CBS

CBS CORPORATION
51 WEST 52 STREET
NEW YORK, NEW YORK 10019-6188

(212) 975-4915
FAX: (212) 597-4031

LOUIS J. BRISKMAN
EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL

February 14, 2000

Mr. Samuel J. Collins, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Subject: Application For Transfer and Amendment of License Number TR-2, Docket Number 50-022

Dear Mr. Collins:

CBS Corporation ("CBS") hereby submits the enclosed Application for a Transfer and Amendment (the "Application") to the possession only license for Test Reactor License Number TR-2, Docket Number 50-022 (the "TR-2 License") to transfer the license from CBS Corporation to Viacom Inc. ("Viacom"). The proposed amendment to the TR-2 license is Exhibit H of the attached Application.

On March 22, 1999, CBS (formerly Westinghouse Electric Company) completed the sale (with certain exceptions) of its commercial nuclear business to BNFL Nuclear Services, Inc. ("BNFL"). As part of that sale, the majority of the existing nuclear licenses for CBS's nuclear facilities were transferred to Westinghouse Electric Company LLC, a newly formed subsidiary of BNFL. However, the Westinghouse Test Reactor facility located at Waltz Mill, Pennsylvania ("the WTR facility") and the associated TR-2 License were retained by CBS and not transferred as part of the sale transaction. CBS also retained the responsibility to decommission the facility and terminate the license in accordance with the "Decommissioning Plan" that had been submitted for review and approval by the NRC. At the time of the sale transaction with BNFL, CBS obtained from the U.S. Nuclear Regulatory Commission ("NRC") a license amendment for the TR-2 license to change the name of the licensee to "CBS Corporation."

CBS has entered into an Agreement and Plan of Merger with Viacom and Viacom/CBS LLC ("Viacom/CBS LLC), dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999 (the "Merger Agreement"), under which CBS will merge with and into Viacom (the "Merger"). The shareholders of each of CBS and Viacom have approved the merger, which is expected to be effective near the end of the first quarter of 2000. The existing TR-2 License held by CBS will be transferred to and retained by the

A001

merged entity, and the merged entity will have responsibility to decommission the faculty and terminate the license.

Certain information supporting the Application is not yet available. Any such information will be provided as soon as it becomes available prior to the contemplated closing date for the Merger (the "Closing Date").

Under certain circumstances specified in the Merger Agreement, CBS would merge with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom, rather than merging with and into Viacom. The merger of CBS into Viacom/CBS LLC will occur only if guidance is received from the Internal Revenue Service or another appropriate governmental authority that the merge of CBS into Viacom/CBS LLC will not adversely affect the tax treatment of the merger and if the merger would not result in an adverse tax effect to Viacom, CBS or their respective shareholders. If the merger will be of CBS with and into Viacom/CBS LLC rather than Viacom, the NRC will be notified and information relating to Viacom/CBS LLC will be provided.

The enclosed Application demonstrates that the proposed transfer will not involve any change in the operating organization, location, facilities, equipment, or procedures related to or personnel responsible for the licensed activities under the license covered by this request. Viacom will meet all requirements for a NRC licensee, including financial and technical qualifications. Viacom will agree to abide by all existing commitments, obligations, and representations made to the NRC prior to the transfer, as well as all of the terms and conditions of the license. The existing financial assurance mechanism for decommissioning will remain in effect.

Closing of the Merger involves review or approval of other regulatory agencies in addition to the NRC. Therefore, CBS requests the NRC to make the transfer and amendment effective as of the Closing Date of the Merger. CBS will keep the NRC informed of progress in obtaining other approvals, the timetable for closing the Merger and the Closing Date.

The fee for this request for license amendment is subject to full cost recovery of the review. Viacom will pay the fee upon billing by the NRC in accordance with 10 CFR Section 170.12.

Please place the individuals on the attached list to the service list for correspondence related to the enclosed Application.

If you have any question concerning this Application, please contact Barton Z. Cowan, Esq. at (412) 566-6029, fax (412) 566-6099, E-mail: bzc@escm.com.

