement or instrument to which Viacom or any of its Material Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of Viacom or any of its Material Subsidiaries pursuant to the terms of any such agreement or instrument.

(b) *Corporate Action.* The Borrower has all necessary corporate power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment and the Amended Agreement; the execution and delivery by the Borrower of this Amendment, and the performance by the Borrower of this Amendment and the Amended Agreement, have been duly authorized by all necessary corporate action on the Borrower's part; this Amendment has been duly and validly executed and delivered by the Borrower; and each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) *Approvals.* No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority are necessary for the execution, delivery or performance by the Borrower of this Amendment or for the validity or enforceability hereof.

SECTION 4. Reference to and Effect on the Existing Agreement. (a) Upon the effectiveness of this Amendment: (i) each reference in the Existing Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement;

and (ii) each reference in any other Loan Document to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement.

(b) Except as specifically amended above, the Existing Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Existing Agreement or any other Loan Document.

SECTION 5. Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which constitute an original but all of which when taken together shall constitute

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but one contract. In furtherance of the foregoing, it is understood and agreed that signatures hereto submitted by facsimile transmission shall be deemed to be, and shall constitute, original signatures.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Severability. In the event any one or more of the provisions contained in this Amendment should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

VIACOM INC.

By /s/ ROBERT G. FREEDLINE

Name: Robert G. Freedline
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as
Administrative Agent and as agent for the Lenders party to the 364-Day Credit Agreement

By /s/ JAMES STONE

Name: James Stone
Title: Managing Director

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Lenders

JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as a Lender

By /s/ JAMES STONE

Name: James Stone
Title: Managing Director

FLEET NATIONAL BANK, as a Lender

By /s/ LAURA NEENAN

Name: Laura Neenan
Title: Vice President

BANK OF AMERICA, N.A., as a Lender

By /s/ THOMAS J. KANE

Name: Thomas J. Kane
Title: Principal

THE BANK OF NEW YORK, as a Lender

By /s/ JOHN R. CIULLA

Name: John R. Ciulla
Title: Vice President

BARCLAYS BANK PLC, as a Lender

By /s/ L. PETER YETMAN

Name: L. Peter Yetman
Title: Director

CITIBANK, N.A., as a Lender

By /s/ ELIZABETH H. MINNETTA

Name: Elizabeth H. Minnetta
Title: Director & VP

5

DEUTSCHE BANK AG, NEW YORK BRANCH and/or CAYMAN ISLANDS BRANCH,
as a Lender

By /s/ WILLIAM W. MCGINTY

Name: William W. McGinty
Title: Director

By /s/ CHRISTOPHER S. HALL

Name: Christopher S. Hall
Title: Managing Director

MIZUHO CORPORATE BANK, LTD. (as successor to The Industrial Bank of Japan,
Limited, New York Branch), as a Lender

By /s/ RAYMOND VENTURA

Name: Raymond Ventura
Title: Senior Vice President

MELLON BANK, N.A., as a Lender

By /s/ RAGHUNATHA REDDY

Name: Raghunatha Reddy
Title: Lending Officer

WESTLB AG, NEW YORK BRANCH (as successor to Westdeutsche Landesbank
Girozentrale, New York Branch), as a Lender

By /s/ SALVATORE BERTINELLI

Name: Salvatore Bertinelli
Title: Managing Director Credit Department

By /s/ RICHARD J. PEARSE

Name: Richard J. Pearse
Title: Executive Director

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MERRILL LYNCH CAPITAL CORPORATION, as a Lender

By /s/ STEPHANIE VALLILLO

Name: Stephanie Vallillo
Title: Vice President

LEHMAN COMMERCIAL PAPER INC., as a Lender

By /s/ SUZANNE FLYNN

Name: Suzanne Flynn
Title: Authorized Signatory

UFJ BANK LIMITED (as successor to The Sanwa Bank, Limited, New York Branch), as a Lender

By /s/

Name:
Title:

THE SUMITOMO MITSUI BANKING CORPORATION (as successor to The Sumitomo Bank, Limited), as a Lender

By /s/ LEO E. PAGARIGAN

Name: Leo E. Pagarigan
Title: Senior Vice President

By /s/ DAVID W. KEE

Name: David W. Kee
Title: Vice President

MERRILL LYNCH BANK USA, as a Lender

By /s/ LOUIS ALDER

Name: Louis Alder
Title: Vice President

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BANK ONE, NA, as a Lender

By /s/ JENNIFER L. JONES

Name: Jennifer L. Jones
Title: Director

CREDIT SUISSE FIRST BOSTON, as a Lender

By /s/ SOVANNA DAY-GOINS

Name: Sovanna Day-Goins
Title: Vice President

By /s/ DOREEN B. WELCH

Name: Doreen B. Welch
Title: Associate

THE NORINCHUKIN BANK, NEW YORK BRANCH, as a Lender

By /s/

Name:
Title:

WACHOVIA BANK, N.A., as a Lender

By /s/ JAMES F. HEATWOLE

Name: James F. Heatwole
Title: Director

BANK OF SCOTLAND, as a Lender

By /s/

Name:
Title:

**AMENDMENT NO. 2
TO
FIVE-YEAR CREDIT AGREEMENT**

This AMENDMENT NO. 2, dated as of February 28, 2003 (this "**Amendment**"), is made by and among VIACOM INC., a Delaware corporation ("**Viacom**" or the "**Borrower**"), the banks listed on the signature pages of this Amendment as "Lenders" (the "**Lenders**"), and JPMORGAN CHASE BANK, as administrative agent for the Lenders (the "**Administrative Agent**").

PRELIMINARY STATEMENT:

Viacom, Viacom International Inc., a Delaware corporation ("**Viacom International**"), the Lenders, the Administrative Agent, Salomon Smith Barney Inc., as Syndication Agent, and Fleet National Bank and Bank of America, N.A., as Co-Documentation Agents, previously entered into that certain Five-Year Credit Agreement, dated as of March 7, 2001, as amended by Amendment No. 1 thereto, dated as of March 5, 2002 (as so amended, the "**Existing Agreement**"; the Existing Agreement, as amended by this Amendment, being referred to herein as the "**Amended Agreement**"). The Borrower now wishes to amend the Existing Agreement in certain particulars. The Required Lenders and the Administrative Agent have agreed to such amendments, on the terms and conditions set forth herein. The parties therefore agree as follows (capitalized terms used but not defined herein having the meanings assigned such terms in the Existing Agreement):

SECTION 1. Amendments to Existing Agreement. The Existing Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, hereby amended as follows:

(a) *Accounting Principles.* The final *proviso* contained in Section 1.2(b) is hereby amended in its entirety to read as follows:

"provided further, however, that the parties hereto agree that Viacom and its Subsidiaries have adopted Statement of Position 00-2, "Accounting by Producers or Distributors of Films" effective as from January 1, 2000; Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective as from January 1, 2002; SFAS No. 143, "Accounting for Asset Retirement Obligations" effective as from January 1, 2003; SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" effective as from January 1, 2002; SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendments to FASB Statement No. 13 and Technical Corrections" effective as from January 1, 2003."

(b) *Judgment Default.* Subsection (h) of Article VI is hereby amended by adding the following new phrase at the beginning thereof: "subject to Schedule VI(h)".

(c) *New Schedule.* Schedule VI(h) attached to this Amendment is hereby made, and shall be deemed to constitute, Schedule VI(h) to the Amended Agreement.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the "Effective Date") when, and only when, (a) the 364-Day Credit Agreement, dated as of February 28, 2003, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank, as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Bank of America, N.A., Deutsche Bank Securities, Inc., and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as co-documentation agents (the "364-Day Credit Agreement"), shall have become effective pursuant to the terms thereof and (b) the Administrative Agent shall have received (i) counterparts of this Amendment executed by Viacom, the Required Lenders and the Administrative Agent (*provided, that any Lender that executes the 364-Day Credit Agreement shall be deemed to have delivered a counterpart of this Amendment*), and (ii) the consent of Viacom

International, substantially in the form of Exhibit A hereto (the "Consent"), duly executed by an authorized officer of Viacom International.

SECTION 3. Representations and Warranties of Borrower. The Borrower hereby represents and warrants as follows:

(a) *No Breach, etc.* None of the execution and delivery of this Amendment, the consummation of the transactions contemplated herein and in the Amended Agreement and compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the charter or By-laws (or other equivalent organizational documents) of the Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any material agreement or instrument to which Viacom or any of its Material Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of Viacom or any of its Material Subsidiaries pursuant to the terms of any such agreement or instrument.

(b) *Corporate Action.* The Borrower has all necessary corporate power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment and the Amended Agreement; the execution and delivery by the Borrower of this Amendment, and the performance by the Borrower of this Amendment and the Amended Agreement, have been duly authorized by all necessary corporate action on the Borrower's part; this Amendment has been duly and validly executed and delivered by the Borrower; and each of this Amendment and the Amended Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) *Approvals.* No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority are necessary for the execution, delivery or performance by the Borrower of this Amendment or for the validity or enforceability hereof.

SECTION 4. Reference to and Effect on the Existing Agreement. (a) Upon the effectiveness of this Amendment: (i) each reference in the Existing Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement; and (ii) each reference in any other Loan Document to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Agreement shall mean and be a reference to the Amended Agreement.

(b) Except as specifically amended above, the Existing Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Existing Agreement or any other Loan Document.

SECTION 5. Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which constitute an original but all of which when taken together shall constitute but one contract. In furtherance of the foregoing, it is understood and agreed that signatures hereto submitted by facsimile transmission shall be deemed to be, and shall constitute, original signatures.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

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SECTION 7. Severability. In the event any one or more of the provisions contained in this Amendment should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

VIACOM INC.

By /s/ ROBERT G. FREEDLINE

Name: Robert G. Freedline
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, as
Administrative Agent and as agent for the
Lenders party to the 364-Day Credit Agreement

By /s/ JAMES STONE

Name: James Stone
Title: Managing Director

Lenders

JPMORGAN CHASE BANK (as successor to The Chase Manhattan Bank), as a Lender

By /s/ JAMES STONE

Name: James Stone
Title: Managing Director

JPMORGAN CHASE BANK, TORONTO BRANCH (as successor to The Chase
Manhattan Bank, Toronto Branch), as a Lender

By /s/ CHRISTINE CHAN

Name: Christine Chan
Title: Vice President

CITIBANK, N.A., as a Lender

By /s/ ELIZABETH H. MINNELLA

Name: Elizabeth H. Minnella
Title: Director & VP

CITIBANK CANADA, as a Lender

By /s/ ADAM SHEPHERD

Name: Adam Shepherd
Title: Authorized Signer

BANK OF AMERICA, N.A., as a Lender

By /s/ THOMAS J. KANE

Name: Thomas J. Kane
Title: Principal

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BANK OF AMERICA, N.A. (acting through its Canada branch), as a Lender

By /s/ MODINA SALES DE ANDRADE

Name: Modina Sales De Andrade
Title: Assistant Vice President

FLEET NATIONAL BANK, as a Lender

By /s/ LAURA NEENAN

Name: Laura Neenan
Title: Vice President

SUMITOMO MITSUI BANKING CORPORATION (as successor to The Sumitomo Bank, Limited), as a Lender

By /s/ LEO E. PAGARIGAN

Name: Leo E. Pagarigan
Title: Senior Vice President

By /s/ DAVID W. KEE

Name: David W. Kee
Title: Vice President

THE BANK OF NEW YORK, as a Lender

By /s/ JOHN R. CIULLA

Name: John R. Ciulla
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH, as a Lender

By /s/ LILLIAN KIM

Name: Lillian Kim
Title: Authorized Signatory

DEUTSCHE BANK AG, NEW YORK BRANCH and/or CAYMAN ISLANDS BRANCH, as a Lender

By /s/ WILLIAM W. MCGINTY /s/ CHRISTOPHER S. HALL

Name: William W. McGinty
Title: Director

Christopher S. Hall
Managing Director

DEUTSCHE BANK AG, CANADA BRANCH, as a Lender

By /s/ MARLA GORIZEN /s/ KARYN CURRAN

Name: Marla Gorizen
Title: Vice President

Karyn Curran
Credit Product Manager

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MIZUHO CORPORATE BANK, LTD. (as successor to The Dai-Ichi Kangyo Bank Ltd., The Fuji Bank, Limited, and The Industrial Bank of Japan, Limited), as a Lender

By /s/ RAYMOND VENTURA

Name: Raymond Ventura
Title: Senior Vice President

THE BANK OF NOVA SCOTIA, as a Lender

By /s/ BRENDA S. INSULL

Name: Brenda S. Insull
Title: Authorized Signatory

By /s/ ROBERT [ILLEGIBLE]

Name: Robert [illegible]
Title: Managing Director & Unit head

BARCLAYS BANK PLC, as a Lender

By /s/ L. PETER YETMAN

Name: L. Peter Yetman
Title: Director

UFJ BANK LIMITED (as successor to The Sanwa Bank, Limited, New York Branch,
and The Tokai Bank, Limited, New York Branch), as a Lender

By

Name:
Title:

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DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as a
Lender

By /s/ MICHAEL S. GREENBERG

Name: Michael S. Greenberg
Title: Vice President

By /s/ WILLIAM E. LAMBERT

Name: William E. Lambert
Title: Vice President

MELLON BANK, N.A., as a Lender

By /s/ RAGHUNATHA REDDY

Name: Raghunatha Reddy
Title: Lending Officer

CREDIT SUISSE FIRST BOSTON, as a Lender

By /s/ SOVANNA DAY-GOINS

Name: Sovanna Day-Goins
Title: Vice President

Doreen B. Welch

Doreen B. Welch
Associate

CREDIT SUISSE FIRST BOSTON CANADA, as a Lender

By /s/ SOVANNA DAY-GOINS

Name: Sovanna Day-Goins
Title: Vice President

Doreen B. Welch

Doreen B. Welch
Associate

BANK ONE, NA, as a Lender

By /s/ JENNIFER L. JONES

Name: Jennifer L. Jones
Title: Director

BANK ONE CANADA, as a Lender

By /s/ MICHAEL A. BASAK

Name: Michael A. Basak
Title: Managing Director

THE ROYAL BANK OF SCOTLAND PLC, as a Lender

By /s/ DAVID A. LUCAS

Name: David A. Lucas
Title: Senior Vice President

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WACHOVIA BANK, N.A., as a Lender

By /s/ JAMES F. HEATWOLE

Name: James F. Heatwole
Title: Director

WESTLB AG, NEW YORK BRANCH (as successor to Westdeutsche Landesbank Girozentrale, New York Branch), as a Lender

By /s/ SAL BATTINELLI

Name: Sal Battinelli
Title: Managing Director

By /s/ RICHARD PEARSE

Name: Richard Pearse
Title: Executive Director

LLOYDS TSB BANK PLC, as a Lender

By /s/ WINDSOR R. DAVIES

Name: Windsor R. Davies
Title: Director, Corporate Banking
USA

Lisa Maguire
Assistant Vice President Corporate Banking USA

THE NORINCHUKIN BANK, NEW YORK BRANCH, as a Lender

By

Name:
Title:

SUNTRUST BANK, as a Lender

By

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By /s/ FRANCES O'R. LOGAN

Name: Frances O'R. Logan
Title: Senior Vice President

By /s/ SHILPA PARANDEKAR

Name: Shilpa Parandekar
Title: Vice President

UBS AG, STAMFORD BRANCH, as a Lender

By /s/ WILFRED V. SAINT

Name: Wilfred V. Saint
Title: Associate Director
Banking Products

MERRILL LYNCH BANK USA, as a Lender

By /s/ LOUIS ALDER

Name: Louis Alder
Title: Vice President

NATIONAL AUSTRALIA BANK LIMITED, as a Lender

By /s/ EDUARDO SALAZAR

Name: Eduardo Salazar
Title: Head, TMT—Americas

BANK OF SCOTLAND, as a Lender

By

Name:
Title:

\$1,700,000,000

364-DAY CREDIT AGREEMENT

among

VIACOM INC.,

VIACOM INTERNATIONAL INC.,

THE SUBSIDIARY BORROWERS PARTIES HERETO,

THE LENDERS NAMED HEREIN,

**JP MORGAN CHASE BANK,
as Administrative Agent,**

**SALOMON SMITH BARNEY INC.,
as Syndication Agent, and**

**BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES, INC., and
THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH,
as Co-Documentation Agents**

Dated as of February 28, 2003

JPMORGAN SECURITIES INC.

and

**SALOMON SMITH BARNEY INC.,
as Joint Lead Arrangers**

**JPMORGAN SECURITIES INC.,
as Sole Bookrunner**

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364-DAY CREDIT AGREEMENT entered into as of February 28, 2003, among VIACOM INC., a Delaware corporation ("*Viacom*"), each Subsidiary Borrower (as herein defined); VIACOM INTERNATIONAL INC., a Delaware corporation ("*Viacom International*"); the lenders whose names appear on Schedule 1.1 hereto or who subsequently become parties hereto as provided herein (the "*Lenders*"); JPMORGAN CHASE BANK, a New York banking corporation ("*JPMorgan Chase*"), as administrative agent for the Lenders; SALOMON SMITH BARNEY INC., a New York corporation, as syndication agent for the Lenders (in such capacity, the "*Syndication Agent*"); and BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES, INC. and THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH, as co-documentation agents for the Lenders (in such capacity, the "*Co-Documentation Agents*").

WITNESSETH:

WHEREAS, Viacom has requested that the Lenders provide extensions of credit to it and to certain Subsidiary Borrowers to be used for general corporate purposes (including, without limitation, acquisitions and commercial paper backup), which extensions of credit shall enable the Borrowers (as herein defined) to borrow loans in an aggregate amount not to exceed \$1.7 billion (except as increased or reduced pursuant to Section 2.10) on a revolving credit basis on and after the Closing Date (as herein defined) and prior to the Revolving Credit Maturity Date (as herein defined); and

WHEREAS, the Lenders are willing to extend credit to the Borrowers on the terms and subject to the conditions herein set forth;

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

**ARTICLE I
DEFINITIONS**

SECTION 1.1. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings specified below:

"*ABR Loan*" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"*Administrative Agent*" shall mean JPMorgan Chase, together with its affiliates, as an arranger of the Commitments and as the administrative agent for the Lenders under this Agreement, and any successor thereto pursuant to Article VII.

"*Administrative Agent Fee Letter*" shall mean the Fee Letter with respect to this Agreement between Viacom and the Administrative Agent, as amended, supplemented or otherwise modified from time to time.

"*Administrative Agent's Fees*" shall have the meaning assigned to such term in Section 2.6(b).

"*Administrative Questionnaire*" shall mean an Administrative Questionnaire in the form of Exhibit A hereto.

"*Affiliate*" shall mean, as to Viacom, any Person which directly or indirectly controls, is under common control with or is controlled by Viacom. As used in this definition, "*control*" (including, with correlative meanings, "*controlled by*" and "*under common control with*") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); *provided* that, in any event, any Person which owns directly or indirectly 10% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 10% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person. Notwithstanding the foregoing, (a) no individual shall be deemed to be an Affiliate of Viacom solely by

reason of his or her being an officer, director or employee of Viacom or any of its Subsidiaries and (b) Viacom and Viacom International and their Subsidiaries shall not be deemed to be Affiliates of each other, unless expressly stated to the contrary.

"*Agents*" shall mean the collective reference to the Administrative Agent, the Co-Documentation Agents, the Joint Lead Arrangers, the Sole Bookrunner and the Syndication Agent.

"*Agreement*" shall mean this 364-Day Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"*Alternate Base Rate*" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next $\frac{1}{16}$ of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus $\frac{1}{2}$ of 1%. For purposes hereof, "*Prime Rate*" shall mean the rate of interest per annum publicly announced from time to time by the Lender serving as the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective; and "*Federal Funds Effective Rate*" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be the Prime Rate until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"*Amended and Restated Infinity Credit Agreement*" shall mean the \$1,450,000,000 Amended and Restated Five-Year Credit Agreement, dated as of May 3, 2000, as amended and restated as of March 7, 2001, among Viacom, Viacom International, the subsidiary borrowers parties thereto, the lenders named therein, JP Morgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Fleet National Bank and Bank of America, N.A., as co-syndication agents, and Bank of New York, as documentation agent.

"*Applicable Eurodollar Margin*" shall mean the "Applicable Eurodollar Margin" determined in accordance with the Pricing Grid set forth in Annex I hereto.

"*Applicable Facility Fee Rate*" shall mean the "Applicable Facility Fee Rate" determined in accordance with the Pricing Grid set forth in Annex I hereto.

"*Applicable Utilization Fee Rate*" shall mean the "Applicable Utilization Fee Rate" determined in accordance with the Pricing Grid set forth in Annex I hereto.

"*Assignment and Acceptance*" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit C.

"*Blockbuster Event*" means the sale or deconsolidation of Blockbuster Inc. from Viacom, which sale or deconsolidation shall be substantially non-recourse to Viacom and Viacom International.

"*Board*" shall mean the Board of Governors of the Federal Reserve System of the United States.

"*Bonds*" shall have the meaning assigned to such term in Section 8.2(g).

"*Borrower*" shall mean, as applicable, Viacom or the relevant Subsidiary Borrower.

"*Business Day*" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; *provided, however*, that, when used in connection with a Eurodollar Loan, the term "*Business Day*" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"*Capital Lease Obligations*" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property (other than satellite transponders), or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"*Capital Stock*" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"*Closing Certificate*" shall mean a certificate, substantially in the form of Exhibit E.