Very truly yours,

Louis J. Briskman
Executive Vice President and General Counsel

LJB/cdt

Enclosure

cc: Richard K. Smith, Director
Environmental Remediation,
CBS Corporation

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF ALLEGHENY)

Before me, the undersigned notary public, this day personally appeared Louis J. Briskman, Executive Vice President and General Counsel, CBS Corporation, 51 West 52nd Street New York, NY 10019 to me known, who being duly sworn according to law, deposes and says: that the statements in this letter and the Application attached to this letter are correct and accurate to the best of his knowledge.

Louis J. Brisk

Signature of affiant

Subscribed and sworn to before me this 12th day of February, 2000

Mary Lou Bonuito

Notary Public

Notarial Seal
Mary Lou Bonuito, Notary Public
Pittsburgh, Allegheny County
My Commission Expires April 24, 2000
Member, Pennsylvania Association of Notaries

Service List

Louis J. Briskman, Esq.
Executive Vice President and General Counsel
CBS Corporation
51 West 52nd Street
New York, NY 10019

Mr. Richard K. Smith
Director, Environmental Remediation
CBS Corporation
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Pittsburgh, PA 15222
Telephone: (412) 642-3285

Angeline C. Straka, Esq.
Vice President, Secretary and Deputy General Counsel
CBS Corporation
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Telephone: (212) 975-3335

Michael D. Fricklas, Esq.,
Senior Vice President, General Counsel and Secretary
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Barton Z. Cowan, Esq.
Eckert Seamans Cherin & Mellott, LLC
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Pittsburgh, PA 15219
Telephone: (412) 566-6029

APPLICATION FOR TRANSFER AND AMENDMENT OF TEST REACTOR LICENSE NUMBER TR-2
February 14, 2000

I. INTRODUCTION

This Application for Transfer and Amendment of the possession only license for Test Reactor License Number TR-2, Docket Number 50-022, arises because CBS Corporation ("CBS"), Viacom Inc. ("Viacom") and Viacom/CBS LLC, a wholly-owned subsidiary of Viacom ("Viacom/CBS LLC"), have entered into an Amended and Restated Agreement and Plan of Merger which provides for the merger of CBS with and into Viacom (the "Merger").

CBS, formerly known as Westinghouse Electric Corporation, is the holder of Test Reactor License Number TR-2 issued by the U.S. Nuclear Regulatory Commission ("NRC") pursuant to 10 C.F.R. Part 50 (the "TR-2 License"). CBS requests that the NRC approve the transfer to Viacom of the TR-2 License, and that the NRC approve the corresponding amendments to that license necessary to effectuate the transfer. As required by NRC regulations, an Analysis of the Issue of No Significant Hazards Consideration is attached as Exhibit A. The contacts for the license are set forth on Exhibit B attached hereto.

The proposed Merger requires the approval of other regulatory agencies in addition to the NRC. Closing of the Merger cannot take place until the receipt of all such regulatory approvals. Therefore, CBS requests the NRC to approve the transfers and amendment to be effective as of the closing date of the Merger (the "Closing Date"). It currently is anticipated that the Closing Date will be near the end of the first quarter of 2000. CBS will keep the NRC informed of progress in obtaining other regulatory approvals and the timetable established for the Closing Date.

From and after the Closing Date, as discussed herein, Viacom will be technically and financially qualified to be the holder of the TR-2 License and will fulfill the responsibilities of such a holder. As of the Closing Date, current CBS employees responsible for the licensed materials and activities that are the subject of this Application, as currently described in the docket for the TR-2 License, will become employees of Viacom and will continue to be responsible for such activities after the transfers to Viacom. The transfer of the licensed activities will not affect the operational structure described in the license. There will be no changes in operating organizations, locations, facilities, equipment or procedures associated with the licensed activities, and there will be no changes in the use, possession, locations or storage of licensed materials as a result of the Merger. Licensed activities will continue in their current form without interruption resulting from the transfer.

II. THE TRANSACTION

CBS has entered into an Agreement and Plan of Merger with Viacom and Viacom/CBS LLC, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999 (the "Merger Agreement") under which CBS will merge with and into Viacom.[1] Under the terms of the Merger Agreement, each issued and outstanding share of CBS common stock will be converted into the right to receive 1.085 shares of Viacom non-voting Class B common stock and each issued and outstanding share of CBS Series B preferred

[1] Under certain circumstances specified in the Merger Agreement, CBS will merge with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom, rather than with and into Viacom. The merger of CBS into Viacom/CBS LLC will occur only if guidance is received from the Internal Revenue Service or another appropriate governmental authority that the merge of CBS into Viacom/CBS LLC will not adversely affect the tax treatment of the merger and if the merger would not result in an adverse tax effect to Viacom, CBS or their respective shareholders. If CBS is merged into Viacom/CBS LLC, that combined company will only contain the assets and liabilities of CBS and will be wholly owned by Viacom.

stock will be converted into the right to receive 1.085 shares of newly-created Viacom Series C preferred stock. The shareholders of each of CBS and Viacom have approved the Merger, which is expected to be effective near end of the first quarter of 2000.

Viacom is one of the world's largest entertainment companies with operations in nearly every segment of the international media marketplace. Viacom had annual revenues in 1998 of $12.096 Billion and annual revenues for the nine months ended September 30, 1999 of $9.286 Billion. As of December 31, 1998, Viacom had total assets of $23.613 Billion.

CBS is one of the largest national radio and television broadcasters in the United States. CBS had annual revenues in 1998 of $6.805 Billion and annual revenue for the nine months ended September 30, 1999 of $5.145 Billion. As of December 31, 1998, CBS had total assets of $22.058 Billion.

The current Chairman and Chief Executive Officer of Viacom, who is a U.S. citizen, will continue to serve as Chairman and Chief Executive Officer of Viacom after the Merger. The current President and Chief Executive Officer of CBS, who is a U.S. citizen, will become President and Chief Operating Officer of Viacom after the Merger.

III. GOVERNANCE

The majority of the members of the Boards of Directors of Viacom after the Merger will be U. S. citizens. From and after the Closing Date there will be eighteen members of the Board of Directors of Viacom. All ten members of the current Viacom Board of Directors are expected to continue as members of the Board of Directors of Viacom following the Merger. Eight members of the current CBS Board of Directors, to be designated by the CBS Board prior to the effective date of the Merger, will become members of the Board of Directors of Viacom on the effective date of the Merger.

IV. INFORMATION REQUIRED FOR LICENSE TRANSFER

Set forth below is information to support the transfers of the TR-2 license requested by this Application.

1. New Name of the Licensed Organization

   Viacom Inc. ("Viacom")

2. New License Contact and Telephone Number(s).

   The continuing contact for the licenses is:

   Mr. Richard K. Smith
   Director, Environmental Remediation
   Viacom Inc.
   Telephone: (412) 642-3285
   Fax: (412) 642-3957
   E-Mail: rksmith@cbs.com

3. Organization and Management

There will be no changes in personnel having control of licensed activities as a result of the Merger. The principal officers and the Board of Directors of Viacom will take the place of the current principal officers and Board of Directors of CBS. There will be no changes in personnel named as responsible for radiation safety or use of licensed material in the license being transferred as a result of the Merger.

Principal Viacom Officers as of the Closing Date:

Name	Position	Country of Citizenship
Summer M. Redstone	Chairman and Chief Executive Officer	U.S.
Mel Karmazin	President and Chief Operating Officer	U.S.

[Information on other principal officers to be supplied later]

Viacom Directors as of the Closing Date

[To be supplied later]

4. The Transaction and Financial Qualifications

See discussion above entitled "II. The Transaction." Exhibits C through F attached here to provide financial information relating to CBS and Viacom.

5. Technical Qualifications and Effect on Operations

There will be no changes in the operational organization, location, facilities, equipment or procedures associated with the licensed activities as a result of the merger. There will be no changes in the use, possession, location or storage of the licensed material as a result of the Merger. All licensed activities will continue on an ongoing basis without interruption. All surveillance items and records will continue to be maintained in their existing state in accordance with applicable requirements. All surveillance items and records will be transferred to Viacom on the Closing Date. Such transfer will not involve any physical relocation of any records. On the Closing Date, the status of the licensed facility, including but not limited to the status of decontamination and decommissioning activities, will be identical to its status prior to the Closing Date. From and after the Closing Date, Viacom will assume liability for decommissioning and the costs of the facility being transferred that is the subject of this Application to the extent that CBS had such responsibilities prior to the Merger.