"*Closing Date*" shall mean February 28, 2003.

"*Code*" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"*Co-Documentation Agents*" shall have the meaning assigned to such term in the preamble hereto.

"*Commitment*" shall mean, with respect to each Lender, the commitment of such Lender to make Loans pursuant to Section 2.1, as set forth on Schedule 1.1, as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.10 or changed pursuant to Section 9.4.

"*Commitment Increase Date*" shall have the meaning assigned to such term in Section 2.10(e).

"*Commitment Increase Letter*" shall have the meaning assigned to such term in Section 2.10(e) and shall be substantially in the form of Exhibit G.

"*Commitment Utilization Percentage*" shall mean on any day the percentage equivalent to a fraction (a) the numerator of which is the sum of (i) the aggregate outstanding principal amount of Loans hereunder *plus* (ii) the Five-Year Facility Exposure, and (b) the denominator of which is the sum of (i) the Total Commitment (or, on any day after termination of the Commitments, the Total Commitment in effect immediately preceding such termination) *plus* (ii) the Five-Year Facility Total Commitment.

"*Communications Act*" shall mean the Communications Act of 1934, as amended.

"*Compliance Certificate*" shall have the meaning assigned to such term in Section 5.1.

"*Confidential Information*" shall have the meaning assigned to such term in Section 9.15(a).

"*Confidentiality Agreement*" shall mean a confidentiality agreement substantially in the form of Exhibit D, with such changes as Viacom may approve.

"*Consolidated Coverage Ratio*" shall mean, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"*Consolidated EBITDA*" shall mean, with respect to Viacom and its Consolidated Subsidiaries for any period, operating profit (loss) (excluding that related to Discontinued Operations), plus other income (loss), plus interest income, plus depreciation and amortization (excluding amortization related to programming rights, prepublication costs and videocassettes), excluding (a) gains (losses) on sales of assets (except (I) gains (losses) on sales of inventory sold in the ordinary course of business and

(II) gains (losses) on sales of other assets if such gains (losses) are less than \$10,000,000 individually and less than \$50,000,000 in the aggregate during such period), (b) other non-cash items (including (i) provisions for losses and additions to valuation allowances, (ii) provisions for restructuring, litigation and environmental reserves and losses on the Disposition of businesses and (iii) pension settlement charges), and (c) nonrecurring expenses incurred during such period in connection with the merger of CBS and Viacom pursuant to the Agreement and Plan of Merger entered into by CBS, Viacom and Viacom/CBS LLC dated as of September 6, 1999, as amended, amended and restated, supplemented and otherwise modified from time to time, minus cash payments made during such period in respect of non-cash charges taken during any previous period (excluding cash payments in respect of non-cash charges taken prior to December 31, 1999).

"*Consolidated Interest Expense*" shall mean for any period the gross cash interest expense of Viacom and its Consolidated Subsidiaries on Indebtedness for such period plus cash dividends paid on preferred stock to persons other than Viacom and its Wholly Owned Subsidiaries for such period, but excluding the gross cash interest expense of the Discontinued Operations for such period.

"*Consolidated Subsidiary*" shall mean, as to any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired) the financial statements of which shall be consolidated with the financial statements of such Person in accordance with GAAP.

"*Consolidated Tangible Assets*" shall mean at any date the assets of Viacom and its Subsidiaries determined on such date on a consolidated basis, less goodwill and other intangible assets.

"*Credit Event*" shall mean the making of any Loan. It is understood that conversions and continuations pursuant to Section 2.5 do not constitute "Credit Events".

"*Debt Rating*" shall mean the rating applicable to Viacom's senior, unsecured, non-credit-enhanced long-term indebtedness for borrowed money, as assigned by either Rating Agency.

"*Default*" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

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

"*Disposition*" shall mean, with respect to any Property, any sale, lease, assignment, conveyance, transfer or other disposition thereof; and the terms "*Dispose*" and "*Disposed of*" shall have correlative meanings.

"*Dollars*" or "\$" shall mean lawful money of the United States of America.

"*Environmental Laws*" shall mean any and all Federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"*ERISA Affiliate*" shall mean, with respect to Viacom, any trade or business (whether or not incorporated) that is a member of a group of which Viacom is a member and which is treated as a single employer under Section 414 of the Code.

"*Eurodollar Loan*" shall mean any Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"*Eurodollar Rate*" shall mean, with respect to an Interest Period pertaining to any Eurodollar Loan, the rate of interest determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate Screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate Screen (or otherwise on the Telerate Service), the "*Eurodollar Rate*" shall instead be the interest rate per annum (rounded upwards, if necessary, to the next $\frac{1}{16}$ of 1%) equal to the average of the rates at which Dollar deposits approximately equal in principal amount to, in the case of a Eurodollar Tranche, the portion of such Eurodollar Tranche of the Lender serving as Administrative Agent, and for a maturity comparable to such Interest Period, are offered by the principal London offices of the Reference Banks (or, if any Reference Bank does not at the time maintain a London office, the principal London office of any affiliate of such Reference Bank) for immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"*Eurodollar Tranche*" shall mean the collective reference to Eurodollar Loans made by the Lenders, the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"*Event of Default*" shall have the meaning assigned to such term in Article VI; *provided* that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"*Excess Utilization Day*" shall mean each day on which the Commitment Utilization Percentage exceeds 50%.

"*Exchange Act Report*" shall have the meaning assigned to such term in Section 3.3.

"Existing Credit Agreement" shall mean the \$1,800,000,000 364-Day Credit Agreement, dated as of March 5, 2002, among Viacom, Viacom International, the subsidiary borrowers parties thereto, the lenders named therein, JP Morgan Chase Bank, as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Fleet National Bank and Bank of America, N.A., as co-documentation agents.

"Facility Fees" shall mean all fees payable pursuant to Section 2.6(a).

"Federal Funds Effective Rate" shall have the meaning assigned to such term in the definition of "Alternate Base Rate".

"Fees" shall mean the Facility Fees, the Administrative Agent's Fees and the Utilization Fees.

"Financial Covenant" shall mean the financial covenant contained in Section 5.7.

"Financial Officer" of any corporation shall mean its Chief Financial Officer, its Vice President and Treasurer or its Vice President and Chief Accounting Officer or, in each case, any comparable officer or any Person designated by any such officer.

"Five-Year Credit Agreement" shall mean the Five-Year Credit Agreement, dated as of March 7, 2001, among Viacom, Viacom International, each subsidiary borrower party thereto, the lenders party thereto, JPMorgan Chase Bank (as successor to The Chase Manhattan Bank), as administrative agent, Salomon Smith Barney Inc., as syndication agent, and Fleet National Bank and Bank of America, N.A., as co-documentation agents, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Five-Year Facility Exposure" shall mean on any day the sum of (i) the Total Revolving Facility Exposure (as defined in the Five-Year Credit Agreement), including the aggregate outstanding principal amount

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of Letters of Credit, Swingline Loans and Competitive Loans (as such terms are defined in the Five-Year Credit Agreement), plus (ii) the Total Canadian Facility Exposure (as defined in the Five-Year Credit Agreement), in each case under the Five-Year Credit Agreement on such day.

"Five-Year Facility Total Commitment" shall mean on any day the sum of the Total Revolving Commitment and the Total Canadian Commitment (as such terms are defined in the Five-Year Credit Agreement) (or, on any day after termination of the Commitments (as defined in the Five-Year Credit Agreement), the Total Revolving Commitment and the Total Canadian Commitment in effect immediately preceding such termination), in each case under the Five-Year Credit Agreement on such day.

"GAAP" shall mean generally accepted accounting principles.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Granting Bank" shall have to meaning specified in Section 9.4(i).

"Guarantee" of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing or entered into with the purpose of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase Property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Indebtedness" of any Person shall mean at any date, without duplication, (i) all obligations of such Person for borrowed money (including, without limitation, in the case of any Borrower, the obligations of such Borrower for borrowed money under this Agreement), (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of Property or services, except as provided below, (iv) all obligations of such Person as lessee under Capital Lease Obligations, (v) all Indebtedness of others secured by a Lien on any Property of such Person, whether or not such Indebtedness is assumed by such Person, (vi) all Indebtedness of others directly or indirectly guaranteed or otherwise assumed by such Person, including any obligations of others endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any Indebtedness in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation, or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation, provided that Indebtedness of Viacom and its Subsidiaries shall not include (a) guarantees in existence on the date hereof of Indebtedness of Discontinued Operations and (b) guarantees of Indebtedness that are identified on Schedule 1.1(a) hereto, (vii) all obligations of such Person as issuer, customer or account party under letters of credit or bankers' acceptances that are either drawn or that back financial obligations that would otherwise be Indebtedness; provided, however, that in each of the foregoing clauses (i) through (vii), Indebtedness shall not include obligations (other than under this Agreement) specifically with respect to the production, distribution and acquisition of motion pictures or other programming rights, talent or publishing rights.

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"Indemnified Person" shall have the meaning assigned to such term in Section 9.5(b).

"Interest Payment Date" shall mean (a) with respect to any Eurodollar Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration been applicable to such Loan and, in addition, the date of any conversion of any Eurodollar Loan to an ABR Loan, the date of repayment or prepayment of any Eurodollar Loan and the Maturity Date; (b) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date.

"Interest Period" shall mean as to any Eurodollar Loan, the period commencing on the borrowing date or conversion date of such Loan, or on the last day of the immediately preceding Interest Period applicable to such Loan, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 7 days (subject to the prior consent of each Lender) or 1, 2, 3 or 6 months or (subject to the prior consent of each Lender) 9 or 12 months thereafter, as the relevant Borrower may elect; *provided, however*, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) notwithstanding anything to the contrary herein, no Borrower may select an Interest Period which would end after the Maturity Date. Interest shall accrue from and including that first day of an Interest Period to but excluding the last day of such Interest Period.

"Joint Lead Arrangers" shall mean JP Morgan Securities Inc., a New York corporation, and Salomon Smith Barney Inc., a New York corporation.

"JPMorgan Chase" shall have the meaning assigned to such term in the preamble to this Agreement.

"Lenders" shall have the meaning assigned to such term in the preamble to this Agreement.

"Lender Affiliate" shall mean, (a) with respect to any Lender, (i) an affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an affiliate of such investment advisor.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement.

"Loan" shall mean the revolving loans made by the Lenders to any Borrower pursuant to Section 2.3. Each Loan shall be a Eurodollar Loan or an ABR Loan.

"Loan Documents" shall mean this Agreement and the Administrative Agent Fee Letter.

"Losses" shall have the meaning assigned to such term in Section 9.5(b).

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

securities and valued at fair market value in the case of other non-cash consideration) in excess of \$100,000,000.

"Material Adverse Effect" shall mean (a) a material adverse effect on the Property, business, results of operations or financial condition of Viacom and its Subsidiaries taken as a whole or (b) material impairment of the ability of Viacom to perform any of its obligations under this Agreement.

"Material Disposition" shall mean any Disposition of Property or series of related Dispositions of Property which yields gross proceeds to Viacom or any of its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$100,000,000.

"Material Subsidiary" shall mean any "significant subsidiary" of Viacom as defined in Regulation S-X of the SEC; *provided*, that each Subsidiary Borrower shall in any event constitute a Material Subsidiary.

"Maturity Date" shall have the meaning assigned to such term in Section 2.4.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 3(37) of ERISA to which contributions have been made by Viacom or any ERISA Affiliate of Viacom and which is covered by Title IV of ERISA.

"New Lender" shall have the meaning assigned to such term in Section 2.10(d).

"New Lender Supplement" shall mean the agreement made pursuant to Section 2.10(d) substantially in the form of Exhibit F.

"Non-Consenting Lender" shall have the meaning assigned to such term in Section 2.18(b).

"Non-U.S. Person" shall have the meaning assigned to such term in Section 2.17(f).

"Other Taxes" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Extensions of Credit" shall mean, as to any Lender at any time, an amount equal to the sum of the aggregate principal amount of all Loans made by such Lender then outstanding.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, or any successor thereto.

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or other entity, or any government or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and which is maintained for employees of Viacom or any ERISA Affiliate.

"Prime Rate" shall have the meaning assigned to such term in the definition of "Alternate Base Rate".

"Pro Forma Period" shall have the meaning assigned to such term in Section 1.2(c).

"Property" shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Capital Stock.

"Rating Agencies" shall mean S&P and Moody's.

"Reference Banks" shall mean JPMorgan Chase, Citibank N.A. and Bank of America, N.A.

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"Register" shall have the meaning assigned to such term in Section 9.4(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Required Lenders" shall mean, at any time, Lenders whose respective Total Facility Percentages aggregate more than 50%.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement (or, in the case of matters relating to ERISA, any officer responsible for the administration of the pension funds of such corporation).

"Revolving Credit Borrowing Request" shall mean a request made pursuant to Section 2.3 in the form of Exhibit B-1.

"Revolving Credit Maturity Date" shall mean February 27, 2004.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SEC" shall mean the Securities and Exchange Commission.

"Sole Bookrunner" shall mean JP Morgan Securities Inc., a New York corporation.

"SPC" shall have the meaning specified in Section 9.4(i).

"Subsidiary" shall mean, for any Person (the "Parent"), any corporation, partnership or other entity of which shares of Voting Capital Stock sufficient to elect a majority of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) are at the time directly or indirectly owned or controlled by the Parent or one or more of its Subsidiaries or by the Parent and one or more of its Subsidiaries. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Viacom.

"Subsidiary Borrower" shall mean any Subsidiary of Viacom (a) which is designated as a Subsidiary Borrower by Viacom pursuant to a Subsidiary Borrower Designation, (b) which has delivered to the Administrative Agent a Subsidiary Borrower Request and (c) whose designation as a Subsidiary Borrower has not been terminated pursuant to Section 4.2. No Subsidiary of Viacom incorporated in Canada or any province or territory thereof may be a Subsidiary Borrower hereunder.

"Subsidiary Borrower Designation" shall mean a designation, substantially in the form of Exhibit B-2, which may be delivered by Viacom and approved by Viacom and shall be accompanied by a Subsidiary Borrower Request.

"Subsidiary Borrower Obligations" shall mean, with respect to each Subsidiary Borrower, the unpaid principal of and interest on the Loans made to such Subsidiary Borrower (including, without limitation, interest accruing after the maturity of the Loans made to such Subsidiary Borrower and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations and liabilities of such Subsidiary Borrower to the Administrative Agent or to any Lender, whether direct or

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indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement.

"Subsidiary Borrower Request" shall mean a request, substantially in the form of Exhibit B-3, which is received by the Administrative Agent in connection with a Subsidiary Borrower Designation.

"*Syndication Agent*" shall have the meaning assigned to such term in the preamble hereto.

"*Test Period*" shall have the meaning assigned to such term in Section 1.2(c).

"*Total Commitment*" shall mean at any time the aggregate amount of the Commitments in effect at such time.

"*Total Facility Exposure*" shall mean at any time the aggregate amount of the Outstanding Extensions of Credit at such time.

"*Total Facility Percentage*" shall mean, as to any Lender at any time, the quotient (expressed as a percentage) of (a) such Lender's Commitment (or (x) for the purposes of acceleration of the Loans pursuant to clause (II) of Article VI or (y) if the Commitments have terminated, such Lender's Outstanding Extensions of Credit) and (b) the aggregate of all Lenders' Commitments (or (x) for the purposes of acceleration of the Loans pursuant to clause (II) of Article VI or (y) if the Commitments have terminated, the Total Facility Exposure)).

"*Transferee*" shall mean any assignee or participant described in Section 9.4(b) or (f).

"*Type*" when used in respect of any Loan, shall refer to the Rate by reference to which interest on such Loan is determined. For purposes hereof, "*Rate*" shall mean the Eurodollar Rate or the Alternate Base Rate.

"*Utilization Fee*" shall have the meaning assigned to such term in Section 2.6(c).

"*Viacom*" shall have the meaning assigned to such term in the preamble to this Agreement.

"*Viacom International*" shall have the meaning assigned to such term in the preamble to this Agreement.

"*Viacom Obligations*" shall mean, with respect to Viacom, the unpaid principal of and interest on the Loans made to Viacom (including, without limitation, interest accruing after the maturity of the Loans made to Viacom and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to Viacom, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations, including its Guarantee obligations hereunder, and liabilities of Viacom to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement.

"*Voting Capital Stock*" shall mean securities or other ownership interests of a corporation, partnership or other entity having by the terms thereof ordinary voting power to vote in the election of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (without regard to the occurrence of any contingency).

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"*Wholly Owned Subsidiary*" shall mean any Subsidiary of which all shares of Voting Capital Stock (other than, in the case of a corporation, directors' qualifying shares) are owned directly or indirectly by the Parent (as defined in the definition of "Subsidiary").

SECTION 1.2. *Terms Generally.* (a) The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "*include*", "*includes*" and "*including*" shall, except where the context otherwise requires, be deemed to be followed by the phrase "*without limitation*". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require.

(b) Except as otherwise expressly provided herein, all terms of an accounting nature shall be construed in accordance with GAAP in effect from time to time. The parties hereto agree, however, that in the event that any change in accounting principles from those used in the preparation of the financial statements referred to in Section 3.2 is, after March 7, 2001, occasioned by the promulgation of rules, regulations, pronouncements, opinions and statements by or required by the Financial Accounting Standards Board or Accounting Principles Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and such change materially affects the calculation of any component of the Financial Covenant or any standard or term contained in this Agreement, the Administrative Agent and Viacom shall negotiate in good faith to amend such Financial Covenant, standards or terms found in this Agreement (other than in respect of financial statements to be delivered hereunder) so that, upon adoption of such changes, the criteria for evaluation of Viacom's and its Subsidiaries' financial condition shall be the same after such change as if such change had not been made; *provided, however*, that (i) any such amendments shall not become effective for purposes of this Agreement unless approved by the Required Lenders and (ii) if Viacom and the Required Lenders cannot agree on such an amendment, then the calculations under such Financial Covenant, standards or terms shall continue to be computed without giving effect to such change in accounting principles; *provided further, however*, that the parties hereto agree that Viacom and its Subsidiaries have adopted Statement of Position 00-2, "Accounting by Producers or Distributors of Films" effective as from January 1, 2000; Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective as from January 1, 2002; SFAS No. 143, "Accounting for Asset Retirement Obligations" effective as from January 1, 2003; SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" effective as from January 1, 2002; SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendments to FASB Statement No. 13 and Technical Corrections" effective as from January 1, 2003.

(c) For the purposes of calculating Consolidated EBITDA and Consolidated Interest Expense for any period (a "*Test Period*"), (i) if at any time from the period (a "*Pro Forma Period*") commencing on the second day of such Test Period and ending on the date which is ten days prior to the date of delivery of the Compliance Certificate in respect of such Test Period (or, in the case of any *pro forma* calculation made pursuant hereto in respect of a particular transaction, ending on the date such transaction is consummated after giving effect thereto), Viacom or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Test Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the Property which is the subject of such Material Disposition for such Test Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Test Period, and Consolidated Interest Expense for such Test Period shall be reduced by an amount equal to the Consolidated Interest Expense for such Test Period attributable to any Indebtedness of Viacom or any Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to Viacom and its Subsidiaries in connection with such Material Disposition (or, if the Capital Stock of any Subsidiary is sold, the Consolidated Interest Expense for such Test Period directly attributable to the Indebtedness of such Subsidiary to the extent Viacom and

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its continuing Subsidiaries are no longer liable for such Indebtedness after such Disposition); (ii) if during such Pro Forma Period Viacom or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA and Consolidated Interest Expense for such Test Period shall be calculated after giving *pro forma* effect thereto (including the incurrence or assumption of any Indebtedness in connection therewith) as if such Material Acquisition (and the incurrence or assumption of any such Indebtedness) occurred on the first day of such Test Period; and (iii) if during such Pro Forma Period any Person that subsequently became a Subsidiary or was merged with or into Viacom or any Subsidiary since the beginning of such Pro Forma Period shall have entered into any disposition or acquisition transaction that would have required an adjustment pursuant to clause (i) or (ii) above if made by Viacom or a Subsidiary during such Pro Forma Period, Consolidated EBITDA and Consolidated Interest Expense for such Test Period shall be calculated after giving *pro forma* effect thereto as if such transaction occurred on the first day of such Test Period. For the purposes of this paragraph, whenever *pro forma* effect is to be given to a Material Disposition or Material Acquisition, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness discharged or incurred in connection therewith, the *pro forma* calculations shall be determined in good faith by a Financial Officer of Viacom. If any Indebtedness bears a floating rate of interest and the incurrence or assumption thereof is being given *pro forma* effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the last day of the relevant Pro Forma Period had been the applicable rate for the entire relevant Test Period (taking into account any interest rate protection agreement applicable to such Indebtedness if such interest rate protection agreement has a remaining term in excess of 12 months). Comparable adjustments shall be made in connection with any determination of Consolidated EBITDA.

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

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ARTICLE II THE CREDITS

SECTION 2.1. *Commitments.* Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Loans to Viacom or any Subsidiary Borrower, at any time and from time to time on and after the Closing Date and until the earlier of (a) the Business Day immediately preceding the Revolving Credit Maturity Date and (b) the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment. Each Borrower may borrow, prepay and reborrow Loans on and after the Closing Date and prior to the Revolving Credit Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.2. *Loans.* (a) Each Loan shall be made to the relevant Borrower by the Lenders ratably in accordance with their respective Commitments. The Loans shall be made in minimum amounts equal to (i) in the case of Eurodollar Loans, \$50,000,000 or an integral multiple of \$5,000,000 in excess thereof, and (ii) in the case of ABR Loans, \$25,000,000 or an integral multiple of \$5,000,000 in excess thereof (or an aggregate principal amount equal to the remaining balance of the available Total Commitment).

(b) Each Lender shall make each Loan to be made by it on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon, New York City time (or, in connection with an ABR Loan to be made on the same day on which a notice is submitted, 12:30 p.m., New York City time) and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the relevant Borrower with the Administrative Agent.

SECTION 2.3. *Revolving Credit Borrowing Procedure.* In order to request a Loan, the relevant Borrower shall hand deliver or telecopy to the Administrative Agent a Revolving Credit Borrowing Request in the form of Exhibit B-1 (a) in the case of a Eurodollar Loan, not later than 11:00 a.m., New York City time, three Business Days before a proposed borrowing and (b) in the case of an ABR Loan, not later than 11:00 a.m., New York City time, on the day of a proposed borrowing. Such notice shall be irrevocable and shall in each case specify (i) whether the Loan then being requested is to be a Eurodollar Loan or an ABR Loan, (ii) the date of such Loan (which shall be a Business Day) and the amount thereof; and (iii) in the case of a Eurodollar Loan, the Interest Period with respect thereto. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.3 and of each Lender's portion of the requested Loan.

SECTION 2.4. *Repayment of Loans.* Each Borrower shall repay all outstanding Loans on the first anniversary of the Revolving Credit Maturity Date (or such earlier date on which the Loans shall be due and payable in accordance herewith) (the "*Maturity Date*"). Each Loan shall bear interest from and including the date thereof on the outstanding principal balance thereof as set forth in Section 2.7.

SECTION 2.5. *Conversion and Continuation Options.* (a) The relevant Borrower may elect from time to time to convert Eurodollar Loans (or, subject to Section 2.7(d), a portion thereof) to ABR Loans on the last day of an Interest Period with respect thereto by giving the Administrative Agent prior irrevocable notice of such election. The relevant Borrower may elect from time to time to convert ABR Loans (subject to Section 2.7(d)) to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurodollar Loans and ABR Loans may be converted as provided herein; *provided*, that no Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is

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continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such a conversion.

(b) Any Eurodollar Loans (or, subject to Section 2.7(d), a portion thereof) may be continued as such upon the expiration of the then current Interest Period with respect thereto by the relevant Borrower giving irrevocable notice to the Administrative Agent, not less than three Business Days prior to the last day of the then current Interest Period with respect thereto, of the length of the next Interest Period to be applicable to such Loans; *provided*, that no Eurodollar Loan may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such a continuation; and *provided, further*, that if the relevant Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Loans shall be automatically converted to ABR Loans

on the last day of such then expiring Interest Period. Upon receipt of any notice from a Borrower pursuant to this Section 2.5(b), the Administrative Agent shall promptly notify each Lender thereof. The Administrative Agent shall promptly notify the applicable Borrower upon the determination in accordance with this Section 2.5(b), by it or the Required Lenders, not to permit such a continuation.

SECTION 2.6. Fees. (a) Viacom agrees to pay to the Administrative Agent for the account of each Lender a Facility Fee for the period from and including the Closing Date to the Revolving Credit Maturity Date (or such earlier date on which the Commitments shall terminate in accordance herewith), computed at a *per annum* rate equal to the Applicable Facility Fee Rate on such Lender's Commitment (whether used or unused); *provided that*, if such Lender continues to have any Outstanding Extensions of Credit after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Outstanding Extensions of Credit from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Outstanding Extensions of Credit. All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable quarterly in arrears on the last day of each March, June, September and December, on the Revolving Credit Maturity Date or such earlier date on which the Commitments shall be terminated, commencing on the first of such dates to occur after the Closing Date, and on the date (after termination of the Commitments) on which each Lender ceases to have any Outstanding Extensions of Credit.

(b) Viacom agrees to pay to the Administrative Agent, for its own account, the administrative agent's fees ("*Administrative Agent's Fees*") provided for in the Administrative Agent Fee Letter at the times provided therein.

(c) Viacom agrees to pay to each Lender, through the Administrative Agent, on each Interest Payment Date for ABR Loans, a utilization fee (a "*Utilization Fee*") at a rate *per annum* equal to the Applicable Utilization Fee Rate for each Excess Utilization Day during the period covered by such Interest Payment Date on the Outstanding Extensions of Credit of such Lender on such Excess Utilization Day. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable in arrears.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the relevant Lenders. Once paid, none of the Fees shall be refundable under any circumstances (other than corrections of errors in payment).

SECTION 2.7. Interest on Loans; Eurodollar Tranches; Etc. (a) Subject to the provisions of Section 2.8, Eurodollar Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate *per annum* equal to in the case of each Eurodollar Loan, the Eurodollar Rate for the Interest Period in effect for such Loan plus the Applicable Eurodollar Margin. The Eurodollar Rate for each Interest Period shall be determined by the Administrative Agent, and

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such determination shall be conclusive absent manifest error. The Administrative Agent shall promptly advise the relevant Borrower and each Lender of such determination.

(b) Subject to the provisions of Section 2.8, ABR Loans shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate *per annum* equal to the Alternate Base Rate. The Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(c) Interest on each Loan shall be payable on each applicable Interest Payment Date.

(d) Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions, continuations, repayments and prepayments of Eurodollar Loans hereunder and all selections of Interest Periods hereunder in respect of Eurodollar Loans shall be in such amounts and shall be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to \$50,000,000 or a whole multiple of \$5,000,000 in excess thereof. Unless otherwise agreed by the Administrative Agent, in no event shall there be more than 25 Eurodollar Tranches outstanding at any time.

(e) If no election as to the Type of Loan is specified in any notice of borrowing with respect thereto, then the requested Loan shall be an ABR Loan. If no Interest Period with respect to a Eurodollar Loan is specified in any notice of borrowing, conversion or continuation, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration.

SECTION 2.8. Default Interest. If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Loans (whether or not overdue) shall bear interest at a rate *per annum* which is equal to the rate that would otherwise be applicable thereto pursuant to the provisions of Section 2.7 *plus* 2% and (b) if all or a portion of any interest payable on any Loan or any Fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate *per annum* equal to the rate otherwise applicable to ABR Loans pursuant to Section 2.7(b) *plus* 2%, in each case, with respect to clauses (a) and (b) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

SECTION 2.9. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Loan (i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon each Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or (ii) the Required Lenders shall have determined and shall have notified the Administrative Agent that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining Eurodollar Loans during such Interest Period, the Administrative Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the Borrowers and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurodollar Loan pursuant to Section 2.3 to be made after such determination shall be deemed to be a request for an ABR Loan and (ii) any request by a Borrower for conversion into or a continuation of a Eurodollar Loan pursuant to Section 2.5 to be made after such determination shall have no force and effect (in the case of a requested conversion) or shall be deemed to be a request for a conversion into an ABR Loan (in the case of a requested continuation). Each determination by the Administrative Agent or the Required Lenders hereunder shall be conclusive absent manifest error.

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SECTION 2.10. *Termination, Reduction and Increase of Commitments.* (a) Upon at least three Business Days' prior irrevocable written or telecopy notice to the Administrative Agent, Viacom may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Commitments; *provided, however,* that (i) each partial reduction of the Commitments shall be in a minimum principal amount of \$10,000,000 and in integral multiples of \$1,000,000 in excess thereof and (ii) no such termination or reduction shall be made if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, (x) the Outstanding Extensions of Credit of any Lender would exceed such Lender's Commitment then in effect or (y) the Total Facility Exposure would exceed the Total Commitment then in effect. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.10(a).

(b) Except as otherwise provided in Section 2.18, each reduction in the Commitments hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. Viacom agrees to pay to the Administrative Agent for the account of the Lenders, on the date of termination or reduction of the Commitments, the Facility Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

(c) Viacom shall have the right at any time and from time to time to increase the Total Commitments to an aggregate amount, when added to the aggregate amount of Total Commitments (as defined under the Five-Year Credit Agreement) under the Five-Year Credit Agreement, not to exceed \$4,500,000,000 (i) by requesting that one or more banks or other financial institutions not a party to this Agreement become a Lender hereunder or (ii) by requesting that any Lender already party to this Agreement increase the amount of such Lender's Commitment; *provided,* that the addition of any bank or financial institution pursuant to clause (i) above shall be subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld); *provided further,* the Commitment of any bank or other financial institution pursuant to clause (i) above, shall be in an aggregate principal amount at least equal to \$10,000,000; *provided further,* the amount of the increase of any Lender's Commitment pursuant to clause (ii) above when added to the amount of such Lender's Commitment before the increase, shall be in an aggregate principal amount at least equal to \$10,000,000.

(d) Any additional bank, financial institution or other entity which elects to become a party to this Agreement and obtain a Commitment pursuant to clause (c) of this Section 2.10 shall execute a New Lender Supplement (each, a "*New Lender Supplement*") with Viacom and the Administrative Agent, substantially in the form of Exhibit G, whereupon such bank, financial institution or other entity (a "*New Lender*") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and Schedule 1.1 shall be deemed to be amended to add the name and Commitment of such New Lender.

(e) Any increase in the Total Commitment pursuant to clause (c) of this Section 2.10 shall be effective only upon the execution and delivery to Viacom and the Administrative Agent of a commitment increase letter in substantially the form of Exhibit G hereto (a "*Commitment Increase Letter*"), which Commitment Increase Letter shall be delivered to the Administrative Agent not less than five Business Days prior to the Commitment Increase Date and shall specify (i) the amount of the Commitment of any bank or financial institution not a party to this agreement which is becoming a Lender or the amount of any increase in the Commitment of any Lender and (ii) the date such increase is to become effective (the "*Commitment Increase Date*").

(f) Any increase in the Total Commitment pursuant to this Section 2.10 shall not be effective unless:

- (i) no Default or Event of Default shall have occurred and be continuing on the Commitment Increase Date;
- (ii) each of the representations and warranties made by Viacom and the Subsidiary Borrowers in Sections 3.1, 3.2, 3.4, 3.5 and 3.6 shall be true and correct in all material respects on the

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Commitment Increase Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall be true and correct in all material respects as of such earlier date; and

- (iii) the Administrative Agent shall have received each of (A) a certificate of the corporate secretary or assistant secretary of the Borrowers as to the taking of any corporate action necessary in connection with such increase and (B) an opinion or opinions of general counsel to the Borrowers as to their corporate power and authority to borrow hereunder after giving effect to such increase and such other matters relating thereto as the Administrative Agent and its counsel may reasonably request.

(g) Each notice requesting an increase in the Total Commitments pursuant to this Section 2.10 shall constitute a certification to the effect set forth in clauses (i) and (ii) of Section 2.10(f).

(h) No Lender shall at any time be required to agree to a request of Viacom to increase its Commitment or obligations hereunder.

SECTION 2.11. *Optional Prepayments of Loans.* The relevant Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon giving irrevocable written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Administrative Agent: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurodollar Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans. Such notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans, ABR Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. If a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the relevant Borrower shall also pay any amounts owing pursuant to Section 2.13. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of ABR Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof.

SECTION 2.12. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision herein, if after the Closing Date any change in applicable law or regulation (including any change in the reserve percentages provided for in Regulation D) or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Loan made by such Lender (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office (or in which it holds any Eurodollar Loan) or by any political subdivision or taxing authority therein and other than taxes that would not have been imposed but for the failure of such Lender to comply with applicable certification, information, documentation or

other reporting requirements), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of or deposits with or for the account of such Lender, or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurodollar Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) in respect of any Eurodollar Loan by an amount deemed by such Lender to be material, then the relevant Borrower agrees to pay to such Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

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(b) If any Lender shall have determined that the adoption after the Closing Date hereof of any law, rule, regulation or guideline regarding capital adequacy, or any change in any law, rule, regulation or guideline regarding capital adequacy or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time the relevant Borrower agrees to pay to such Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender as specified in paragraph (a) or (b) above, as the case may be, and the basis therefor in reasonable detail shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. The relevant Borrower shall pay each Lender the amount shown as due on any such certificate within 30 days after its receipt of the same.

(d) Except as provided in this paragraph, failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to any other period. The protection of this Section 2.12 shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed so long as it shall be customary for Lenders affected thereby to comply therewith. No Lender shall be entitled to compensation under this Section 2.12 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the relevant Borrower that it will demand compensation for such costs or reductions under paragraph (c) above not more than 90 days after the later of (i) such date and (ii) the date on which it shall have become aware of such costs or reductions. Notwithstanding any other provision of this Section 2.12, no Lender shall demand compensation for any increased cost or reduction referred to above if it shall not at the time be the general policy or practice of such Lender to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any. In the event any Borrower shall reimburse any Lender pursuant to this Section 2.12 for any cost and such Lender shall subsequently receive a refund in respect thereof, such Lender shall so notify such Borrower and, upon its request, will pay to such Borrower the portion of such refund which such Lender shall determine in good faith to be allocable to the cost so reimbursed. The covenants contained in this Section 2.12 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.13. Indemnity. Each Borrower agrees to indemnify each Lender against any loss or expense described below which such Lender may sustain or incur as a consequence of (a) any failure by such Borrower to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by such Borrower to borrow, continue or convert any Loan hereunder after irrevocable notice of such borrowing, continuation or conversion has been given or deemed given pursuant to Article II, (c) any payment, prepayment or conversion of a Eurodollar Loan made to such Borrower required by any other provision of this Agreement or otherwise made or deemed made, whatever the circumstances may be that give rise to such payment, prepayment or conversion, or any transfer of any such Loan pursuant to Section 2.18 or 9.4(b), on a date other than the last day of the

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Interest Period applicable thereto, or (d) if any breakage is incurred, any failure by a Borrower to prepay a Eurodollar Loan on the date specified in a notice of prepayment; *provided*, that any request for indemnification made by any Lender to any Borrower pursuant hereto shall be accompanied by such Lender's calculation of such amount to be indemnified. The loss or expense for which such Lender shall be indemnified under this Section 2.13 shall be equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed, continued, prepaid or converted (assumed to be the Eurodollar Rate in the case of Eurodollar Loans) for the period from the date of such payment, prepayment, conversion or failure to borrow, continue, prepay or convert to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, continue, prepay or convert, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted or not borrowed, continued, prepaid or converted for such period or Interest Period, as the case may be; *provided, however*, that such amount shall not include any loss of a Lender's margin or spread over its cost of obtaining funds as described above. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.13 (with calculations in reasonable detail) shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.14. Pro Rata Treatment; Funding Matters; Evidence of Debt. (a) Except as required under Section 2.18, each payment or prepayment of principal of any Loan, each payment of interest on the Loans, each payment of the Facility Fees pursuant to Section 2.6(a), and each reduction of the Commitments, shall be allocated *pro rata* among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Loan to be made hereunder, the Administrative Agent may, in its discretion, round such Lender's percentage of such Loan to the next higher or lower whole Dollar amount.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the relevant borrowing date that such Lender will not make available to the Administrative Agent such Lender's portion of a borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such borrowing in accordance with this Agreement and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and the relevant Borrower agrees to repay to the Administrative Agent forthwith on demand such corresponding

amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of such Borrower, the interest rate applicable at the time to the relevant Loan and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such borrowing for the purposes of this Agreement; *provided*, that such repayment shall not release such Lender from any liability it may have to such Borrower for the failure to make such Loan at the time required herein.

(c) The failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender).

(d) Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Lender Affiliate of such Lender to make such Loan; *provided*, that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

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(e) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan made by it from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Borrower with respect to each Loan, the Type of each Loan and each Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from any Borrower and each Lender's share thereof. The entries made in the accounts maintained pursuant to this paragraph (e) shall, to the extent permitted by applicable law, be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of any Borrower to repay the Loans in accordance with their terms.

(f) In order to expedite the transactions contemplated by this Agreement, each Subsidiary Borrower shall be deemed, by its execution and delivery of a Subsidiary Borrower Request, to have appointed Viacom to act as agent on behalf of such Subsidiary Borrower for the purpose of (a) giving any notices contemplated to be given by such Subsidiary Borrower pursuant to this Agreement, including, without limitation, borrowing notices, prepayment notices, continuation notices, and conversion notices and (b) paying on behalf of such Subsidiary Borrower any Subsidiary Borrower Obligations owing by such Subsidiary Borrower; *provided*, that each Subsidiary Borrower shall retain the right, in its discretion, to directly give any or all of such notices or make any or all of such payments.

(g) The Administrative Agent shall promptly notify the Lenders upon receipt of any Subsidiary Borrower Designation and Subsidiary Borrower Request.

SECTION 2.15. *Sharing of Setoffs.* Except to the extent that this Agreement provides for payments to be allocated to Loans, each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means (other than pursuant to any provision of this Agreement), obtain payment (voluntary or involuntary) in respect of any category of its Loans as a result of which the unpaid principal portion of such Loans shall be proportionately less than the unpaid principal portion of such Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in such Loans of such other Lender, so that the aggregate unpaid principal amount of such Loans and participations in such Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all such Loans then outstanding as the principal amount of such Loans of each Lender prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all such Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided, however*, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.15 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest, unless the Lender from which such payment is recovered is required to pay interest thereon, in which case each Lender returning funds to such Lender shall pay its pro rata share of such interest. Any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by any Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly such Borrower.

SECTION 2.16. *Payments.* (a) Except as otherwise expressly provided herein, each Borrower shall make each payment (including principal of or interest on any Loan or any Fees or other amounts)

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hereunder without setoff or counterclaim and shall make each such payment not later than 12:00 noon, New York City time, on the date when due in Dollars to the Administrative Agent at its offices at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Loan or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.17. *Taxes.* (a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 2.16, free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, charges, fees, deductions, charges or withholdings, and all liabilities with respect thereto imposed by or on behalf of any Governmental Authority, *excluding* net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent's or such Lender's having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document) (all such nonexcluded taxes, levies, imposts, duties, charges, fees, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If any Borrower shall be required by law to deduct any Taxes or Other Taxes from or in respect of any sum payable to any Agent or any Lender hereunder, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.17) such Agent or such Lender shall receive an amount equal to the sum it would have received had no such

deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law.

(b) The relevant Borrower agrees to pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The relevant Borrower will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed by the applicable jurisdiction on amounts payable under this Section 2.17) paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date such Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor.

(d) Whenever any Taxes or Other Taxes are payable by any Borrower, within 30 days thereafter such Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an official receipt received by such Borrower showing payment thereof (or other evidence of such payment reasonably satisfactory to the Administrative Agent).

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.17 shall survive the payment in full of the principal of and interest on all Loans made hereunder and of all other amounts payable hereunder.

(f) Each Lender (or Transferee) that is not a "United States Person" as defined in Section 7701(a)(30) of the Code (such Lender (or Transferee), a "Non-U.S. Person") shall deliver to Viacom and the Administrative Agent (or, in the case of a participant, to the Lender from which the

related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Person claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8BEN, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Person, claiming an exemption with respect to payments of "portfolio interest", delivers a Form W-8BEN, an annual certificate representing that such Non-U.S. Person is not a "bank" for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of Viacom and is not a controlled foreign corporation related to Viacom (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Person claiming complete exemption from U.S. federal withholding tax on all payments by any Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Person promptly after it becomes a party to this Agreement (or, in the case of any participant, promptly after the date such participant purchases the related participation). In addition, each Non-U.S. Person shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Person. Each Non-U.S. Person shall promptly notify Viacom at any time it determines that it is no longer in a position to provide any previously delivered certificate to Viacom (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Unless Viacom and the Administrative Agent (or, in the case of a participant, the Lender from which the related participation shall have been purchased) have received forms or other documents satisfactory to them indicating that payments hereunder are not subject to United States withholding tax, the relevant Borrower or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments of interest to or for any Lender (or Transferee) that is a Non-U.S. Person. Notwithstanding any other provision of this Section 2.17(f), a Non-U.S. Person shall not be required to deliver any form pursuant to this Section 2.17(f) that such Non-U.S. Person is not legally able to deliver by reason of the adoption of any law, rule or regulation, or any change in any law, rule or regulation or in the interpretation thereof, in each case occurring after the date such Non-U.S. Person becomes a Lender (or Transferee).

(g) A Lender that is entitled to an exemption from or reduction of any non-U.S. withholding tax under the law of the jurisdiction in which a Borrower is located, or under any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by such Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, *provided* that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(h) No Borrower shall be required to pay any additional amounts to any Agent or Lender pursuant to paragraph (a) above (i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Agent or Lender to comply with the provisions of paragraph (f) or (g) above or (ii) in the case of a Transferee, to the extent such additional amounts exceed the additional amounts that would have been payable had no transfer or assignment to such Transferee occurred; *provided, however*, that each Borrower shall be required to pay those amounts to any Agent or Lender (or Transferee) that it was required to pay hereunder prior to the failure of such Agent or Lender (or Transferee) to comply with the provisions of such paragraph (f) or (g).