From and after the Closing Date, Viacom will assume the responsibility of CBS for the current status and future cleanup of the licensed facility that is the subject of this Application. The financial assurance mechanism currently in place to comply with the regulations specified in 10 CFR 50.75, for the decommissioning financial assurance requirements will remain in place and will be the responsibility of Viacom as of the Closing Date.

In addition, in the sale transaction between CBS and BNFL Nuclear Services, Inc. ("BNFL") completed on March 22, 1999, in which the majority of the nuclear licenses for nuclear facilities previously owned by CBS were transferred to Westinghouse Electric Company LLC, a subsidiary of BNFL, CBS retained certain responsibilities to provide decommissioning financial assurance under the licenses that were transferred. Currently, CBS has a single form of financial assurance mechanism which encompasses all CBS financial assurance responsibilities. The mechanism consists of Standby Letters of Credit and an associated Standby Trust Agreement. These arrangements will continue in effect from and after the Closing Date.

The decommissioning financial assurance to be provided by Viacom will fully comply with all NRC requirements.

6. Acceptance of Responsibilities and Liabilities by Transferee

Exhibit G attached hereto is the form of a letter to the NRC from an officer of Viacom to be submitted to the NRC prior to the Closing Date, confirming that Viacom agrees to abide by all commitments and representations previously made to the NRC by CBS for all licenses being transferred. The letter also confirms that, from and after the Closing Date, Viacom will agree to accept liability for decommissioning and decontamination of the TR-2 Facility and site. Exhibit G further confirms that, from and after the Closing Date, Viacom will accept responsibility for open inspection items and/or resulting enforcement actions.

7. Transferee Agreement to Transfer, Awareness of Operations and Responsibilities

Exhibit G documents the agreement of Viacom to the change in ownership and control of the licensed material and activities and the conditions of transfer associated with the TR-2 Facility being transferred. Exhibit G also documents that Viacom has been made aware of the responsibility of Viacom for possible resulting enforcement actions. CBS will make Viacom aware of all open inspection items as of the Closing Date and its responsibility for possible resulting enforcement actions.

8. Restricted Data

This Application contains no Restricted Data, and it is not expected that any will become involved. However, in the event that such information does become involved, Viacom will appropriately safeguard such information, and it will not permit any individual to have access to Restricted Data until the NRC has granted access authorization to the individual pursuant to 10 CFR Part 10.

V. APPLICATION FOR LICENSE AMENDMENT

Pursuant to 10 CFR 50.90, CBS requests an amendment to the TR-2 Facility license (including the Technical Specifications) to change the name of the licensee authorized to possess the TR-2 Facility. The requested amendment reflects the transfer of the TR-2 Facility license requested in Part I and should be effective as of the Closing Date of the underlying transactions described above. Set forth on Exhibit H are marked pages of the TR-2 License showing the requested changes to the license.

1. Background and Safety Analysis

The proposed amendment would substitute Viacom for CBS as the licensee authorized to possess the TR-2 Facility. As described in the license transfer section of this Application, the proposed amendment does not involve any change in the status of or activities related to the TR-2 Facility, nor any change, other than the noted name substitution, in the terms and conditions of the existing license or change in the TR-2 Facility Technical Specifications. The transfer will not involve any change to either the organizations or personnel directly responsible for the TR-2 Facility or related activities. As stated in Part I of this Application, Viacom will be financially qualified to be the holder of the TR-2 Facility license. Therefore, the proposed amendment does not result in an undue risk to the health and safety of the public.

2. No Significant Hazards Consideration

The amendment substituting Viacom for CBS as licensee for the TR-2 Facility involves no significant hazards consideration. See Exhibit A, "Analysis of the Issue of No Significant Hazards Consideration for the Transfer and Amendment of Test Reactor Facility License Number TR-2, Docket 50-022", for a detailed discussion.

3. Environmental Assessment

The proposed amendment to the TR-2 Facility license will substitute Viacom for CBS as the licensee authorized to possess the TR-2 Facility. Such amendment is therefore only a change to the administrative requirements of the license. Accordingly, the amendment satisfies the criteria for "categorical exclusion" set forth in 10 CFR 51.22(c)(10); and, pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the issuance of the proposed amendment. In any event, the requested action involves a license transfer only, without any change in licensed activities or the procedures under which such activities are conducted, and therefore involves no change in any previously evaluated environmental impacts.