SECTION 2.18. *Termination or Assignment of Commitments Under Certain Circumstances.* (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.12 or Section 2.17 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by any Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that (x) any Lender shall have delivered a notice or certificate pursuant to Section 2.12, (y) any Borrower shall be required to make additional payments to any Lender under Section 2.17, or (z) any Lender (a "Non-Consenting Lender") shall withhold its consent to any amendment described in clause (i) or (ii) of Section 9.8(b) as to which consents have been obtained from Lenders having Total Facility Percentages aggregating at least 90%, Viacom shall have the right, at its own expense, upon notice to such Lender (or Lenders) and the Administrative Agent, (i) to terminate the Commitments of such Lender (except in the case of clause (z) above) or (ii) to require such Lender (or, in the case of clause (z) above, each Non-Consenting Lender) to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 9.4) all its interests, rights and obligations under this Agreement to one or more other financial institutions acceptable to Viacom (unless an Event of Default has occurred and is continuing) and the Administrative Agent, which approval in each case shall not be unreasonably withheld, which shall assume such obligations; *provided*, that (w) in the case of any replacement of Non-Consenting Lenders, each assignee shall have consented to the relevant amendment, (x) no such termination or assignment shall conflict with any law, rule or regulation or order of any Governmental Authority, (y) the Borrowers or the assignee (or assignees), as the case may be, shall pay to each affected Lender in immediately available funds on

the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder and (z) Viacom may not terminate Commitments representing more than 10% of the original aggregate Commitments pursuant to this paragraph (b).

ARTICLE III REPRESENTATIONS AND WARRANTIES

Viacom hereby represents and warrants, and each Subsidiary Borrower by its execution and delivery of a Subsidiary Borrower Request represents and warrants (to the extent specifically applicable to such Subsidiary Borrower), to each of the Lenders that:

SECTION 3.1. *Corporate Existence.* Each of Viacom and each Material Subsidiary: (a) is a corporation, partnership or other entity duly organized and validly existing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals, necessary to own its assets and carry on its business as now being or as proposed to be conducted, except where the failure to have any of the foregoing would not result in a Material Adverse Effect; and (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would result in a Material Adverse Effect.

SECTION 3.2. *Financial Condition.* The consolidated balance sheet of Viacom and its Consolidated Subsidiaries as at December 31, 2001, and the related consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for the fiscal year ended on such date, with the opinion thereon of PricewaterhouseCoopers LLC, heretofore furnished to each of the Lenders, fairly present the consolidated financial condition of Viacom and its Consolidated Subsidiaries as at such date and the consolidated results of their operations for the fiscal year ended on such date in accordance

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with GAAP. Neither Viacom nor any of its Material Subsidiaries had on such date any known material contingent liability, except as referred to or reflected or provided for in the Exchange Act Report or in such balance sheets (or the notes thereto) as at such date.

SECTION 3.3. *Litigation.* Except as disclosed to the Lenders in the Exchange Act Report filed prior to the Closing Date or otherwise disclosed in writing to the Lenders prior to the Closing Date, there are no legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, pending or (to the knowledge of Viacom) threatened against Viacom or any of its Material Subsidiaries which have resulted in a Material Adverse Effect (it being agreed that any legal or arbitral proceedings which have been disclosed in the Exchange Act Report, whether threatened, pending, resulting in a judgment or otherwise, prior to the time a final judgment for the payment of money shall have been recorded against Viacom or any Material Subsidiary by any Governmental Authority having jurisdiction, and the judgment is non-appealable (or the time for appeal has expired) and all stays of execution have expired or been lifted shall not, in and of itself, be deemed to result in a Material Adverse Effect). The "*Exchange Act Report*" shall mean, collectively, the Annual Report of Viacom on Form 10-K for the year ended December 31, 2001 and Quarterly Reports on Form 10-Q and Reports on Form 8-K of Viacom filed subsequent to December 31, 2001, but on or before February 20, 2003, in each case as amended or supplemented on or before February 20, 2003.

SECTION 3.4. *No Breach, etc.* None of the execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or By-laws (or other equivalent organizational documents) of any Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any material agreement or instrument to which Viacom or any of its Material Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of Viacom or any of its Material Subsidiaries pursuant to the terms of any such agreement or instrument. Neither Viacom nor any of its Material Subsidiaries is in default under or with respect to any of its material contractual obligations in any respect which would have a Material Adverse Effect.

SECTION 3.5. *Corporate Action.* Each Borrower has all necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement; the execution and delivery by each Borrower of this Agreement (or, in the case of each Subsidiary Borrower, the relevant Subsidiary Borrower Request), and the performance by each Borrower of this Agreement, have been duly authorized by all necessary corporate action on such Borrower's part; this Agreement (or, in the case of each Subsidiary Borrower, the relevant Subsidiary Borrower Request) has been duly and validly executed and delivered by each Borrower; and this Agreement constitutes a legal, valid and binding obligation of each Borrower, enforceable in accordance with its terms except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.6. *Approvals.* No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority are necessary for the execution, delivery or performance by each Borrower of this Agreement or for the validity or enforceability hereof.

SECTION 3.7. *ERISA.* Viacom and, to the best of its knowledge, its ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the currently applicable provisions of

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ERISA and the Code except where any failure or non-compliance would not result in a Material Adverse Effect.

SECTION 3.8. *Taxes.* Viacom and its Material Subsidiaries, to the knowledge of Viacom, have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by or in respect of them and have paid or caused to be paid all taxes shown as due on such returns or pursuant to any assessment received by Viacom or any of its Material Subsidiaries, except those being contested and reserved against in accordance with Section 5.2.

SECTION 3.9. *Investment Company Act.* No Borrower is an "*investment company*", or a company "*controlled*" by an "*investment company*", subject to regulation under the Investment Company Act of 1940, as amended.

SECTION 3.10. *Environmental.* Except as in the aggregate would not have a Material Adverse Effect, neither Viacom nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance or liability regarding environmental matters or compliance with Environmental Laws with regard to any of its or its Subsidiaries' Properties or business, nor does Viacom have any knowledge that any notice will be received or is being threatened.

SECTION 3.11. *Material Subsidiaries.* The list of Material Subsidiaries set forth in the most recently issued Form 10-K of Viacom is complete and correct in all material respects as of the date of the issuance of such Form 10-K.

ARTICLE IV CONDITIONS OF EFFECTIVENESS AND LENDING

SECTION 4.1. *Effectiveness.* The effectiveness of this Agreement is subject to the satisfaction of the following conditions:

(a) *Credit Agreement.* The Administrative Agent shall have received this Agreement, executed and delivered by a duly authorized officer of Viacom and Viacom International.

(b) *Closing Certificate.* The Administrative Agent shall have received a Closing Certificate, substantially in the form of Exhibit E, of Viacom and Viacom International, with appropriate insertions and attachments.

(c) *Termination of Existing Credit Agreement.* The Existing Credit Agreement shall have been paid in full and all obligations thereunder shall have been terminated.

(d) *Opinion of Counsel.* The Administrative Agent shall have received an opinion of the general counsel of Viacom and Viacom International in form and substance satisfactory to the Administrative Agent and customary for transactions of this type.

SECTION 4.2. *Initial Loans to Subsidiary Borrowers.* The obligation of each Lender to make its initial Loan to a particular Subsidiary Borrower, if designated as such after the Closing Date, is subject to the satisfaction of the conditions that (a) Viacom shall have delivered to the Administrative Agent a Subsidiary Borrower Designation for such Subsidiary Borrower and (b) such Subsidiary Borrower shall have furnished to the Administrative Agent (i) a Subsidiary Borrower Request, (ii) a Closing Certificate of such Subsidiary Borrower, with appropriate insertions and attachments and (iii) one or more executed legal opinions with respect to such Subsidiary Borrower, in form and substance reasonably satisfactory to the Administrative Agent. Viacom may from time to time deliver a subsequent Subsidiary Borrower Designation with respect to any Subsidiary Borrower, countersigned by such

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Subsidiary Borrower, for the purpose of terminating such Subsidiary Borrower's designation as such, so long as, on the effective date of such termination, all Subsidiary Borrower Obligations in respect of such Subsidiary Borrower shall have been paid in full. In addition, if on any date a Subsidiary Borrower shall cease to be a Subsidiary, all Subsidiary Borrower Obligations in respect of such Subsidiary Borrower shall automatically become due and payable on such date and no further Loans may be borrowed by such Subsidiary Borrower hereunder.

SECTION 4.3. *All Credit Events.* The obligation of each Lender to make each Loan are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received a request for, or notice of, such Credit Event if and as required by Section 2.3;

(b) Each of the representations and warranties made by Viacom and, in the case of a borrowing by a Subsidiary Borrower, by such Subsidiary Borrower, in Sections 3.1, 3.2, 3.4, 3.5 and 3.6 shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall be true and correct in all material respects as of such earlier date;

(c) At the time of and immediately after giving effect to such Credit Event no Default or Event of Default shall have occurred and be continuing; and

(d) After giving effect to such Credit Event, (i) the Outstanding Extensions of Credit of each Lender shall not exceed such Lender's Commitment then in effect and (ii) the Total Facility Exposure shall not exceed the Total Commitment then in effect.

Each Credit Event shall be deemed to constitute a representation and warranty by Viacom on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 4.3.

ARTICLE V COVENANTS

Viacom covenants and agrees with each Lender that, as long as the Commitments shall be in effect or the principal of or interest on any Loan shall be unpaid, unless the Required Lenders shall otherwise consent in writing:

SECTION 5.1. *Financial Statements.* Viacom shall deliver to each of the Lenders:

(a) within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of Viacom, consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of a Financial Officer of Viacom which certificate shall state that such financial statements fairly present the consolidated financial condition and results of operations of Viacom and its Consolidated Subsidiaries in accordance with GAAP as at the end of, and for, such period, subject to normal year-end audit adjustments; *provided*, that the requirement herein for the furnishing of such quarterly financial statements may be fulfilled by providing to the Lenders the report of Viacom to the SEC on Form 10-Q for the applicable quarterly period, accompanied by the officer's certificate described in the last sentence of this Section 5.1;

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(b) within 120 days after the end of each fiscal year of Viacom, consolidated statements of income and cash flows of Viacom and its Consolidated Subsidiaries for such year and the related consolidated balance sheet as at the end of such year, setting forth in comparative form the corresponding consolidated figures for the preceding fiscal year, and accompanied by an opinion thereon (unqualified as to the scope of the audit) of independent certified public accountants of recognized national standing, which opinion shall state that such consolidated financial statements fairly present the consolidated financial condition and results of operations of Viacom and its Consolidated Subsidiaries as at the end of, and for, such fiscal year; *provided*, that the requirement herein for the furnishing of annual financial statements may be fulfilled by providing to the Lenders the report of Viacom to the SEC on Form 10-K for the applicable fiscal year;

(c) promptly upon their becoming publicly available, copies of all registration statements and regular periodic reports (including without limitation any and all reports on Form 8-K), if any, which Viacom or any of its Subsidiaries shall have filed with the SEC or any national securities exchange;

(d) promptly upon the mailing thereof to the shareholders of Viacom generally, copies of all financial statements, reports and proxy statements so mailed;

(e) within 30 days after a Responsible Officer of Viacom knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan have occurred or exist which would reasonably be expected to result in a Material Adverse Effect, a statement signed by a senior financial officer of Viacom setting forth details respecting such event or condition and the action, if any, which Viacom or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by Viacom or an ERISA Affiliate with respect to such event or condition):

- (i) any reportable event, as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; *provided*, that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA shall be a reportable event regardless of the issuance of any waiver in accordance with Section 412(d) of the Code;
- (ii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan;
- (iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Viacom or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;
- (iv) the complete or partial withdrawal by Viacom or any ERISA Affiliate under Section 4201 or 4204 of ERISA from a Multiemployer Plan, or the receipt by Viacom or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;
- (v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against Viacom or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

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- (vi) a failure to make a required installment or other payment with respect to a Plan (within the meaning of Section 412(n) of the Code), in which case the notice required hereunder shall be provided within 10 days after the due date for filing notice of such failure with the PBGC;

(f) promptly after a Responsible Officer of Viacom knows or has reason to believe that any Default or Event of Default has occurred, a notice of such Default or Event of Default describing it in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that Viacom has taken and proposes to take with respect thereto;

(g) promptly after a Responsible Officer of Viacom knows that any change has occurred in Viacom's Debt Rating by either Rating Agency, a notice describing such change; and

(h) promptly from time to time such other information regarding the financial condition, operations or business of Viacom or any of its Subsidiaries (including, without limitation, any Plan or Multiemployer Plan and any reports or other information required to be filed under ERISA) as any Lender through the Administrative Agent may reasonably request. Viacom will furnish to the Administrative Agent and each Lender, at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate (which may be a copy in the case of each Lender) of a Financial Officer of Viacom (a "*Compliance Certificate*") (i) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing it in reasonable detail and describing the action that Viacom has taken and proposes to take with respect thereto), and (ii) setting forth in reasonable detail the computations (including any *pro forma* calculations as described in Section 1.2(c)) necessary to determine whether Viacom is in compliance with the Financial Covenant as of the end of the respective quarterly fiscal period or fiscal year. Each Lender hereby agrees that Viacom may, in its discretion, provide any notice, report or other information to be provided pursuant to this Section 5.1 to such Lender by (i) electronic mail to the electronic mail address provided by such Lender and/or (ii) through access to a web site, including, without limitation, www.sec.gov.

SECTION 5.2. *Corporate Existence, Etc.* Viacom will, and will cause each of its Material Subsidiaries to, preserve and maintain its legal existence and all of its material rights, privileges and franchises (*provided* that (a) nothing in this Section 5.2 shall prohibit any transaction expressly permitted under Section 5.4, (b) the corporate existence of any Subsidiary (other than a Subsidiary Borrower or Viacom International) may be terminated if, in the good faith judgment of the board of directors or the chief financial officer of Viacom, such termination is in the best interests of Viacom and such termination would not have a Material Adverse Effect), and (c) Viacom or such Material Subsidiary shall not be required to preserve or maintain any such right, privilege or franchise if the board of directors of Viacom or such Material Subsidiary, as the case may be, shall determine that the preservation or maintenance thereof is no longer desirable in the conduct of the business of Viacom or such Material Subsidiary, as the case may be); comply with the requirements of all applicable laws, rules, regulations and orders of Governmental Authorities (including, without limitation, all Environmental Laws) and with all contractual obligations if failure to comply with such requirements or obligations would reasonably be expected to result in a Material Adverse Effect; pay and discharge all material taxes, assessments, governmental charges, levies or other obligations of whatever nature imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge, levy or other obligation the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained; maintain all its Property used or useful in its business in good working order and condition, ordinary wear and tear excepted, all as in the judgment of Viacom or such Material Subsidiary may be necessary so that the business carried on in

judgment of Viacom or such Material Subsidiary, desirable in the conduct of the business of Viacom or such Material Subsidiary); keep proper books of records and accounts in which entries that are full, true and correct in all material respects shall be made in conformity with GAAP; and permit representatives of any Lender, during normal business hours upon reasonable advance notice, to inspect any of its books and records and to discuss its business and affairs with its Financial Officers or their designees, all to the extent reasonably requested by such Lender.

SECTION 5.3. *Insurance.* Viacom will, and will cause each of its Material Subsidiaries to, keep insured by financially sound and reputable insurers all Property of a character usually insured by corporations engaged in the same or similar business and similarly situated against loss or damage of the kinds and in the amounts consistent with prudent business practice and carry such other insurance as is consistent with prudent business practice (it being understood that self-insurance shall be permitted to the extent consistent with prudent business practice).

SECTION 5.4. *Prohibition of Fundamental Changes.* Viacom will not, and will not permit any of its Material Subsidiaries to (i) enter into any transaction of merger, consolidation, liquidation or dissolution or (ii) Dispose of, in one transaction or a series of related transactions, all or a substantial part of the consolidated assets of Viacom and its Subsidiaries taken as a whole, whether now owned or hereafter acquired (excluding (x) financings by way of sales of receivables or inventory, (y) inventory or other Property Disposed of in the ordinary course of business and (z) obsolete or worn-out Property, tools or equipments no longer used or useful in its business). Notwithstanding the foregoing provisions of this Section 5.4:

(a) Viacom may consummate the Blockbuster Event;

(b) any Subsidiary of Viacom may be merged or consolidated with or into: (i) Viacom if Viacom shall be the continuing or surviving corporation or (ii) any other such Subsidiary; *provided*, that (x) if any such transaction shall be between a Subsidiary and a Wholly Owned Subsidiary, such Wholly Owned Subsidiary shall be the continuing or surviving corporation and (y) if any such transaction shall be between a Subsidiary and a Subsidiary Borrower, the continuing or surviving corporation shall be a Subsidiary Borrower;

(c) any Subsidiary of Viacom may distribute, dividend or Dispose of any of or all its Property (upon voluntary liquidation or otherwise) to Viacom or a Wholly Owned Subsidiary of Viacom;

(d) Viacom may merge or consolidate with or into any other Person (including, without limitation, Viacom International) if (i) either (x) Viacom is the continuing or surviving corporation or (y) the corporation formed by such consolidation or into which Viacom is merged shall be a corporation organized under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume the obligations of Viacom hereunder pursuant to a written agreement and shall have delivered to the Administrative Agent such agreement and a certificate of a Responsible Officer and an opinion of counsel to the effect that such merger or consolidation complies with this Section 5.4(d), and (ii) after giving effect thereto and to any repayment of Loans to be made upon consummation thereof (it being expressly understood that no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing;

(e) any Subsidiary of Viacom may merge or consolidate with or into any other Person if, after giving effect thereto and to any repayment of Loans to be made upon the consummation thereof (it being expressly understood that, except as otherwise expressly provided in Section 4.2 with respect to Subsidiary Borrowers, no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing; and

(f) Viacom or any Subsidiary of Viacom may Dispose of its Property if, after giving effect thereto and to any repayment of Loans to be made upon the consummation thereof (it being expressly understood that, except as otherwise expressly provided in Section 4.2 with respect to Subsidiary Borrowers, no repayment of Loans is required solely by virtue thereof), no Default or Event of Default shall have occurred and be continuing.

SECTION 5.5. *Limitation on Liens.* Viacom shall not, directly or indirectly, create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien upon or with respect to any of its Properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any Person, except:

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

(b) Liens existing on Property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition);

(c) Liens on Property of Persons which become or became Subsidiaries securing Indebtedness existing, with respect to any such Person, on the date such Person becomes or became a Subsidiary (other than any such Lien created in contemplation of such Person becoming a Subsidiary);

(d) Liens securing Indebtedness incurred by Viacom or any Subsidiary of Viacom; *provided, however*, that the aggregate principal amount of Indebtedness referred to in this clause (d) secured by Liens shall not exceed \$30,000,000 at any time outstanding; and

(e) any Lien securing the renewal, extension or refunding of any Indebtedness secured by any Lien permitted by clause (a), (b), (c) or (d) above that does not extend to Indebtedness other than that which is being renewed, extended or refunded.

SECTION 5.6. *Limitation on Subsidiary Indebtedness.* Viacom will not permit any of its Subsidiaries to create, incur, assume or suffer to exist any Indebtedness (which includes, for the purposes of this Section 5.6, any preferred stock), except:

- (a) Indebtedness of any Person which is acquired by Viacom or any of its Subsidiaries after the Closing Date, which Indebtedness was outstanding prior to the date of acquisition of such Person and was not created in anticipation thereof;
- (b) any Indebtedness owing by Viacom or any of its Subsidiaries to Viacom or any of its Subsidiaries (including any intercompany Indebtedness created by the declaration of a note payable dividend by any Subsidiary to Viacom or any of its other Subsidiaries);
- (c) Indebtedness (including backed-up commercial paper) of any Subsidiary Borrower or Viacom International under this Agreement;
- (d) Indebtedness (including backed-up commercial paper) existing at any time under the Five-Year Credit Agreement or under the Amended and Restated Infinity Credit Agreement;
- (e) Indebtedness outstanding on the Closing Date, with such Indebtedness outstanding as of September 30, 2002 being set forth on Schedule 5.6;

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(f) any replacement, renewal, refinancing or extension of any Indebtedness permitted by Section 5.6(a) through (d) or set forth on Schedule 5.6 that does not exceed the aggregate principal amount (plus associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended (except that accrued and unpaid interest may be part of any refinancing); and

(g) Indebtedness incurred after the Closing Date; *provided*, that after giving effect thereto the aggregate principal amount of Indebtedness incurred pursuant to this paragraph (g) that is outstanding on such date (it being understood that, for the purposes of this paragraph (g), the term "Indebtedness" does not include Indebtedness excepted by any of clauses (a) through (f) inclusive) does not exceed the greater of (i) an aggregate principal amount in excess of 5% of Consolidated Tangible Assets (measured by reference to the then latest financial statements delivered pursuant to Section 5.1(a) or (b), as applicable) and (ii) \$800,000,000 at any time.

SECTION 5.7. *Consolidated Coverage Ratio.* Viacom will not permit the Consolidated Coverage Ratio for any period of four consecutive fiscal *quarters* to be less than 3.00 to 1.00.

SECTION 5.8. *Use of Proceeds.* On and after the Closing Date, each Borrower will use the proceeds of the Loans solely for general corporate purposes, including, without limitation, acquisitions and commercial paper backup (in each case in compliance with all applicable legal and regulatory requirements, including, without limitation, Regulation U and the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the regulations thereunder); *provided*, that neither any Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

SECTION 5.9. *Transactions with Affiliates.* Excepting transactions directly or indirectly entered into pursuant to any agreement entered into prior to the Closing Date, or transactions contemplated by any agreement directly or indirectly entered into prior to the Closing Date, Viacom will not, and will not permit any of its Material Subsidiaries to, directly or indirectly enter into any material transaction with any Affiliate of Viacom except on terms at least as favorable to Viacom or such Subsidiary as it could obtain on an arm's-length basis.