VI. CONCLUSION

For the reasons stated above, CBS Corporation requests that the NRC approve the transfer to Viacom Inc. of the TR-2 License and that the NRC approve the corresponding amendments to the TR-2 License to change the name of the holder of such license from CBS Corporation to Viacom Inc., effective as of the Closing Date. As set forth in Exhibit G, Viacom concurs in this request.

CBS Corporation

By: ______________________
Louis J. Briskman
Executive Vice President and General Counsel

APPLICATION FOR TRANSFERS AND AMENDMENTS OF TEST REACTOR FACILITY LICENSE NUMBER TR-2

INDEX TO EXHIBITS

(Continued on p. ii)

INDEX TO EXHIBITS
(continued)

ANALYSIS OF THE ISSUE OF NO SIGNIFICANT HAZARDS CONSIDERATION FOR AMENDMENT OF TEST REACTOR FACILITY LICENSE NUMBER TR-2, DOCKET 50-022

EXHIBIT A

EXHIBIT A

ANALYSIS OF THE ISSUE OF NO SIGNIFICANT HAZARDS CONSIDERATION FOR AMENDMENT OF TEST REACTOR FACILITY LICENSE NUMBER TR-2, DOCKET 50-022

REFERENCE 10 CFR 50.91(a)

The proposed change has been evaluated against the standards of 10 CFR 50.92(c) and it has been determined not to involve any significant hazards consideration in the licensed activities in accord with the proposed amendment:

1. *Would not involve a significant increase in the probability or consequences of an accident previously evaluated.*

   The proposed amendment will transfer the possession only license (the "TR-2 License") for the TR-2 Test Reactor (the "TR-2 Facility"), from CBS Corporation ("CBS") to Viacom Inc. ("Viacom"). The amendment request is necessary because CBS, Viacom and Viacom/CBS LLC have entered into an Agreement and Plan of Merger, dated as of September 6, 1999, as amended and restated as of October 8, 1999 and as of November 23, 1999 (the "Merger Agreement"), under which CBS will merge with and into Viacom. (Under certain circumstances specified in the Merger Agreement, CBS would merge, with and into Viacom/CBS LLC, a wholly owned subsidiary of Viacom, rather than with and into Viacom.) The shareholders of each of CBS and Viacom have approved the merger, which is expected to be effective near end of the first quarter or in the second quarter of 2000. The merged entity will retain the TR-2 Facility and TR-2 License and the responsibility to continue the on-going decommissioning and license termination activities in accordance with the " WTR Decommissioning Plan" submitted to the NRC and approved September 30, 1998, as amended.

   The merged entity will meet all requirements for a NRC license, including all financial and technical qualifications. In order to complete the decommissioning of the TR-2 Facility as described in the WTR Decommissioning Plan, CBS has entered into contract with several third party organizations as described in the WTR Decommissioning Plan. These contracts will be assumed by the merged entity and remain in place so that there will be no effective change in the personnel associated with the on-going decommissioning project under the TR-2 License. The merged entity will retain full responsibility for the project and therefore will continue to provide direct management oversight in the form of project management personnel who will remain employees of the merged entity or are contractor personnel reporting directly to the merged entity. (See Amendment No. 10 to the TR-2 License, dated November 23, 1999.)
   Under the provisions of the WTR Decommissioning Plan, personnel at the Waltz Mill Site currently provide certain oversight activities with respect to radiation safety for the

TR-2 Facility decommissioning project. These oversight activities primarily involve the review and approval of the decommissioning activities utilizing the Radiation Safety Committee that is established under the site's active SNM-770 license. The assets and facilities, including personnel, associated with the SNM-770 license were transferred to Westinghouse Electric Company LLC ("Westinghouse") as part of a sale transaction between CBS and BNFL Nuclear Services, Inc. completed on March 22, 1999 pursuant to which CBS sold its commercial nuclear business (with certain exceptions) to Westinghouse. CBS and Westinghouse continue to coordinate the activities conducted under the active SNM-770 license that support the TR-2 decommissioning activities. CBS has an on-going relationship with Westinghouse to continue such site oversight activities provided by the Waltz Mill Site under License SNM-770, as described in the WTR Decommissioning Plan. The merged entity will assume the responsibilities of CBS and will continue the relationship with Westinghouse.