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ARTICLE VI EVENTS OF DEFAULT

In case of the happening of any of the following events ("*Events of Default*"):

- (a) (i) any Borrower shall default in the payment when due of any principal of any Loan or (ii) any Borrower shall default in the payment when due of any interest on any Loan, any Fee or any other amount payable by it hereunder and, in the case of this clause (ii), such default shall continue unremedied for a period of five Business Days;
- (b) any representation, warranty or certification made or deemed made herein (or in any modification or supplement hereto) by any Borrower, or any certificate furnished to any Lender or the Administrative Agent pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made, deemed made or furnished;
- (c) (i) Viacom shall default in the performance of any of its obligations under Sections 5.7 or 5.8, (ii) Viacom shall default in the performance of any of its obligations under Section 5.4 and, in the case of this clause (ii), such default shall continue unremedied for a period of 5 days after notice thereof to Viacom by the Administrative Agent or the Required Lenders (through the Administrative Agent) or (iii) Viacom shall default in the performance of any of its other obligations under this Agreement and, in the case of this clause (iii), such default shall continue unremedied for a period of 15 days after notice thereof to Viacom by the Administrative Agent or the Required Lenders (through the Administrative Agent);
- (d) Viacom or any of its Subsidiaries shall (i) fail to pay at final maturity any Indebtedness in an aggregate amount in excess of \$250,000,000, or (ii) fail to make any payment (whether of principal, interest or otherwise), regardless of amount, due in respect of, or fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing, any such Indebtedness, in excess of \$250,000,000 if the effect of any failure referred to in this clause (ii) has caused such Indebtedness to become due prior to its stated maturity (it being agreed that for purposes of this paragraph (d) only, the term "*Indebtedness*" shall include obligations under any interest rate protection agreement, foreign currency exchange agreement or other interest or exchange rate hedging agreement and that the amount of any Person's obligations under any such agreement shall be the net amount that such Person could be required to pay as a result of a termination thereof by reason of a default thereunder);
- (e) Viacom or any of its Material Subsidiaries shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due;
- (f) Viacom or any of its Material Subsidiaries shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization,

winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vi) take any corporate action for the purpose of effecting any of the foregoing;

(g) a proceeding or a case shall be commenced, without the application or consent of Viacom or any of its Material Subsidiaries, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of Viacom or such Material Subsidiary or of all or any substantial part of its assets or (iii) similar relief in respect of Viacom or such Material Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue

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unstayed and in effect, for a period of 60 or more days; or an order for relief against Viacom or such Material Subsidiary shall be entered in an involuntary case under the Bankruptcy Code;

(h) subject to Schedule VI(h), a final judgment or judgments for the payment of money in excess of \$250,000,000 in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against Viacom and/or any of its Material Subsidiaries and the same shall not be paid or discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and Viacom or the relevant Material Subsidiary shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal;

(i) an event or condition specified in Section 5.1(e) shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, Viacom or any ERISA Affiliate shall incur or shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or PBGC (or any combination of the foregoing) which would constitute a Material Adverse Effect; or

(j) The guarantee (i) by Viacom contained in Section 8.1 shall cease, for any reason, to be in full force and effect or Viacom shall so assert or (ii) by Viacom International contained in Section 8.2 shall cease, for any reason except pursuant to Section 8.2(g), to be in full force and effect or Viacom International shall so assert;

then and in every such event (other than an event with respect to Viacom described in paragraph (f) or (g) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to Viacom, take any or all of the following actions, at the same or different times: (I) terminate forthwith the Commitments and (II) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of each Borrower accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding; and in any event with respect to any Borrower described in paragraph (f) or (g) above, (A) if such Borrower is Viacom, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of each Borrower accrued hereunder, shall automatically become due and payable and (B) if such Borrower is a Subsidiary Borrower, the principal of the Loans made to such Subsidiary Borrower then outstanding, together with accrued interest thereon and all other liabilities of such Subsidiary Borrower accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VII THE AGENTS

In order to expedite the transactions contemplated by this Agreement, each Agent is hereby appointed to act as Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received, (b) to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default

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specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by the Administrative Agent.

Neither any Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by any Borrower of any of the terms, conditions, covenants or agreements contained in this Agreement. The Agents shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders (or, when expressly required hereby, all the Lenders) and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Agents nor any of their directors, officers, employees or agents shall have any responsibility to any Borrower on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Agent, any other Lender or any Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint from the Lenders a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint from the Lenders a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an affiliate of any such bank, which successor shall be acceptable to Viacom (such acceptance not to be unreasonably withheld). Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.5 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by them hereunder, the Agents in their individual capacity and not as Agents shall have the same rights and powers as any other Lender and may exercise the same as though they were not Agents, and the Agents and their affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any of their respective Subsidiaries or any Affiliate thereof as if they were not Agents.

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Each Lender agrees (i) to reimburse the Administrative Agent in the amount of its *pro rata* share (based on its Total Facility Percentage or, after the date on which the Loans shall have been paid in full, based on its Total Facility Percentage immediately prior to such date) of any reasonable, out-of-pocket expenses incurred for the benefit of the Lenders by the Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by or on behalf of any Borrower and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, in the amount of such *pro rata* share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by it under this Agreement, to the extent the same shall not have been reimbursed by or on behalf of Viacom; *provided*, that no Lender shall be liable to the Administrative Agent or any such director, officer, employee or agent for any portion of such liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents.

Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Neither the Syndication Agent, the Co-Documentation Agents, the Joint Lead Arrangers nor any managing agent shall have any duties or responsibilities hereunder in its capacity as such.

ARTICLE VIII GUARANTEES

SECTION 8.1. Viacom Guarantee. (a) *Guarantee.* In order to induce the Administrative Agent and the Lenders to become bound by this Agreement and to make the Loans hereunder to the Subsidiary Borrowers, and in consideration thereof, Viacom hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Administrative Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance by each Subsidiary Borrower when due (whether at stated maturity, by acceleration or otherwise) of the Subsidiary Borrower Obligations, and Viacom further agrees to pay any and all expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel) which may be paid or incurred by the Administrative Agent or by the Lenders in enforcing, or obtaining advice of counsel in respect of, any of their rights under the guarantee contained in this Section 8.1(a). The guarantee contained in this Section 8.1(a), subject to Section 8.1(e), shall remain in full force and effect until the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto any Subsidiary Borrower may be free from any Subsidiary Borrower Obligations. Viacom agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability under this Section 8.1, it will notify the Administrative Agent and such Lender in writing that such payment is made under the guarantee contained in this Section 8.1 for such purpose. No payment or payments made by any Subsidiary Borrower or any other Person or received or collected by the Administrative Agent or any Lender from any Subsidiary Borrower or any other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Subsidiary Borrower Obligations shall

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be deemed to modify, reduce, release or otherwise affect the liability of Viacom under this Section 8.1 which, notwithstanding any such payment or payments, shall remain liable for the unpaid and outstanding Subsidiary Borrower Obligations until, subject to Section 8.1(e), the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated. Notwithstanding any other provision herein, the maximum liability of Viacom under this Section 8.1 shall in no event exceed the amount which can be guaranteed by Viacom under applicable law.

(b) *No Subrogation, etc.* Notwithstanding any payment or payments made by Viacom hereunder, or any setoff or application of funds of Viacom by the Administrative Agent or any Lender, Viacom shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against any Subsidiary Borrower or against any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Subsidiary Borrower Obligations, nor shall Viacom seek or be entitled to seek any contribution, reimbursement, exoneration or indemnity from or against any Subsidiary Borrower in respect of payments made by Viacom hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Subsidiary Borrowers on account of the Subsidiary Borrower Obligations are paid in full and the Commitments are terminated. So long as the Subsidiary Borrower Obligations remain outstanding, if any amount shall be paid by or on behalf of any Subsidiary Borrower or any other Person to Viacom on account of any of the rights waived in this Section 8.1, such amount shall be held by Viacom in trust, segregated from other funds of Viacom, and shall, forthwith upon receipt by Viacom, be turned over to the Administrative Agent in the exact form received by Viacom (duly indorsed by Viacom to the Administrative Agent, if required), to be applied against the Subsidiary Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

(c) *Amendments, etc. with respect to the Subsidiary Borrower Obligations.* Viacom shall remain obligated under this Section 8.1 notwithstanding that, without any reservation of rights against Viacom, and without notice to or further assent by Viacom, any demand for payment of or reduction in the principal amount of any of the Subsidiary Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender, and any of the Subsidiary Borrower Obligations continued, and the Subsidiary Borrower Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, as the Required Lenders (or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Subsidiary Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Subsidiary Borrower Obligations or for the guarantee contained in this Section 8.1 or any property subject thereto.

(d) *Guarantee Absolute and Unconditional.* Viacom waives any and all notice of the creation, renewal, extension or accrual of any of the Subsidiary Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 8.1 or acceptance of the guarantee contained in this Section 8.1; the Subsidiary Borrower Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 8.1; and all dealings between Viacom or the Subsidiary Borrowers, on the one hand, and the Administrative Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 8.1. Viacom waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Viacom or any Subsidiary Borrower with respect to the Subsidiary Borrower Obligations. The guarantee contained in this

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Section 8.1 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Subsidiary Borrower Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) the legality under applicable requirements of law of repayment by the relevant Subsidiary Borrower of any Subsidiary Borrower Obligations or the adoption of any requirement of law purporting to render any Subsidiary Borrower Obligations null and void, (c) any defense, setoff or counterclaim (other than a defense of payment or performance by the applicable Subsidiary Borrower) which may at any time be available to or be asserted by Viacom against the Administrative Agent or any Lender, or (d) any other circumstance whatsoever (with or without notice to or knowledge of Viacom or any Subsidiary Borrower) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Subsidiary Borrower for any of its Subsidiary Borrower Obligations, or of Viacom under the guarantee contained in this Section 8.1, in bankruptcy or in any other instance. When the Administrative Agent or any Lender is pursuing its rights and remedies under this Section 8.1 against Viacom, the Administrative Agent or any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Subsidiary Borrower or any other Person or against any collateral security or guarantee for the Subsidiary Borrower Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from any Subsidiary Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Subsidiary Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve Viacom of any liability under this Section 8.1, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against Viacom.

(e) *Reinstatement.* The guarantee contained in this Section 8.1 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Subsidiary Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Subsidiary Borrower or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Subsidiary Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

(f) *Payments.* Viacom hereby agrees that any payments in respect of the Subsidiary Borrower Obligations pursuant to this Section 8.1 will be paid to the Administrative Agent without setoff or counterclaim in Dollars at the office of the Administrative Agent specified in Section 9.1.

SECTION 8.2. Viacom International Guarantee. (a) *Guarantee.* In order to induce the Administrative Agent and the Lenders to become bound by this Agreement and to make the Loans hereunder to Viacom, and in consideration thereof, Viacom International hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Administrative Agent, for the ratable benefit of the Lenders, the prompt and complete payment and performance by Viacom when due (whether at stated maturity, by acceleration or otherwise) of the Viacom Obligations, and Viacom International further agrees to pay any and all expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel) which may be paid or incurred by the Administrative Agent or by the Lenders in enforcing, or obtaining advice of counsel in respect of, any of their rights under the guarantee contained in this Section 8.2(a). The guarantee contained in this Section 8.2(a), subject to Section 8.2(e), shall remain in full force and effect until the Viacom Obligations are paid in full and the Commitments are terminated, notwithstanding that from time to time prior thereto Viacom may be free from any Viacom Obligations. Viacom International agrees that whenever, at any time, or from time to time, it shall make any payment to the Administrative Agent or any Lender on account of its liability under this Section 8.2, it will notify the Administrative Agent and such Lender in writing that such payment is made under the guarantee contained in this Section 8.2 for

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such purpose. No payment or payments made by Viacom or any other Person or received or collected by the Administrative Agent or any Lender from Viacom or any other Person by virtue of any action or proceeding or any setoff or appropriation or application, at any time or from time to time, in reduction of or in payment of the Viacom Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of Viacom International under this Section 8.2 which, notwithstanding any such payment or payments, shall remain liable for the unpaid and outstanding Viacom Obligations until, subject to Section 8.2(e), the Viacom Obligations are paid in full and the Commitments are terminated. Notwithstanding any other provision herein, the maximum liability of Viacom International under this Section 8.2 shall in no event exceed the amount which can be guaranteed by Viacom International under applicable law.

(b) *No Subrogation, etc.* Notwithstanding any payment or payments made by Viacom International hereunder, or any setoff or application of funds of Viacom International by the Administrative Agent or any Lender, Viacom International shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against Viacom or against any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Viacom Obligations, nor shall Viacom International seek or be entitled to seek any contribution, reimbursement, exoneration or indemnity from or against Viacom in respect of payments made by Viacom International hereunder, until all amounts owing to the Administrative Agent and the Lenders by Viacom on account of the Viacom Obligations are paid in full and the Commitments are terminated. So long as the Viacom Obligations remain outstanding, if any amount shall be paid by or on behalf of Viacom or any other Person to Viacom International on account of any of the rights waived in this Section 8.2, such amount shall

be held by Viacom International in trust, segregated from other funds of Viacom International, and shall, forthwith upon receipt by Viacom International, be turned over to the Administrative Agent in the exact form received by Viacom International (duly indorsed by Viacom International to the Administrative Agent, if required), to be applied against the Viacom Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

(c) *Amendments, etc. with respect to the Viacom Obligations.* Viacom International shall remain obligated under this Section 8.2 notwithstanding that, without any reservation of rights against Viacom International, and without notice to or further assent by Viacom International, any demand for payment of or reduction in the principal amount of any of the Viacom Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender, and any of the Viacom Obligations continued, and the Viacom Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, as the Required Lenders (or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Viacom Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any lien at any time held by it as security for the Viacom Obligations or for the guarantee contained in this Section 8.2 or any property subject thereto.

(d) *Guarantee Absolute and Unconditional.* Viacom International waives any and all notice of the creation, renewal, extension or accrual of any of the Viacom Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 8.2 or acceptance of the guarantee contained in this Section 8.2; the Viacom Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 8.2; and all dealings between Viacom

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International or Viacom, on the one hand, and the Administrative Agent and the Lenders, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 8.2. Viacom International waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Viacom International or Viacom with respect to the Viacom Obligations. The guarantee contained in this Section 8.2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Viacom Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) the legality under applicable requirements of law of repayment by Viacom of any Viacom Obligations or the adoption of any requirement of law purporting to render any Viacom Obligations null and void, (c) any defense, setoff or counterclaim (other than a defense of payment or performance by Viacom) which may at any time be available to or be asserted by Viacom International against the Administrative Agent or any Lender, or (d) any other circumstance whatsoever (with or without notice to or knowledge of Viacom International or Viacom) which constitutes, or might be construed to constitute, an equitable or legal discharge of Viacom for any of its Viacom Obligations, or of Viacom International under the guarantee contained in this Section 8.2, in bankruptcy or in any other instance. When the Administrative Agent or any Lender is pursuing its rights and remedies under this Section 8.2 against Viacom International, the Administrative Agent or any Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against Viacom or any other Person or against any collateral security or guarantee for the Viacom Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to pursue such other rights or remedies or to collect any payments from Viacom or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Viacom or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve Viacom International of any liability under this Section 8.2, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent and the Lenders against Viacom International.

(e) *Reinstatement.* The guarantee contained in this Section 8.2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Viacom Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Viacom or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Viacom or any substantial part of its property, or otherwise, all as though such payments had not been made.

(f) *Payments.* Viacom International hereby agrees that any payments in respect of the Viacom Obligations pursuant to this Section 8.2 will be paid to the Administrative Agent without setoff or counterclaim in Dollars at the office of the Administrative Agent specified in Section 9.1.

(g) *Release of Guarantee.* Notwithstanding the foregoing, the guarantee contained in this Section 8.2 shall be released on the earlier of the date on which (i) all notes, debentures and bonds now or hereafter issued by Viacom which carry a Viacom International guarantee (the "Bonds") are paid in full and (ii) the guarantee of Viacom International with respect to the Bonds is released. On such date, this Section 8.2, including without limitation Section 8.2(e), shall be deemed to have no legal effect whatsoever.

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ARTICLE IX MISCELLANEOUS

SECTION 9.1. *Notices.* Notices and other communications provided for herein shall be in writing (or, where permitted to be made by telephone, shall be confirmed promptly in writing) and shall be delivered by hand or overnight courier service, mailed or sent by telecopier as follows:

(a) if to Viacom, to it at Viacom Inc., 1515 Broadway, New York, New York 10036, Attention of Vice President and Treasurer (Telecopy No. (212) 846-1896), with a copy to General Counsel (Telecopy No. (212) 258-6099);

(b) if to Viacom International, to it c/o Viacom Inc., 1515 Broadway, New York, New York 10036, Attention of Vice President and Treasurer (Telecopy No. (212) 846-1896), with a copy to General Counsel (Telecopy No. (212) 258-6099);

(c) if to the Administrative Agent, to it at JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention: James Stone (Telecopy No. (212) 270-4584), with a copy to JPMorgan Chase Bank, One Chase Manhattan Plaza, New York, New York, 10080, Attention: Debra Rockower (Telecopy No. (212) 552-2261);

(d) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 1.1 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto; and

(e) if to a Subsidiary Borrower, to it at its address set forth in the relevant Subsidiary Request.

Notwithstanding the foregoing, each of Viacom, any other Borrower, the Administrative Agent and any Lender may, in its discretion, provide any notice, report or other information to be provided under this Agreement to a Lender by (i) electronic mail to the electronic mail address provided by such Lender in its Administrative Questionnaire and/or (ii) through access to a web site. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on (A) the date of receipt if delivered by hand or overnight courier service or sent by telecopy or electronic mail, (B) the date of posting if given by web site access, (C) the date of such telephone call, if permitted by the terms hereof and if promptly confirmed in writing, or (D) on the date five Business Days after dispatch by registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.1 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.1.

SECTION 9.2. *Survival of Agreement.* All representations and warranties made hereunder and in any certificate delivered pursuant hereto or in connection herewith shall be considered to have been relied upon by the Agents and the Lenders and shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder, regardless of any investigation made by the Agents or the Lenders or on their behalf.

SECTION 9.3. *Binding Effect.* This Agreement shall be binding upon and inure to the benefit of each Borrower, each Agent and each Lender and their respective successors and assigns, except that Viacom shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 9.4. *Successors and Assigns.* (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of each Borrower, any Agent or any Lender that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided, however*, that (i) except in the case of an assignment to a Lender or a

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Lender Affiliate (other than if at the time of such assignment, such Lender or Lender Affiliate would be entitled to require any Borrower to pay greater amounts under Section 2.17(a) than if no such assignment had occurred, in which case such assignment shall be subject to the consent requirement of this clause (i)), Viacom and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed), (ii) (x) except in the case of assignments to any Person that is a Lender prior to giving effect to such assignment, the amount of the aggregate Commitments and/or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 and (y) the amount of the aggregate Commitments and/or Loans retained by any assigning Lender (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000, unless (in the case of clause (x) or (y) above) the assigning Lender's Commitment and Loans are being reduced to \$0 pursuant to such assignment, (iii) the assignor and assignee shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500 and (iv) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to Section 9.4(e), from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof (or any lesser period to which the Administrative Agent and Viacom may agree), (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.12, 2.13, 2.17 and 9.5, as well as to any Fees accrued for its account hereunder and not yet paid)).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim created by such assigning Lender, (ii) except as set forth in clause (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or the financial condition of Viacom or any of its Subsidiaries or the performance or observance by Viacom or any of its Subsidiaries of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 3.2 and 5.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Agent or Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

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(d) The Administrative Agent, acting for this purpose as agent of each Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive in the absence of manifest error and each Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of Viacom and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to Viacom.

(f) Each Lender may without the consent of any Borrower or the Agents sell participations to one or more banks, other financial institutions or other entities (*provided*, that any such other entity is not a competitor of Viacom or any Affiliate of Viacom) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); *provided, however*, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks, financial institutions or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.12, 2.13 and 2.17 to the same extent as if they were Lenders (*provided*, that additional amounts payable to any Lender pursuant to Section 2.17 shall be determined as if such Lender had not sold any such participations) and (iv) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of each Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or of Facility Fees, increasing the amount of or extending the Commitments or releasing the guarantee contained in Section 8.1 or 8.2 (except in accordance with Section 8.2(g)), in each case to the extent the relevant participant is directly affected thereby).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.4, disclose to the assignee or participant or proposed assignee or participant any information relating to any Borrower furnished to such Lender by or on behalf of such Borrower; *provided*, that, prior to any such disclosure of information designated by such Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute a Confidentiality Agreement whereby such assignee or participant shall agree (subject to the exceptions set forth therein) to preserve the confidentiality of such confidential information. A copy of each such Confidentiality Agreement executed by an assignee shall be promptly furnished to Viacom.

(h) Notwithstanding the limitations set forth in paragraph (b) above, (i) any Lender may at any time assign or pledge all or any portion of its rights under this Agreement to a Federal Reserve Bank and (ii) any Lender which is a "fund" may at any time assign or pledge all or any portion of its rights under this Agreement to secure such Lender's indebtedness, in each case without the prior written consent of any Borrower or the Administrative Agent; *provided*, that each such assignment shall be made in accordance with applicable law and no such assignment shall release a Lender from any of its

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obligations hereunder. In order to facilitate any such assignment, each Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a registered promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the relevant Borrower, the option to provide to such Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to such Borrower pursuant to this Agreement; *provided*, that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section, any SPC may (i) with notice to, but without the prior written consent of, the relevant Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by such Borrower and the Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section may not be amended without the written consent of any SPC which has been identified as such by the Granting Bank to the Administrative Agent and the relevant Borrower and which then holds any Loan pursuant to this paragraph (i).

(j) Neither Viacom nor any Subsidiary Borrower shall assign or delegate any of its rights or duties hereunder without the prior consent of all the Lenders; *provided*, Viacom may assign or delegate any of its rights or duties hereunder (excepting its rights and duties pursuant to Section 8.1) to any Subsidiary Borrower and any Subsidiary Borrower may assign or delegate any of its rights or duties hereunder to Viacom or (excepting Viacom International's rights and duties pursuant to 8.2) to any other Subsidiary Borrower, in each case without the prior consent of the Lenders unless such assignment would adversely affect the Lenders; *provided, further*, Viacom may and any Subsidiary Borrower may assign or delegate any of its rights and duties hereunder pursuant to a merger or consolidation permitted by Section 5.4(b) or (d) without the prior consent of the Lenders.

SECTION 9.5. *Expenses; Indemnity.* (a) Viacom agrees to pay all reasonable legal and other out-of-pocket expenses incurred by JP Morgan Securities Inc., in its capacity as a Joint Lead Arranger and in its capacity as Sole Bookrunner, and the Administrative Agent and their respective affiliates in connection with the preparation, negotiation, execution and delivery of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by any Agent, any Lender in connection with the enforcement or protection of the rights of the Agents, the Lenders under this Agreement or in connection with the Loans made hereunder, including, without limitation, the reasonable fees, charges and disbursements of Hughes Hubbard & Reed LLP, counsel for JP Morgan Securities Inc., in its capacity as a Joint Lead Arranger and in its capacity as Sole Bookrunner, and the

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Administrative Agent, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for any Agent or Lender.

(b) Viacom agrees to indemnify and hold harmless each Agent, each Lender and each of their respective directors, officers, employees, affiliates and agents (each, an "Indemnified Person") against, and to reimburse each Indemnified Person, upon its demand, for, any losses, claims, damages, liabilities or other expenses ("Losses") to which such Indemnified Person becomes subject insofar as such Losses arise out of or in any way relate to or result from (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby (and any amendment hereto or thereto), the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby or (ii) the use (or proposed use) of the proceeds of the Loans, including, without limitation, Losses consisting of reasonable legal, settlement or other expenses incurred in

connection with investigating, defending or participating in any legal proceeding relating to any of the foregoing (whether or not such Indemnified Person is a party thereto); *provided*, that the foregoing will not apply to any Losses to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. No Indemnified Person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems (*provided*, that the foregoing will not apply to any Losses to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person).

(c) The provisions of this Section 9.5 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of any Agent or Lender. All amounts under this Section 9.5 shall be payable on written demand therefor.

SECTION 9.6. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Agent and each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent or Lender to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower now or hereafter existing under this Agreement or the Administrative Agent Fee Letter held by such Agent or Lender which shall be due and payable. The rights of each Agent and each Lender under this Section 9.6 are in addition to other rights and remedies (including other rights of setoff) which such Agent or Lender may have.

SECTION 9.7. *APPLICABLE LAW.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.8. *Waivers; Amendment.* (a) No failure or delay of any Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agents and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower from any such provision shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances.

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(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement in writing entered into by the Borrowers and the Required Lenders; *provided, however*, that no such agreement shall (i) reduce the amount or extend the scheduled date of maturity of any Loan or of any installment thereof, interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Commitment of any Lender, in each case without the prior written consent of each Lender directly affected thereby; (ii) amend, modify or waive any provision of this Section 9.8(b), or reduce the percentage specified in the definition of "Required Lenders", release the guarantee contained in Section 8.1 or 8.2 (except in accordance with Section 8.2(g)) or consent to the assignment or delegation by Viacom or any Subsidiary Borrower of any of its rights and obligations under this Agreement (except (A) by Viacom (excepting its rights and duties pursuant to Section 8.1) to any Subsidiary Borrower or (B) by any Subsidiary Borrower to Viacom or (excepting Viacom International's rights and duties pursuant to Section 8.2) to any other Subsidiary Borrower and as set forth in Section 9.4(j)), in each case without the prior written consent of all the Lenders; or (iii) amend, modify or waive any provision of Article VII without the prior written consent of each Agent affected thereby; *provided, further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder in such capacity without the prior written consent of the Administrative Agent.

SECTION 9.9. *Entire Agreement.* This Agreement (together with the Subsidiary Borrower Designations and the Subsidiary Borrower Requests) constitutes the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.10. *Waiver of Jury Trial.* Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 9.10.

SECTION 9.11. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.12. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.3.

SECTION 9.13. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.14. *Jurisdiction; Consent to Service of Process.* (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its Property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby

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irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such 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. Each Subsidiary Borrower designates and directs Viacom at its offices at 1515 Broadway, New York, New York 10036, as its agent to receive service of any and all process and documents on its behalf in any legal action or proceeding referred to in this Section 9.14 in the State of New York and agrees that service upon such agent shall constitute valid and effective service upon such Subsidiary Borrower and that failure of Viacom to give any notice of such service to any Subsidiary Borrower shall not affect or impair in any way the validity of such service or of any judgment rendered in any action or proceeding based thereon. Nothing in this Agreement shall affect any right that any Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Borrower or its Properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.15. *Confidentiality.* (a) Each Lender agrees to keep confidential and not to disclose (and to cause its affiliates, officers, directors, employees, agents and representatives to keep confidential and not to disclose) and, at the request of Viacom (except as provided below or if such Lender is required to retain any Confidential Information (as defined below) pursuant to customary internal or banking practices, bank regulations or applicable law), promptly to return to Viacom or destroy the Confidential Information and all copies thereof, extracts therefrom and analyses or other materials based thereon, except that such Lender shall be permitted to disclose Confidential Information (i) to such of its officers, directors, employees, agents, affiliates and representatives as need to know such Confidential Information in connection with such Lender's participation in this Agreement, each of whom shall be informed by such Lender of the confidential nature of the Confidential Information and shall agree to be bound by the terms of this Section 9.15; (ii) to the extent required by applicable laws and regulations or by any subpoena or similar legal process or requested by any Governmental Authority or agency having jurisdiction over such Lender; *provided, however,* that, except in the case of disclosure to bank regulators or examiners in accordance with customary banking practices, if legally permitted written notice of each instance in which Confidential Information is required or requested to be disclosed shall be furnished to Viacom not less than 30 days prior to the expected date of such disclosure or, if 30 days' notice is not practicable under the circumstances, as promptly as practicable under the circumstances; (iii) to the extent such Confidential Information (A) is or becomes publicly available other than as a result of a breach of this Agreement, (B) becomes available to such Lender on a non-confidential basis from a source other than a party to this Agreement or any other party known to such Lender to be bound by an agreement containing a provision similar to this Section 9.15 or (C) was available to such Lender on a non-confidential basis prior to this disclosure to such Lender by a party to this Agreement or any other party known to such Lender to be bound by an agreement containing a provision similar to this Section 9.15; (iv) as permitted by Section 9.4(g); or (v) to the extent Viacom shall have consented to such disclosure in writing. As used in this Section 9.15, "*Confidential Information*" shall mean any materials, documents or

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information furnished by or on behalf of any Borrower in connection with this Agreement designated by or on behalf of such Borrower as confidential.

(b) Each Lender (i) agrees that, except to the extent the conditions referred to in subclause (A), (B) or (C) of clause (iii) of paragraph (a) above have been met and as provided in paragraph (c) below, (A) it will use the Confidential Information only in connection with its participation in this Agreement and (B) it will not use the Confidential Information in connection with any other matter or in a manner prohibited by any law, including, without limitation, the securities laws of the United States and (ii) understands that breach of this Section 9.15 might seriously prejudice the interest of the Borrowers and that the Borrowers are entitled to equitable relief, including an injunction, in the event of such breach.

(c) Notwithstanding anything to the contrary contained in this Section 9.15, each Agent and each Lender shall be entitled to retain all Confidential Information for so long as it remains an Agent or a Lender to use solely for the purposes of servicing the credit and protecting its rights hereunder.

SECTION 9.16. *Waiver of Notice of Termination Period.* By its execution of this Agreement, each Lender hereby waives any right to notice of termination, or any notice period with respect to the termination, of the Existing Credit Agreement that such Lender may have had under the Existing Credit Agreement.

SECTION 9.17. *Consent to Amendments to Five-Year Credit Agreement and Amended and Restated Infinity Credit Agreement.* By its execution of this Agreement, each Lender hereby consents to and approves each of (a) Amendment No. 2 to the Five-Year Credit Agreement, the form of which is attached hereto as Exhibit H, and (b) Amendment No. 1 to the Amended and Restated Infinity Credit Agreement, the form of which is attached hereto as Exhibit I, and hereby authorizes JPMorgan Chase Bank, in its capacity as Administrative Agent under each of the Five-Year Credit Agreement and the Amended and Restated Infinity Credit Agreement, to execute such Amendment No. 2 and Amendment No. 1, respectively, on behalf of such Lender.

[Remainder of the page left blank intentionally; Signature page to follow.]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

VIACOM INC.

By: /s/ ROBERT G. FREEDLINE

Name: Robert G. Freedline
Title: Senior Vice President and Treasurer

VIACOM INTERNATIONAL INC.

By: /s/ ROBERT G. FREEDLINE

Name: Robert G. Freedline
Title: Vice President and Treasurer

JPMORGAN CHASE BANK, as Administrative Agent and as a Lender

By: /s/ JAMES STONE

Name: James Stone
Title: Managing Director

SALOMON SMITH BARNEY INC., as Syndication Agent

By: /s/ CAROLYN KEE

Name: Carolyn Kee
Title: Managing Director

BANK OF AMERICA, N.A., as Co-Documentation Agent and as a Lender

By: /s/ THOMAS J. KANE

Name: Thomas J. Kane
Title: Principal

THE BANK OF TOKYO-MITSUBISHI, LTD., NEW YORK BRANCH, as Co-Documentation Agent and as a Lender

By: /s/ LILLIAN KIM

Name: Lillian Kim
Title: Authorized Signatory

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DEUTSCHE BANK SECURITIES, INC., as Co-Documentation Agent

By: /s/ WILLIAM W. MCGINTY

/s/ CHRISTOPHER S. HALL

Name: William W. McGinty
Title: Director

Christopher S. Hall
Managing Director

CITIBANK, N.A., as a Lender

By: /s/ ELIZABETH H. MINNELLA

Name: Elizabeth H. Minnella
Title: Director & VP

DEUTSCHE BANK AG, NEW YORK BRANCH, as a Lender

By: /s/ WILLIAM W. MCGINTY

/s/ CHRISTOPHER S. HALL

Name: William W. McGinty
Title: Director

Christopher S. Hall
Managing Director

SUMITOMO MITSUI BANKING CORPORATION (as successor to The Sumitomo Bank, Limited), as a Lender

By: /s/ LEO E. PAGARIGAN

Name: Leo E. Pagarigan
Title: Senior Vice President

By: /s/ DAVID W. KEE

Name: David W. Kee
Title: Vice President

ABN AMRO BANK N.V., as a Lender

By: /s/ FRANCES O'R. LOGAN

Name: Frances O'R. Logan
Title: Senior Vice President

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ BRENDA S. INSULL

Name: Brenda S. Insull
Title: Authorized Signatory

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BANK ONE, NA, as a Lender

By: /s/ JENNIFER L. JONES

Name: Jennifer L. Jones
Title: Director

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES, as a Lender

By: /s/ MICHAEL S. GREENBERG

Name: Michael S. Greenberg
Title: Vice President

By: /s/ WILLIAM E. LAMBERT

Name: William E. Lambert
Title: Vice President

BARCLAYS BANK PLC, as a Lender

By: /s/ L. PETER YETMAN

Name: L. Peter Yetman
Title: Director

MIZUHO CORPORATE BANK, LTD., as a Lender

By: /s/ RAYMOND VENTURA

Name: Raymond Ventura
Title: Senior Vice President

CREDIT SUISSE FIRST BOSTON, as a Lender

By: /s/ SOVANNA DAY-GOINS /s/ DOREEN B. WELCH

Name: Sovanna Day-Goins
Title: Vice President

Doreen B. Welch
Associate

MELLON BANK, N.A., as a Lender

By: /s/ RAGHUNATHA REDDY

Name: Raghunatha Reddy
Title: Lending Officer

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THE ROYAL BANK OF SCOTLAND PLC, as a Lender

By: /s/ DAVID A. LUCAS

Name: David A. Lucas
Title: Senior Vice President

WESTLB AG, NEW YORK BRANCH, as a Lender

By: /s/ SALVATORE BATTINELLI /s/ RICHARD J. PEARSE

Name: Salvatore Battinelli
Title: Managing Director

Richard J. Pearse
Executive Director

LLOYDS TSB BANK PLC, as a Lender

By: /s/ WINDSOR R. DAVIES

Name: Windsor R. Davies
Title: Director, Corporate
Banking USA

Lisa Maguire
Assistant Vice President
Corporate Banking USA

UBS AG, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ WILFRED V. SAINT

Name: Wilfred V. Saint
Title: Associate Director Banking Products

By: /s/ [ILLEGIBLE]

Name:
Title:

THE BANK OF NEW YORK, as a Lender

By: /s/ JOHN R. CIULLA

Name: John R. Ciulla
Title: Vice President

NATIONAL AUSTRALIA BANK LIMITED, as a Lender

By: /s/ EDUARDO SALAZAR

Name: Eduardo Salazar
Title: Head, TMT—Americas

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FLEET NATIONAL BANK, as a Lender

By: /s/ LAURA NEENAN

Name: Laura Neenan
Title: Vice President

MERRILL LYNCH BANK USA, as a Lender

By: /s/ LOUIS ALDER

Name: Louis Alder
Title: Vice President

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VIACOM INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(In millions except ratios)

	Twelve Months Ended December 31,				
	2002	2001	2000	1999	1998
Earnings before income taxes	\$ 3,734.2	\$ 776.3	\$ 560.6	\$ 780.0	\$ 10.7
Add:					
Share in income (loss) of fifty-percent-owned affiliates and distributed income of affiliated companies	13.9	9.6	32.5	(49.0)	(51.5)
Interest expense, net of capitalized interest	860.4	976.3	842.5	461.0	631.2
Capitalized interest amortized	—	—	2.2	5.7	11.5
1/3 of rental expense	335.5	348.8	298.2	213.8	186.8
Total Earnings	\$ 4,944.0	\$ 2,111.0	\$ 1,736.0	\$ 1,411.5	\$788.7
Fixed charges:					
Interest expense, net of capitalized interest	\$ 860.4	\$ 976.3	\$ 842.5	\$ 461.0	\$631.2
1/3 of rental expense	335.5	348.8	298.2	213.8	186.8
Total fixed charges	\$ 1,195.9	\$ 1,325.1	\$ 1,140.7	\$ 674.8	\$818.0
Preferred Stock dividend requirements	—	—	—	0.8	118.2
Total fixed charges and Preferred Stock dividend requirements	\$ 1,195.9	\$ 1,325.1	\$ 1,140.7	\$ 675.6	\$936.2
Ratio of earnings to fixed charges	4.1x	1.6x	1.5x	2.1x	Note a
Ratio of earnings to combined fixed charges and Preferred Stock dividend requirements	4.1x	1.6x	1.5x	2.1x	Note b

Note:

- (a) Earnings are inadequate to cover fixed charges. The dollar amount of the cover deficiency is \$29.3 in 1998.
- (b) Earnings are inadequate to cover fixed charges. The dollar amount of the cover deficiency is \$147.5 in 1998.

Subsidiaries of Viacom Inc. are listed below.

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
1020917 Ontario Inc.	Canada (Ontario)
13 Radio Corporation	Delaware
176309 Canada Inc.	Canada (Federal)
2 Day Video, Inc.	Texas
2 Day Video, Inc. of Georgia	Georgia
24 th Floor Inc.	Canada (Ontario)
2gether Productions Inc.	Canada (B.C.)
37th Floor Productions Inc.	Delaware
38 th Floor Productions Inc.	Delaware
5555 Communications Inc.	Delaware
559733 British Columbia Ltd.	Canada (B.C.)
730806 Alberta Ltd.	Canada (Alberta)
730995 Ontario Inc.	Canada (Ontario)
779991 Ontario Inc.	Canada (Ontario)
90210 Productions, Inc.	California
A.S. Payroll Company	California
Aaron Spelling Productions, Inc.	California
Abaco Farms, Limited	Bahamas
Addax Music Co., Inc.	Delaware
Administradora de Anuncios Comerciales, S.A.de C.A.	Mexico
Aetrax International Corporation	Delaware
Affichage Methfessel	France
Affilog S.A.R.L.	France
After School Productions Inc.	Delaware
Agency Films Inc.	Canada (Ontario)
Ages Electronics, Inc.	Delaware
Ages Entertainment Software, Inc.	Delaware
Ainsa de Mexico, S.A. de C.V.	Mexico
Alfie Films Inc.	Canada (Ontario)
All Media Inc.	Delaware
Alspec B.V.	Netherlands
ALTSIM Inc.	Delaware
Amadea Film Productions, Inc.	Texas
Amanda Productions Inc.	Canada (Ontario)
Amazing Race Productions Inc.	Delaware
Ananda Lewis Show Inc., The	California
Anastasia Advertising Art, Inc.	Florida
Antics G.P. Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
Antics Inc.	Delaware
A-R Acquisition Corp.	Delaware
Ardnasillagh Ltd.	Ireland
Are We Having Fun Yet? Productions	Canada (B.C.)
Aros N.V.	Switzerland
Around the Block Productions, Inc.	Delaware
Artcraft Productions Inc.	Delaware
Aspenfair Music, Inc.	California
Atlanta Bus Shelters	Georgia
Atlantic Associates, Inc.	Delaware
Atlantic Prospect, Inc.	New York
ATR Films Inc.	Canada (Ontario)
Audio House, Inc., The	California
Avery Productions Inc.	Delaware
BAPP Acquisition Corp.	Delaware
Bardwire Inc.	Delaware
Bay County Energy Systems, Inc.	Delaware
Bay Resource Management, Inc.	Delaware
Belhaven Limited	Bahamas
BET Acquisition Corp.	Delaware
BET Animations, LLC	Delaware
BET Arabesque, LLC	Delaware
BET Comic View Inc.	Delaware
BET Creations, Inc.	Delaware
BET Development Company	Delaware

BET Documentaries, LLC.	Delaware
BET Event Productions, LLC	Delaware
BET Holdings Inc.	Delaware
BET Innovations Publishing, Inc.	Delaware
BET International, Inc.	Delaware
BET Live From LA, LLC	Delaware
BET Live Production, LLC	Delaware
BET Grilled, LLC	Delaware
BET Music Soundz, Inc.	Delaware
BET Oh Drama!, LLC	Delaware
BET Pictures II Development & Production, Inc.	Delaware
BET Pictures II Distribution, Inc.	Delaware
BET Pictures II, LLC	Delaware
BET Publications, LLC	Delaware
BET Radio, L.L.C.	Delaware
BET Satellite Services, Inc.	Delaware
BET Services, Inc.	Washington D.C.