In summary, the personnel responsible for decommissioning activities under the TR-2 License will continue to be technically qualified to carry out licensed activities. There will be no effective change in the personnel who are responsible for completion of the TR-2 License decommissioning effort as described in the WTR Decommissioning Plan. Thus, the requested amendment does not involve any changes in the conduct of licensed activities, which will continue in their current form without interruptions of any kind.

The proposed amendment also does not require any physical change to the TR-2 Facility or changes to Technical Specifications or procedures under the TR-2 License. The proposed change does not increase the probability of an accident previously evaluated because it does not affect any initiators in any of the previously evaluated accidents. The proposed change does not increase the consequences of any accident previously evaluated because it does not affect any of the items on which the consequences depend.

Therefore, the proposed amendment does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. *Would not create the possibility of a new or different kind of accident from any accident previously evaluated.*

The proposed amendment does not modify the TR-2 Facility configuration or licensed activities. Thus no new accident initiators are introduced.

Therefore, the proposed amendment does not create the possibility of a new or different accident from any accident previously evaluated.

3. *Would not involve a significant reduction in a margin of safety.*

This amendment request is necessary because of the announced merger of CBS with and into Viacom, with Viacom as the surviving corporation. Viacom will be financially qualified to hold the TR-2 License.

Furthermore, the personnel responsible for decommissioning activities under the TR-2 License will continue to be technically qualified to carryout licensed activities. There will be no effective change in the personnel who are responsible for completion of the TR-2 License decommissioning effort as described in the WTR Decommissioning Plan. Thus, the requested amendment does not involve any changes in the conduct of licensed activities, which will continue in their current form without any interruptions of any kind.

The proposed change does not alter any margin of safety because it does not involve any changes in the TR-2 Facility or licensed activities under the TR-2 License which will continue in their current form without any interruptions of any kind.

Therefore, the proposed amendment does not involve a significant reduction in a margin of safety.

CONTACT LIST FOR TEST REACTOR FACILITY
LICENSE NUMBER TR-2, DOCKET 50-022

EXHIBIT B

CONTACT LIST
TEST REACTOR FACILITY
LICENSE NUMBER TR-2, DOCKET 50-022

Principle: CBS Corporation
Gateway Center
11 Stanwix Street
Pittsburgh, PA 15222

Mailing address for correspondence regarding this matter until closing of the merger transaction described in the Application for amendment:

Barton Z. Cowan, Esq.
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street, 44th Floor
Pittsburgh, PA 15219

Telephone: (412) 566-6029
Fax: (412) 566-6099
E-Mail: bzc@escm.com

Mailing address for all licensing correspondence on and after closing of the sale transaction described in the Application for amendment:

Viacom, Inc.
Gateway Center
11 Stanwix Street
Pittsburgh, PA 15222

Attention: Mr. Richard K. Smith, Director
Environmental Remediation

Telephone: (412) 642-3285

REPORT OF INDEPENDENT ACCOUNTANTS TO VIACOM INC.
FOR YEARS ENDED
DECEMBER 31, 1997 AND DECEMBER 31, 1998
(FROM SEC FORM 10-K)

(EXCERPTED FROM FORM 10-K FOR THE FISCAL YEAR
ENDED DECEMBER 31, 1998 FILED BY VIACOM INC.
WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION)

EXHIBIT C

the end of 1999.

The Company's goal is to achieve timely and substantial Y2K compliance, with remediation work assigned based upon how critical each system is to the Company's business. Due to the general uncertainty inherent in the Y2K problem resulting in part from the uncertainty of compliance by the Company's principal business partners and third party providers, the Company is unable to determine at this time what the consequences of Y2K may be. Also, the Company's international operations may be adversely affected by failures of businesses in other parts of the world to take adequate steps to address the Y2K problem. The Company will continue to devote the necessary resources to complete its Y2K program and contingency plans and believes that the completion of its Y2K program and contingency plans will significantly mitigate operational and financial risks.