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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BET Television Productions, LLC	Delaware
BET Sheryl & Friends, LLC	Delaware
Beta Theatres Inc.	Delaware
BET The Way We Do It, LLC	Delaware
Beverlyfax Music, Inc.	California
Big Shows Inc.	Delaware
Big Ticket Music Inc.	Delaware
Big Ticket Pictures Inc.	Delaware
Big Ticket Productions Inc.	Delaware
Big Ticket Television Inc.	Delaware
Billboard S.A.	France
Black Entertainment Television, Inc.	Washington D.C.
Black Rock Enterprises, Inc.	New York
Blockbuster Amphitheater Corporation	Delaware
Blockbuster Argentina S.A.	Argentina
Blockbuster Australia Pty Ltd.	Australia
Blockbuster BEI Taiwan Ltd.	Taiwan
Blockbuster Canada Co.	Canada (Nova Scotia)
Blockbuster Canada Inc.	Delaware
Blockbuster Computer Systems Corporation	Florida
Blockbuster de Mexico, S.A. de C.V.	Mexico
Blockbuster Distribution, Inc.	Delaware
Blockbuster Entertainment (Ireland) Ltd.	Ireland
Blockbuster Entertainment Corporation	Delaware
Blockbuster Entertainment Limited	United Kingdom
Blockbuster Express (Scotland) Ltd.	United Kingdom
Blockbuster Express Limited	United Kingdom
Blockbuster Global Services Inc.	Delaware
Blockbuster Holdings Ireland	Ireland
Blockbuster Hong Kong Ltd.	Hong Kong
Blockbuster Inc.	Delaware
Blockbuster International Spain Inc.	Delaware
Blockbuster International Taiwan B.V.	Netherlands
Blockbuster Investments LLC	Delaware
Blockbuster Ireland Ltd.	Ireland
Blockbuster Italy S.R.L., The	Italy
Blockbuster Limited Partner Holdings LLC	Delaware
Blockbuster On-Line Services, Inc.	Delaware
Blockbuster Park Lands, Inc.	Florida
Blockbuster Park, Inc.	Delaware
Blockbuster Retail Mexico, S.A. de R.L.	Mexico
Blockbuster SC Video Operating Corporation	Delaware
Blockbuster Services Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Blockbuster Technology Holding Corporation	Delaware
Blockbuster Texas LP	Delaware
Blockbuster UK Limited	United Kingdom
Blockbuster Uruguay Limitada	Uruguay
Blockbuster Video Denmark A/S	Denmark
Blockbuster Video España, SpA	Spain
Blockbuster Video International Corporation (Chile) Limitada	Chile
Blockbuster Video Italy, Inc.	Delaware

Blockbuster Video Jylland A/S	Denmark
Blockbuster Video Superstores (Australia) Pty Limited	Australia
Blockbuster.com Holding Inc.	Delaware
Blockbuster.com LLC	Delaware
Blue Cow Inc.	Delaware
BN Productions Inc.	Delaware
Bombay Hook Limited	Delaware
Bonneville Wind Corporation	Utah
Box Italy LLC, The	Delaware
Box Italy S.R.L., The	Italy
Box Worldwide LLC, The	Delaware
Brady Productions Inc.	Canada (Ontario)
Branded Productions Inc.	California
Bronson Gate Film Management GmbH	Germany
Bruin Music Company	Delaware
BS Hotel, Inc.	Delaware
Butterick Road Productions Inc.	Canada (Ontario)
C & W Land Corporation	New Jersey
C-28 FCC Licensee Subsidiary, LLC	Delaware
C-34 FCC Licensee Subsidiary, LLC	Delaware
Cania Productions Inc.	Canada (Ontario)
Capital Equipment Leasing Limited	United Kingdom
Caroline Film Productions, Inc.	California
CATV Enterprises, Inc.	New York
CBS Broadcast International Asia Inc.	New York
CBS Broadcast International of Canada, Ltd.	Canada (Federal)
CBS Broadcast Services, Ltd.	England
CBS Broadcasting Inc.	New York
CBS Cable Networks, Inc.	Delaware
CBS Canada Co.	Canada (Nova Scotia)
CBS Dallas Media, Inc.	Delaware
CBS Dallas Ventures, Inc.	Texas
CBS FMX Stereo, Inc.	New York

SUBSIDIARY NAME

PLACE OF INCORPORATION OR ORGANIZATION

CBS Mass Media Corporation	Delaware
CBS News Communications Inc.	New York
CBS Overseas Inc.	New York
CBS Services Inc.	Delaware
CBS Sports Asia Inc.	New York
CBS Stations Group of Texas L.P.	Texas
CBS Survivor Productions, Inc.	Delaware
CBS Technology Corporation	Delaware
CBS TeleNoticias do Brasil Ltda.	Brazil
CBS Television Stations Inc.	Delaware
CBS Worldwide Inc.	Delaware
Central Fidelity Insurance Company	Vermont
Centro de Productos de Mexico S.A. de C.V.	Mexico
Centurion Satellite Broadcast Inc.	Delaware
Century Entertainment Ltd.	United Kingdom
CG Films Inc.	Canada (Ontario)
Channel 28 Television Station, Inc.	Delaware
Channel 34 Television Station, Inc.	Delaware
Charlotte Amphitheater Corporation	Delaware
Chartbusters (NJ) Ltd.	United Kingdom
Chazo Productions Inc.	Delaware
CI Productions Inc.	Canada (B.C.)
Cinema Dominicana S.A.	Dominican Republic
Cinematic Arts B.V.	Netherlands
Cities	France
City Outdoor Levante S.R.L.	France
City Outdoor S.R.L.	Italy
Cityvision Investments Ltd.	United Kingdom
Cityvision PLC	United Kingdom
Classless Inc.	Delaware
Climate Productions Inc.	Canada (Ontario.)
Cloverleaf Productions Inc.	Delaware
CMT Productions Inc.	Delaware
Columbia Television, Inc.	New York
Columbus Circle Films Inc.	Delaware
Communities IP Holdings, Inc.	Delaware
Communities LP Holdings, Inc.	Delaware
Compelling Music Corporation	California
Core Productions Inc.	Canada (B.C.)

Country Entertainment, Inc.	Delaware
Country Music Television, Inc.	Tennessee

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Country Network Enterprises, Inc.	Delaware
country.com, Inc.	Delaware
Cover Productions Inc.	California
CVV (Japan) B.V.	Netherlands
D.E.J. Productions Inc.	Delaware
Danielle Productions LLC	Delaware
Day Reagan Productions Inc.	Canada (Ontario)
DC Films Inc.	Canada (B.C.)
Debate Films Inc.	Canada (Ontario)
Defenders Productions Inc.	Canada (Ontario)
Delaware Blue Steel Inc.	Delaware
Delaware Resource Beneficiary, Inc.	Delaware
Delaware Resource Lessee Trust	Delaware
Delaware Resource Management, Inc.	Delaware
Delcroix Affiage S.A.R.L.	France
Design-Graphics, Inc.	Florida
Desilu Productions, Inc.	Delaware
DIGICO Inc.	Delaware
Direcorp, S.A. de C.V.	Mexico
Direct Court Productions, Inc.	Delaware
Direct Production Group In.	Delaware
DTE Films LLC	Delaware
Dutchess Resource Management, Inc.	Delaware
Dynamic Soap, Inc.	California
Eagle Direct Inc.	Delaware
Effect Media Buitenreclame B.V.	Netherlands
Effect Media Vervoersreclame B.V.	Netherlands
Eighth Century Corporation	Delaware
Elite Productions Inc.	Delaware
Emily Productions LLC	Delaware
Energy Development Associates, Inc.	Delaware
Ensign Music Corporation	Delaware
EPI Music Company	California
Erica Film Productions, Inc.	California
ET Media Group Inc.	Delaware
ETS Pegouret	France
Evergreen Programs, Inc.	New York
EWB Corporation	Delaware
Eye Explorations Inc.	Delaware
Eye Net Works Inc.	Delaware
Eye Productions Inc.	Delaware
Family Entertainment Centers, Inc.	Florida

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Famous Music Corporation	Delaware
Famous Music Publishing Germany GmbH & Co OHG	Germany
Famous Music Publishing Limited	United Kingdom
Famous Orange Productions Inc.	Delaware
Famous Players Films Inc.	Canada (Federal)
Famous Players International B.V.	Netherlands
Famous Players Investments B.V.	Netherlands
Famous Players Media Inc.	Canada (Ontario)
Famous Music Publishing France SARL	France
Festival Inc.	Delaware
Film Intex Corporation	Delaware
Filmcraft Productions Inc.	Delaware
Films Paramount S.A.	France
FLC Holding Corp.	Florida
Focus Video Pty. Ltd.	Australia
Forty-Fourth Century Corporation	Delaware
Four Crowns, Inc.	Delaware
French Street Management Inc.	Delaware
Fried Worms Productions Inc.	Delaware
Front Street Management Inc.	Delaware
Futa B.V.	Netherlands
Future General Corporation	Delaware
G & W Leasing Company	Delaware
Games Animation Inc.	Delaware

Games Exchange Inc.	Delaware
Games Productions Inc.	Delaware
Gateway Fleet Company	Delaware
GC Productions Inc.	Delaware
GFB Production Inc.	Canada (Ontario)
Giraudy S.A.	France
Gladwin of Indiana, Inc.	Indiana
GLD Holdings L.L.C.	Delaware
Glendale Property Corp.	Delaware
Global Film Distributors B.V.	Netherlands
Glory Productions Inc.	Delaware
GNS Productions Inc.	Delaware
Go Mass Media Finance S.A.	France
Go Mass Media S.A.	France
Go Outdoor Systems Holdings S.A.	France
Golden Communications, Inc.	Michigan
Gorgen, Inc.	California
Grace Productions LLC	Delaware
Grammar Productions Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Gramps Company, Inc., The	Delaware
Granite Productions, Inc.	California
Great American Entertainment Motion Pictures, Inc.	California
Great American Entertainment Television, Inc.	California
Green Tiger Press, Inc.	California
Grupo de Video, S. de R.L. de C.V.	Mexico
Grupo Operador de Videos, S. de R.L. de C.V.	Mexico
GS Films Inc.	Canada (Ontario)
Gulf & Western Indonesia, Inc.	Delaware
Gulf & Western Intercontinental Investments N.V.	Netherlands Antilles
Gulf & Western International Finance N.V.	Switzerland
Gulf & Western International N.V.	Netherlands Antilles
Gulf & Western Limited	Bahamas
Hamilton Projects, Inc.	New York
Hardwood Productions Inc.	Canada (Ontario)
Harvester Press Limited, The	United Kingdom
Haunted Productions Inc.	Canada (B.C.)
Heartland Productions Inc.	Canada (Alberta)
Hemisphere Broadcasting Corporation	Delaware
HFM Productions Inc.	Canada (Ontario)
High Command Productions Limited	United Kingdom
Hit Radio, Inc.	New York
House of Yes Productions Inc.	Delaware
HTL Productions Inc.	Canada (Ontario)
Image Edit, Inc.	Delaware
Imagine Radio, Inc.	California
Impression Recherche Et Publicite S.A.	France
IMR Acquisition Corp.	Delaware
INFCO Network Inc.	Delaware
Infinity Broadcasting Corporation	Delaware
Infinity Broadcasting Corporation of Atlanta	Delaware
Infinity Broadcasting Corporation of Baltimore	New York
Infinity Broadcasting Corporation of Boston	Delaware
Infinity Broadcasting Corporation of Chesapeake	Delaware
Infinity Broadcasting Corporation of Chicago	Delaware
Infinity Broadcasting Corporation of Dallas	Delaware
Infinity Broadcasting Corporation of Detroit	Delaware
Infinity Broadcasting Corporation of Florida	Delaware
Infinity Broadcasting Corporation of Ft. Worth	Delaware
Infinity Broadcasting Corporation of Glendale	Delaware
Infinity Broadcasting Corporation of Illinois	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Infinity Broadcasting Corporation of Los Angeles	Delaware
Infinity Broadcasting Corporation of Maryland	Delaware
Infinity Broadcasting Corporation of Michigan	Delaware
Infinity Broadcasting Corporation of Northern California	Delaware
Infinity Broadcasting Corporation of San Antonio	Texas
Infinity Broadcasting Corporation of San Francisco	Delaware
Infinity Broadcasting Corporation of Tampa	Delaware
Infinity Broadcasting Corporation of Texas	Delaware

Infinity Broadcasting Corporation of Washington	Delaware
Infinity Broadcasting Corporation of Washington, D.C.	Delaware
Infinity Broadcasting East Holdings Corporation	Delaware
Infinity Broadcasting East Inc.	Delaware
Infinity Broadcasting Operations Inc.	Delaware
Infinity Broadcasting Partner I Inc.	Delaware
Infinity Holdings Corp. of Chesapeake	Delaware
Infinity Holdings Corp. of Ft. Worth	Delaware
Infinity Holdings Corp. of Massachusetts	Delaware
Infinity Holdings Corp. of Orlando	Delaware
Infinity KFRC-FM, Inc.	Delaware
Infinity KOAI-FM Holdings Corporation	Delaware
Infinity KOAI-FM Licensee Corporation	Delaware
Infinity KOAI-FM, Inc.	Delaware
Infinity Media Corporation	Delaware
Infinity Network, Inc.	Delaware
Infinity of Chesapeake Licensee Corporation	Delaware
Infinity of Ft. Worth Licensee Corporation	Delaware
Infinity Outdoor of Florida Holding Co.	Delaware
Infinity Outdoor of Florida, Inc.	Florida
Infinity Promotions Group Inc.	Delaware
Infinity Radio Holdings, Inc.	Virginia
Infinity Radio Inc.	Delaware
Infinity Radio of Cleveland Inc.	Delaware
Infinity Radio of Portland Inc.	Delaware
Infinity Radio of Sacramento Inc.	Pennsylvania
Infinity Radio of San Jose Inc.	California
Infinity Radio Operations Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Infinity Radio Subsidiary Operations Inc.	Virginia
Infinity Technical Services Inc.	Delaware
Infinity Texas Partner II Inc.	Delaware
Infinity Ventures, Inc.	Delaware
Infinity WLIF, Inc.	Maryland
Infinity WLIF-AM, Inc.	Maryland
Infinity WOAZ-FM, Inc.	Massachusetts
Infinity WPGC (AM), Inc.	Delaware
Inside Edition Inc.	New York
International Overseas Film Services, Inc.	Delaware
International Overseas Productions, Inc.	California
International Raw Materials Limited	Bahamas
Interstitial Programs Inc.	Delaware
Invisions Holdings B.V.	Netherlands
Irvine Games Inc.	Delaware
Irvine Games USA Inc.	Delaware
Isabel Boutique S.A.	France
Jerry's Outdoor Advertising, Inc.	Florida
Jiffy Billboards, Inc.	Florida
Joseph Productions Inc.	Delaware
Just For Kids Limited	Ireland
Just U Productions, Inc.	California
Justice Productions Inc.	Canada (Ontario)
Kindernet C.V.	Netherlands
K.W.M. Inc.	Delaware
King World Animation Inc.	California
King World Corporation	Delaware
King World Development Inc.	California
King World Direct Inc.	Delaware
King World Media Sales Inc.	Delaware
King World Merchandising, Inc.	Delaware
King World Productions, Inc.	Delaware
King World Studios West Inc.	California
King World/CC Inc.	New York
King World/GSN Inc.	Delaware
King World/LR Inc.	California
Kings Island Company	Delaware
KUTV Holdings, Inc.	Delaware
KW Development Inc.	California
KWP Studios Inc.	California
KWTS Productions Inc.	California
L23 Productions Inc.	Canada (Ontario)

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Ladies Man Productions USA Inc.	Delaware
Large Ticket Songs Inc.	Delaware
Laurel Entertainment, Inc.	Delaware
LDI Limited	United Kingdom
Level Nine Productions Inc.	Canada (B.C.)
Levitt Property Managers, Inc.	California
Lisarb Holding B.V.	Netherlands
List Productions Inc.	Canada (Ontario)
Long Road Productions	Illinois
Lost Season Productions Inc.	Canada (BC)
Low Key Productions Inc.	Delaware
LS Productions Inc.	Canada (Ontario)
Maarten Investering Partnership	New York
Made To Love Productions Inc.	Canada (Ontario)
Magic Hour Productions, Ltd.	Canada (B.C.)
Magic Molehill Productions, Inc.	California
Magical Motion Pictures Inc.	Delaware
Magicam, Inc.	Delaware
Major Video Super Stores, Inc.	Nevada
Marathon Holdings Inc.	Delaware
Mars Film Produzione S.P.A.	Italy
Matlock Company, The	Delaware
Mattalex Corporation	Delaware
Maxim Video Leasing Ltd.	United Kingdom
Maxim Video Ltd.	United Kingdom
Maxmedia, Inc.	Florida
Media Trend S.R.L.	Italy
Mediamax Buitenreclame B.V.	Netherlands
Mediamax Group B.V.	Netherlands
Mediamax Intersales B.V.	Netherlands
Mediamax Lichtreclme B.V.	Netherlands
Mediamax Locale En Regionale Buitenreclame B.V.	Netherlands
Mediamax Norge A.S.	Netherlands
Mediamax Participatiemaatschappij B.V.	Netherlands
Mediamax Stadsklokken B.V.	Netherlands
Mediamax Streekvervoersreclame B.V.	Netherlands
Mediamax Vervoersclame B.V.	Netherlands
Melrose Productions Inc.	California
Meredith Productions LLC	Delaware
Merlot Film Productions, Inc.	California
Merritt Inc.	Delaware
Methessel S.A.	France
Metro Poster Advertising Ltd.	Ireland

SUBSIDIARY NAME

PLACE OF INCORPORATION OR ORGANIZATION

Metrobus Advertising Limited	United Kingdom
Michaela Productions Inc.	Delaware
Mischief New Media Inc.	New York
Mobi Espace S.A.R.L.	France
Mobinfo S.A.	France
Movie Brands Inc.	Delaware
Montgomery Acquisition, Inc.	Delaware
MTV Animation Inc.	Delaware
MTV Asia Development Company Inc.	Delaware
MTV Asia LDC	Cayman Islands
MTV Asia Ownership One LDC	Cayman Islands
MTV Asia Ownership Two LDC	Cayman Islands
MTV Asia Ventures Co.	Cayman Islands
MTV Australia Inc.	Delaware
MTV Europe	Delaware
MTV Hong Kong Limited	Hong Kong
MTV India Development Company Inc.	Delaware
MTV India LDC	Cayman Islands
MTV Networks AB	Sweden
MTV Networks B.V.	Netherlands
MTV Networks Belgium	Belgium
MTV Networks Company	Delaware
MTV Networks de Mexico S. de R.L. de C.V.	Mexico
MTV Networks Enterprises Inc.	Delaware
MTV Networks Europe Inc.	Delaware
MTV Networks Global Services Inc.	Delaware
MTV Networks GmbH	Germany
MTV Networks Japan B.V.	Netherlands

MTV Networks Latin America Inc.	Delaware
MTV Networks Productions B.V.	Netherlands
MTV Networks SARL	France
MTV Networks Shopping Inc.	Delaware
MTV Networks South Africa Inc.	Delaware
MTV Networks Srl	Italy
MTV Russia Holdings Inc.	Delaware
MTV SA LDC	Cayman Islands
MTV Songs Inc.	Delaware
MTV Taiwan LDC	Cayman Islands
MTVBVI Inc.	Delaware
MTVi Group, Inc., The	Delaware
MTVi Group, L.P., The	Delaware
MTVN Direct Inc.	Delaware
MTVN Online Inc.	Delaware
MTVN Networks Beteiligungen GmbH	Germany
MTVN Networks Verwaltung GmbH	Germany

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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MTVN Online Partner I Inc.	Delaware
MTVN Online Partner I LLC	Delaware
MTVN Shopping Inc.	Delaware
MTVN Video Hits Inc.	Delaware
Music By Nickelodeon Inc.	Delaware
Music By Video Inc.	Delaware
N.V. Alrecon	Netherlands
Namparra Ltd.	Ireland
Nanobot Productions Inc.	Canada (Ontario)
National Advertising Company	Delaware
Navigare Projectontwikkeling B.V.	Netherlands
Network Enterprises, Inc.	Tennessee
Network Talent, LLC	Tennessee
Neutronium Inc.	Delaware
New Leaf Entertainment Corporation	Delaware
New York Subways Advertising Co., Inc.	Arizona
Newdon Productions	Illinois
Nick At Nite's TV Land Retromercials Inc.	Delaware
Nickelodeon (Deutschland) & Co KG	Germany
Nickelodeon (Deutschland) Beteiligungen GmbH	Germany
Nickelodeon (Deutschland) Verwaltung GmbH	Germany
Nickelodeon Animation Studios Inc.	Delaware
Nickelodeon Australia Inc.	Delaware
Nickelodeon Brasil Inc.	Delaware
Nickelodeon Direct Inc.	Delaware
Nickelodeon Global Network Ventures Inc.	Delaware
Nickelodeon Huggings U.K. Limited	United Kingdom
Nickelodeon International Ltd.	United Kingdom
Nickelodeon Magazines Inc.	Delaware
Nickelodeon Management Pte. Ltd.	Singapore
Nickelodeon Movies Inc.	Delaware
Nickelodeon Notes Inc.	Delaware
Nickelodeon Online Inc.	Delaware
Nicki Film Productions, Inc.	California
Night Falls Productions Inc.	Delaware
North Shore Productions Inc.	California
Now Pentagon Production Inc.	Canada (Ontario)
NTA Films, Inc.	New York
NTA, Inc.	New York
Number One FSC Ltd.	US Virgin Islands
NV Broadcasting (Canada) Inc.	Canada (Federal)
NV International, Inc.	Georgia
O & W Corporation	Tennessee
O Good Songs Company	California

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Oil Company, The	Delaware
OM/TV Productions Inc.	Delaware
On Line Subscription Services Inc.	Delaware
One and Only Joint Venture, The	New York
OS Bus, Inc.	Georgia
OS Florida, Inc.	Florida
Oscar S.R.L.	Italy

OSI Tall Wall Media, LLC	California
Our Home Productions Inc.	Delaware
Outatown Productions Inc.	Delaware
Outdoor Communications, Inc.	Florida
Outdoor Entertainment, Inc.	Tennessee
Outdoor Furniture Nederland B.V.	Netherlands
Outdoor Images Limited	United Kingdom
Outdoor Management Network, Inc.	California
Outdoor Systems (New York), Inc.	New York
Outdoor Systems Electrical Corp.	New York
Outdoor Systems Mexico S.A. de C.V.	Mexico
Outdoor Systems, Inc.	Delaware
Overseas Services B.V.	Netherlands
Paramount (PDI) Distribution Inc.	Delaware
Paramount Advertiser Services Inc.	Delaware
Paramount Asia Inc.	Delaware
Paramount British Pictures Limited	United Kingdom
Paramount Canadian Productions, Inc.	Delaware
Paramount Channel Partnership, The	United Kingdom
Paramount Communications Technology Group Inc.	Delaware
Paramount Digital Entertainment Inc.	Delaware
Paramount Entertainment Services Inc.	Delaware
Paramount Film Production (Deutschland) GmbH	Germany
Paramount Film Services Ltd.	United Kingdom
Paramount Films B.V.	Netherlands
Paramount Films of Australia Inc.	Delaware
Paramount Films of China, Inc.	Delaware
Paramount Films of Egypt, Inc.	Delaware
Paramount Films of India, Ltd.	Delaware
Paramount Films of Italy, Inc.	New York
Paramount Films of Lebanon, Inc.	New York
Paramount Films of Pakistan Ltd.	New York
Paramount Films of Southeast Asia Inc.	Delaware
Paramount General Entertainment Australia Inc.	Delaware
Paramount Home Entertainment (Australasia) Pty. Ltd.	Australia

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Paramount Home Entertainment (Brazil) Limitada	Brazil
Paramount Home Entertainment (Denmark) I/S	Denmark
Paramount Home Entertainment (France) S.A.S.	France
Paramount Home Entertainment (Germany) GmbH	Germany
Paramount Home Entertainment (Italy) SRL	Italy
Paramount Home Entertainment (Japan) Ltd.	Japan
Paramount Home Entertainment (Korea) Ltd	Korea
Paramount Home Entertainment (New Zealand) Ltd.	Netherlands
Paramount Home Entertainment (Norway) ANS	Norway
Paramount Home Entertainment (Spain) S.L.	Spain
Paramount Home Entertainment (Sweden) AB	Sweden
Paramount Home Entertainment (UK)	United Kingdom
Paramount Home Entertainment B.V.	Netherlands
Paramount Home Entertainment Inc.	Delaware
Paramount Home Entertainment International (Holdings) B.V.	Netherlands
Paramount Home Entertainment International B.V.	Netherlands
Paramount Home Entertainment International Ltd.	United Kingdom
Paramount Images Inc.	Delaware
Paramount International Netherlands B.V.	Netherlands
Paramount LAPT V Inc.	Delaware
Paramount Music Corporation	Delaware
Paramount Overseas Productions, Inc.	Delaware
Paramount Parks Experience Inc.	Nevada
Paramount Parks Inc.	Delaware
Paramount Parks International B.V.	Netherlands
Paramount Pay TV Limited	United Kingdom
Paramount Pictures (Australia) Pty. Limited	Australia
Paramount Pictures (Canada) Inc.	Canada (Ontario)
Paramount Pictures (U.K.) Limited.	United Kingdom
Paramount Pictures Corporation	Delaware
Paramount Pictures Corporation (Canada) Inc.	Canada (Ontario)
Paramount Production Support Inc.	Delaware
Paramount Productions Service Corporation	Delaware
Paramount Productions Inc.	Canada (Ontario)
Paramount Show Services International LDC	Cayman Islands
Paramount Television International Services, Ltd.	Bermuda
Paramount Television Limited	United Kingdom

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
Paramount Television Service, Inc.	Delaware
Paramount Worldwide Productions Inc.	Delaware
Para-Sac Music Corporation	Delaware
Park Court Productions, Inc.	Delaware
Part-Time Productions Inc.	Delaware
Paycheck Productions Inc.	Canada (B.C.)
PCI Canada Inc.	Delaware
PCI Network Partner II Inc.	Delaware
PCI Network Partner Inc.	Delaware
Peak FSC, Ltd.	Bermuda
Peppercorn Productions, Inc.	Tennessee
Perfect Score Films Inc.	Canada (B.C.)
Permutation Productions Inc.	Delaware
Pet II Productions Inc.	Delaware
Plakmax B.V.	Netherlands
Plaza Theatre Company, The	United Kingdom
PMV Productions Inc.	Delaware
Pocket Books of Canada Ltd.	Canada (Federal)
Pop Productions Inc.	Delaware
Pop Toons Inc.	Delaware
Possum Point Incorporated	Delaware
Pottle Productions, Inc.	California
PPC Film Management GmbH	Germany
Premiere House, Inc.	Delaware
Preye, Inc.	California
Preview Investments B.V.	Netherlands
Proxy Music Corporation	California
PSG of PHA Inc.	Virginia
PT Productions Inc.	Delaware
Publiexterior, S.A. de C.V.	Mexico
Publishing FSC Ltd.	US Virgin Islands
R.G.L. Realty Limited	United Kingdom
Radford Studio Center Inc.	California
Radio Data Group, Inc.	Virginia
Raianna Productions Inc.	Canada (Federal)
Rat Race USA Inc.	Delaware
Raven Media LLC	Delaware
Real TV Music Inc.	Delaware
Reality Check Productions Inc.	Delaware
Reebox Ltd.	Ireland
Remote Productions Inc.	Delaware
Republic Distribution Corporation	Delaware
Republic Entertainment Inc.	Delaware
Republic Pictures Corporation of Canada Ltd.	Canada (Ontario)

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
Republic Pictures Enterprises, Inc.	Delaware
Republic Pictures Netherlands Antilles N.V.	Netherlands Antilles
Republic Pictures Productions, Inc.	California
RH Productions Inc.	California
Ripple Vale Holdings, Limited	US Virgin Islands
Ritz Video Film Hire Ltd.	United Kingdom
ROA Media Corp.	Florida
Roadshow Advertising Ltd.	Ireland
Rocks, Inc.	Delaware
RR Films Inc.	Canada (Alberta)
RTV News Inc.	Delaware
RTV News Music Inc.	Delaware
RWS Productions Inc.	Canada (B.C.)
S.I.A. Societa Italiana Affissioni S.R.L.	Italy
Sagia Productions Inc.	Canada (Ontario)
Salm Enterprises, Inc.	California
San Francisco Walls, Inc.	California
Satellite Holdings Inc.	Delaware
Scarab Publishing Corporation	Delaware
Scott-Mattson Farms, Inc.	Florida
SDI Raven LLC	Delaware
Season Four Sentinel Productions Inc.	Canada (B.C.)
Season Three Soul Food Productions Inc.	Canada (Federal)
Season Three Seven Days Productions Inc.	Canada (B.C.)
Season Three Viper Productions Inc.	Canada (B.C.)

Season Two CI Productions Inc.	Canada (Ontario)
Season Two Seven Days Productions Inc.	Canada (B.C.)
Season Four Soul Food Productions Inc.	Canada (Ontario)
Sentinel Productions Inc.	Canada (B.C.)
Sercop, S.A. de C.V.	Mexico
Servicios Administrativos America, S.A. de C.V.	Mexico
Servicios Para Empresas de Entretenimiento, S. de R.L. de C.V.	Mexico
SF Films Inc.	Canada (Ontario)
SFI Song Company	Delaware
Sher Ventures, Inc.	New York
Ship House, Inc.	Florida
Show Works Productions Inc.	Delaware
Showtime Networks Inc.	Delaware
Showtime Networks Inc. (U.K.)	Delaware
Showtime Networks Middle East Inc.	Delaware
Showtime Networks Satellite Programming Company	California
Showtime Online Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Showtime Pictures Development Company	Delaware
Showtime Satellite Networks Inc.	Delaware
Showtime UK Holdings Limited	United Kingdom
Showtime/Sundance Holding Company Inc.	Delaware
SIFO One Inc.	Delaware
SIFO Two Inc.	Delaware
Signways Holdings Limited	Ireland
Simon & Schuster (Australia) Pty. Limited	Australia
Simon & Schuster (U.K.) Limited	United Kingdom
Simon & Schuster Global Services Inc.	Delaware
Simon & Schuster International Inc.	Delaware
Simon & Schuster Limited	United Kingdom
Simon & Schuster of Canada (1976) Ltd.	Canada (Federal)
Simon & Schuster, Inc.	New York
SJ Films Inc.	Canada (Ontario)
Skaroo Productions Inc.	California
Sky Blue Investments, Limited	Jersey
SMA 2002 S.P.A.	Italy
SMAFER S.P.A.	Italy
SNI Development Corp.	Delaware
Snow Day Productions Inc.	Canada (Alberta)
Soapmusic Company	Delaware
Societa Manifested Affissioni S.P.A.	Italy
SonicNet L.L.C.	Delaware
SongFair Inc.	Delaware
Southeastern Home Video, Inc.	Delaware
Spain Consolidated	Spain
Spark Network Services, Inc.	Delaware
Spelling Daytime Songs Inc.	Delaware
Spelling Daytime Television Inc.	Delaware
Spelling Entertainment Group Inc.	Delaware
Spelling Entertainment Inc.	Delaware
Spelling Films Inc.	Delaware
Spelling Films Music Inc.	Delaware
Spelling Pictures Inc.	Delaware
Spelling Satellite Networks, Inc.	California
Spelling Television (Canada) Inc.	Canada (B.C.)
Spelling Television Inc.	Delaware
Spelling Television Quebec Inc.	Canada (Federal)
Spy Productions Inc.	Canada (Ontario)

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Starfish Productions Inc.	Florida
Stargate Acquisition Corp.	Delaware
State of Mind Inc.	Delaware
Stations Communicatie B.V.	Netherlands
STLD Productions Inc.	Canada (Ontario)
Stranglehold Productions, Inc.	California
Streak Productions Inc.	Canada (Ontario)
Street Boss Productions Inc.	Canada (B.C.)
Street Information Systems, Inc., The	Florida
SU 2 Productions Inc.	Canada (Ontario)
Sunn Classic Pictures, Inc.	Utah

Sunset Beach Productions, Inc.	Delaware
Superstar Productions USA Inc.	Delaware
T & R Payroll Company	Delaware
T.V. Factory, Inc., The	New York
Talent Court Productions, Inc.	Delaware
TC Productions Inc.	Delaware
TDI (BP) Limited	United Kingdom
TDI (FB) Limited	United Kingdom
TDI Advertising Limited	United Kingdom
TDI Buses Limited	United Kingdom
TDI France Holding SAS	France
TDI Holdings Limited	United Kingdom
TDI International, Inc.	Delaware
TDI Italia S.R.L.	Italy
TDI Likkuvat Mediat Oy	Finland
TDI Mail Holdings Limited	Northern Ireland
TDI Media B.V.	Netherlands
TDI Metro (NI) Limited	Northern Ireland
TDI Metro, Ltd.	Ireland
TDI Nederland N.V.	Netherlands
TDI Northwest, Inc.	Washington
TDI Transit Advertising Limited	United Kingdom
TDI Worldwide, Inc.	Delaware
Tecno System 2000 S.R.L.	Italy
Tele-Vu Ltee.	Canada (Federal)
Texas Infinity Broadcasting L.P.	Delaware
Texas Infinity Radio L.P.	Delaware
They Productions Inc.	Delaware
Things of the Wild Songs Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Thinner Productions, Inc.	Delaware
Third Century Company	Delaware
Thirteenth Century Corporation	Delaware
Thirtieth Century Corporation	Delaware
Three Productions Inc.	Canada (B.C.)
Thunder, Inc.	Delaware
Timeline Films Inc.	Canada (Ontario)
Times Square Displays, LLC	New York
Titus Productions, Inc.	California
TMI International B.V.	Netherlands
TMRG, Inc.	Delaware
TNN Classic Sessions, Inc.	Delaware
TNN Productions, Inc.	Delaware
Toe-To-Toe Productions Inc.	Delaware
Topper Productions, Inc.	California
Torand Payroll Company	Delaware
Torand Productions Inc.	Delaware
Total Warehouse Services Corporation	Delaware
Trading Zone Inc.	Delaware
Trans S.A.	France
Tredegars Home Entertainment Limited	United Kingdom
TRF III Entertainment, Inc.	Delaware
Triohurst Limited.	United Kingdom
TS Video, Inc.	Louisiana
TSM Services Inc.	Delaware
Tunes By Nickelodeon Inc.	Delaware
TV Land Canada Holding Inc.	Delaware
TV Scoop Inc.	Delaware
Two of Us Films Inc.	Canada (Ontario)
Two Productions, Inc.	Delaware
U Just U Publishing, Inc.	California
U Music, Inc.	California
UCGI, Inc.	Delaware
UGJ Productions Inc.	Delaware
UI Video Stores, Inc.	Colorado
UPN	Delaware
Universal American Corporation	Delaware
UPN Holding Company, Inc.	California
UPN Properties, Inc.	California
UPN Television Stations Inc.	Delaware
Uptown Productions Inc.	Delaware
VE Development Company	Delaware
VE Drive Inc.	Delaware

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
VE Television Inc.	Delaware
VH-1 Television GmbH & Co OHG	Germany
VH-1 Television Verwaltung GmbH	Germany
VI Services Corporation	Delaware
VIA Aircraft Management Inc.	Delaware
Viacom A.G.	Switzerland
Viacom Animation of Korea Inc.	Delaware
Viacom Asia Inc.	Delaware
Viacom Brand Solutions Limited	United Kingdom
Viacom Brasil Holdings Limitada	Brazil
Viacom Camden Lock Inc.	Delaware
Viacom Canada Inc.	Canada (Federal)
Viacom Canadian Productions Inc.	Canada (Ontario)
Viacom Communications Services, Inc.	Delaware
Viacom Consumer Products Inc.	Delaware
Viacom Consumer Products Ltd.	United Kingdom
Viacom Corporate Services Inc.	Delaware
Viacom DBS Inc.	Delaware
Viacom Employee Services Inc.	Delaware
Viacom Enterprises Canada Ltd.	Canada (Federal)
Viacom Executive Services Corporation	Delaware
Viacom Film Funding Company Inc.	Delaware
Viacom Finanz AG	Switzerland
Viacom First Run Development Company Inc.	Delaware
Viacom First Run Limited	Delaware
Viacom Global Services Inc.	Delaware
Viacom HA! Holding Company	Delaware
Viacom Holdings (Germany) B.V.	Germany
Viacom Holdings (Germany) II B.V.	Germany
Viacom IDA Inc.	Delaware
Viacom International (Netherlands) B.V.	Netherlands
Viacom International Canada Ltd.	Canada (Ontario)
Viacom International Holdings B.V.	Netherlands
Viacom International Inc.	Delaware
Viacom International Limited	United Kingdom
Viacom International Pty. Limited	Australia
Viacom IRB Acquisition Inc.	Delaware
Viacom Japan Inc.	New York
Viacom K-Band Inc.	Delaware
Viacom Limited	New Zealand
Viacom Middle East Holdings VOF	Netherlands Antilles

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
Viacom Networks Europe Inc.	Delaware
Viacom Networks Inc.	New York
Viacom Notes Inc.	Delaware
Viacom Outdoor Canada Inc.	Canada (Federal)
Viacom Outdoor Group Canada Inc.	Canada (Ontario)
Viacom Outdoor Group Inc.	Delaware
Viacom Outdoor Inc.	Delaware
Viacom Outdoor Mexico Inc.	Delaware
Viacom Outdoor Northern Ireland Limited	Ireland
Viacom Outdoor Sports Marketing Inc.	Delaware
Viacom Phoenix Inc.	Delaware
Viacom Pictures Inc.	Delaware
Viacom Pictures Movie Music Inc.	Delaware
Viacom Pictures Overseas Inc.	Delaware
Viacom Pictures Songs Inc.	Delaware
Viacom PNW Sports Inc.	Delaware
Viacom Productions Inc.	Delaware
Viacom Realty Corporation	Delaware
Viacom Receivables Funding I Corporation	Delaware
Viacom Receivables Funding II Corporation	Delaware
Viacom Receivables Funding III Corporation	Delaware
Viacom Retail Stores, Inc.	Delaware
Viacom Satellite News Inc.	Delaware
Viacom Services Inc.	Delaware
Viacom Shopping Inc.	Delaware
Viacom Stations Group of Atlanta Inc.	Delaware
Viacom Songs Inc.	Delaware
Viacom Stations Group of Detroit Inc.	Delaware

Viacom Stations Group of Oklahoma City LLC	Delaware
Viacom Stations Group of Miami Inc.	Delaware
Viacom Stations Group of Pittsburgh Inc.	Delaware
Viacom Telecommunications (D.C.) Inc.	Delaware
Viacom Television Stations Group of Dallas/Fort Worth L.P.	Delaware
Viacom Television Stations Group of Los Angeles LLC	Delaware
Viacom Television Stations Group of San Francisco Inc.	Virginia
Viacom Television Stations Group Partner, LLC	Delaware
Viacom Television Stations Inc.	Delaware
Viacom Tunes Inc.	Delaware
Viacom UK Limited	United Kingdom
Viacom VHENO GmbH	Germany
Viacom Video-Audio Communicacoes Limitada	Brazil
Viacom World Wide Ltd.	New York
Viacom/Westinghouse of PA Inc.	Delaware
Via-Sac Music Inc.	Delaware
Viasem Brasil Holdings Limitada	Brazil
Video Store (Jersey) Limited	Channel Islands

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Viper Productions Inc.	Canada (B.C.)
VISI Services Inc.	Delaware
Visionair Television B.V.	Netherlands
Vision Productions, Inc.	New York
VJK Inc.	Delaware
VNM Inc.	Delaware
VP Direct Inc.	Delaware
VP Programs Inc.	California
VSC Compositions Inc.	New York
VSC Music Inc.	New York
Waste Resource Energy, Inc.	Delaware
WBCE Corporation	Delaware
WCC FSC I, Inc.	Delaware
WCC Project Corp.	Delaware
WCC Soledad I, Inc.	Delaware
WCC Soledad II, Inc.	Delaware
Western Row Properties, Inc.	Ohio
Westinghouse (New Zealand) Ltd.	New Zealand
Westinghouse Aircraft Leasing Inc.	Delaware
Westinghouse Beverage Group	Delaware
Westinghouse Canada Holdings L.L.C.	Delaware
Westinghouse CBS Holding Company, Inc.	Delaware
Westinghouse Electric Corporation	Delaware
Westinghouse Electric GmbH, Birsfelden	Switzerland
Westinghouse Foreign Sales Corporation	Barbados
Westinghouse Hanford Company	Delaware
Westinghouse Holdings Corporation	Delaware
Westinghouse Idaho Nuclear Company, Inc.	Delaware
Westinghouse Investment Corporation	Delaware
Westinghouse Irish Holdings, Limited	Ireland
Westinghouse Licensing Corporation	Pennsylvania
Westinghouse Pictures, Inc.	Delaware
Westinghouse Reinvestment Company L.L.C.	Delaware
Westinghouse Wireless Communications Products, SRL de CV	Mexico
Westinghouse World Investment Corporation	Delaware
Westside Amphitheater Corporation, The	Arizona
W-F Productions, Inc.	Delaware
White Island Music Limited	United Kingdom
Wilshire Court Productions, Inc.	Delaware
Wilshire Entertainment Inc.	Delaware
Wilshire/Hauser Company	Delaware
Wilson-Curtis, Inc.	Missouri

SUBSIDIARY NAME	PLACE OF INCORPORATION OR ORGANIZATION
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Woburn Insurance Ltd.	Bermuda
World Sports Enterprises	Tennessee
World Volleyball League, Inc.	New York
Worldvision Enterprises (France) S.A.R.L.	France
Worldvision Enterprises (United Kingdom), Ltd.	New York
Worldvision Enterprises de Venezuela	Venezuela
Worldvision Enterprises Latino-Americana, S.A.	Panama
Worldvision Enterprises of Australia, Pty., Ltd.	Australia

Worldvision Enterprises of Canada, Limited	New York
Worldvision Enterprises, GmbH	Germany
Worldvision Enterprises, Inc.	New York
Worldvision Filmes do Brasil, Ltda.	Brazil
Worldvision Foreign Sales Corporation	Virgin Islands
Worldvision Home Video, Inc.	New York
Worldwide Productions, Inc.	Delaware
WPIC Corporation	Delaware
WT Animal Music Inc.	Delaware
WT Productions Inc.	Delaware
WV Productions, Inc.	Delaware
WVI Films B.V.	Netherlands
X-tra Games Ltd.	Ireland
X-tra Music Limited	Ireland
X-tra Vision Properties	Ireland
X-tra Vision Video Films Ltd.	Ireland
X-tra Whole Sale Limited	Ireland
Xtra-Vision Ltd.	Ireland
Yellams LDC	Cayman Islands
York Resource Energy Systems, Inc.	Delaware
Young Reader's Press, Inc.	Delaware
YP Productions Inc.	Canada (Ontario)
Zoo Films LLC	Delaware

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 333-52728 and No. 333-62052) and Forms S-8 (No. 33-41934, No. 33-55173, No. 33-55709, No. 33-56088, No. 33-59049, No. 33-59141, No. 33-60943, No. 333-34125, No. 333-36440, No. 333-42987, No. 333-55346, No. 333-75752, No. 333-82422 and No. 333-88613) of Viacom Inc. of our report dated February 10, 2003 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 26, 2003

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 18th day of March 2003.

/s/ GEORGE S. ABRAMS

George S. Abrams

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 14th day of March 2003.

/s/ DAVID R. ANDELMAN

David R. Andelman

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 19th day of March 2003.

/s/ GEORGE H. CONRADES

George H. Conrades

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 19th day of March 2003.

/s/ PHILIPPE P. DAUMAN

Philippe P. Dauman

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution

and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of March 2003.

/s/ WILLIAM H. GRAY III

William H. Gray III

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 14th day of March 2003.

/s/ JAN LESCHLY

Jan Leschly

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of March 2003.

/s/ DAVID T. MCLAUGHLIN

David T. McLaughlin

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 15th day of March 2003.

/s/ KEN MILLER

Ken Miller

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of March 2003.

/s/ LESLIE MOONVES

Leslie Moonves

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of March 2003.

/s/ BRENT D. REDSTONE

Brent D. Redstone

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be her true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as she might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 25th day of March 2003.

/s/ SHARI REDSTONE

Shari Redstone

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of March 2003.

/s/ FREDERIC V. SALERNO

Frederic V. Salerno

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 19th day of March 2003.

/s/ WILLIAM SCHWARTZ

William Schwartz

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 17th day of March 2003.

/s/ IVAN SEIDENBERG

Ivan Seidenberg

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be her true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for her and in her name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as she might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 20th day of March 2003.

/s/ PATTY STONESIFER

Patty Stonesifer

VIACOM INC.
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the "Company"), hereby constitutes and appoints each of Michael D. Fricklas and Mark C. Morril, severally and not jointly, to be his true lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 17th day of March 2003.

/s/ ROBERT D. WALTER

Robert D. Walter