Costs

Y2K costs have been expensed as incurred, except those costs directly related to the replacement of systems requiring upgrades in the ordinary course of business which have been capitalized. As of February 28, 1999, the Company had incurred costs of approximately $31.7 million, of which $8.4 million has been capitalized. The estimated additional costs to complete the Y2K program are currently expected to approximate $20.7 million, of which approximately $4.0 million are expected to be capitalized. Based on these amounts, the Company does not expect the costs of the Y2K program to have a material effect on its results of operations, financial position or liquidity.

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholders of Viacom Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of shareholders' equity present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the "Company") at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a) present fairly, in all

EXHIBIT C

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 generally accepted auditing standards 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 the opinion expressed above.

PricewaterhouseCoopers LLP

New York, New York
February 8, 1999, except for the first paragraph of Note 2, which is as of February 25, 1999

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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 auditing function which evaluates and reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

EXHIBIT C

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 directors who are not employees of the Company, meets periodically with the independent accountants, with our internal auditors, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee is also responsible for recommending to the Board of Directors the independent accounting firm to be retained for the coming year, subject to shareholder approval. The independent accountants and the internal auditors 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/ George S. Smith, Jr.

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

By: /s/ Susan C. Gordon

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

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

EXHIBIT C

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1998 <C>	1997 <C>	1996 <C>
Revenues	$ 12,096.1	$ 10,684.9	$ 9,683.9
Expenses:			
Operating	8,506.3	7,476.3	6,340.2
Selling, general and administrative	2,060.9	1,750.6	1,442.0
Restructuring charge (Note 4)	--	--	50.2
Depreciation and amortization	777.3	772.6	654.3
Total expenses	11,344.5	9,999.5	8,486.7
Operating income	751.6	685.4	1,197.2
Other income (expense):			
Interest expense, net	(599.0)	(750.9)	(785.5)
Other items, net (Note 16)	(15.3)	1,244.0	(1.6)
Earnings from continuing operations before income taxes	137.3	1,178.5	410.1
Provision for income taxes	(138.7)	(646.4)	(243.3)
Equity in loss of affiliated companies, net of tax (Note 7)	(41.4)	(163.3)	(13.3)
Minority interest	(0.7)	4.7	(1.3)
Earnings (loss) from continuing operations	(43.5)	373.5	152.2
Discontinued operations (Note 3):			
Earnings (loss), net of tax	(54.1)	14.9	(62.0)
Net gain on dispositions, net of tax	49.9	405.2	1,157.7
Net earnings (loss) before extraordinary loss	(47.7)	793.6	1,247.9
Extraordinary loss, net of tax (Note 17)	(74.7)	--	--
Net earnings (loss)	(122.4)	793.6	1,247.9
Cumulative convertible preferred stock dividend requirement	(57.2)	(60.0)	(60.0)
Discount on repurchase of preferred stock (Note 10)	30.0	--	--
Net earnings (loss) attributable to common stock	$ (149.6)	$ 733.6	$ 1,187.9
Basic earnings per common share:			
Earnings (loss) from continuing operations	$ (.10)	$ .44	$ .13

EXHIBIT C

Net earnings (loss)	$	(.21)	$	1.04	$	1.63
Diluted earnings per common share:						
Earnings (loss) from continuing operations	$	(.10)	$	.44	$	.13
Net earnings (loss)	$	(.21)	$	1.04	$	1.62
Weighted average number of common shares:						
Basic		708.7		705.8		728.0
Diluted		708.7		708.5		734.7

</TABLE>

See notes to consolidated financial statements.

<PAGE>

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions)

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	1997 <C>
Assets		
Current Assets:		
Cash and cash equivalents	$ 767.3	$ 292.3
Receivables, less allowances of $98.7 (1998) and $99.8 (1997)	1,759.1	2,397.7
Inventory (Note 6)	468.7	934.8
Theatrical and television inventory (Note 6)	1,336.8	1,317.9
Other current assets	732.6	770.8
Total current assets	5,064.5	5,713.5
Property and Equipment:		
Land	458.5	452.2
Buildings	1,636.8	1,544.4
Capital leases	671.7	655.6
Equipment and other	1,770.0	1,668.0

EXHIBIT C

	4,537.0	4,320.2
Less accumulated depreciation and amortization	1,457.5	1,122.5
Net property and equipment	3,079.5	3,197.7
Inventory (Note 6)	2,470.8	2,650.6
Intangibles, at amortized cost	11,557.3	14,699.6
Other assets	1,441.0	2,027.3
	$23,613.1	$28,288.7

</TABLE>

See notes to consolidated financial statements.

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<PAGE>

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

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 499.2	$ 699.7
Accrued expenses	2,125.8	1,574.7
Deferred income	286.5	254.6
Accrued compensation	410.3	441.7
Participants' share, residuals and royalties payable	1,227.5	951.3
Program rights	179.6	197.7
Income tax payable	526.5	556.3
Current portion of long-term debt	377.2	376.5

EXHIBIT C

Total current liabilities	5,632.6	5,052.5
Long-term debt (Note 8)	3,813.4	7,423.0
Other liabilities	2,117.5	2,429.6
Commitments and contingencies (Note 13)		
Shareholders' Equity:		
Convertible Preferred Stock, par value $.01 per share; 200.0 shares authorized; 12.0 (1998) and 24.0 (1997) shares issued and outstanding	600.0	1,200.0
Class A Common Stock, par value $.01 per share; 200.0 shares authorized; 141.6 (1998) and 140.7 (1997) shares issued	1.4	1.4
Class B Common Stock, par value $.01 per share; 1,000.0 shares authorized; 591.9 (1998) and 581.1 (1997) shares issued	5.9	5.8
Additional paid-in capital	10,574.7	10,329.5
Retained earnings	1,932.9	2,089.0
Accumulated other comprehensive loss (Note 1)	(67.1)	(12.6)
	13,047.8	13,613.1
Less treasury stock, at cost; 38.5 shares (1998) and 13.0 shares (1997)	998.2	229.5
Total shareholders' equity	12,049.6	13,383.6
	$23,613.1	$28,288.7

</TABLE>

See notes to consolidated financial statements.

<PAGE>

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

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1998	1997	1996

EXHIBIT C

<S>	<C>	<C>	<C>
Operating Activities:			
Net earnings (loss)	$ (122.4)	$ 793.6	$1,247.9
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:			
Net gain on dispositions	(49.9)	(1,761.3)	(1,157.7)
Depreciation and amortization	777.3	943.3	817.6
Restructuring charge	--	--	88.9
Distribution from affiliated companies	17.9	62.2	59.8
Gain on the sale of cost investments	(118.9)	--	--
Loss on redemption of debt	126.6	--	--
Equity in loss of affiliated companies	41.4	163.3	13.0
Amortization of deferred financing costs	16.1	33.6	31.2
Change in operating assets and liabilities:			
Decrease (increase) in receivables	135.6	(251.3)	(413.3)
Decrease (increase) in inventory and related programming liabilities, net	367.1	79.7	(443.0)
Decrease (increase) in prepublication costs, net	13.8	(21.4)	(57.9)
Increase in prepaid expenses and other current assets	(119.7)	(83.5)	(40.0)
Decrease (increase) in unbilled receivables	105.0	(53.3)	(226.5)
Increase (decrease) in accounts payable and accrued expenses	192.6	(7.6)	1.0
Increase (decrease) in income taxes payable and deferred income taxes, net	(563.9)	455.6	38.5
Increase (decrease) in deferred income	7.4	(93.1)	122.6
Other, net	38.1	80.2	(11.6)
Net cash flow provided by operating activities	864.1	340.0	70.5
Investing activities:			
Proceeds from dispositions	4,950.1	3,014.9	1,838.1
Acquisitions, net of cash acquired	(126.4)	(355.1)	(299.8)
Capital expenditures	(603.5)	(530.3)	(598.6)
Investments in and advances to affiliated companies	(100.3)	(300.4)	(88.8)
Proceeds from sale of cost investment	167.3	--	--
Proceeds from sale of short-term investments	101.4	139.8	137.9
Purchases of short-term investments	(151.6)	(81.3)	(149.2)
Other, net	(18.6)	18.2	--
Net cash flow provided by investing activities	4,218.4	1,905.8	839.6
Financing activities:			
Repayments of credit agreements, net	(2,383.0)	(2,092.3)	(859.5)
Repayment of notes and debentures	(869.3)	--	(50.9)
Purchase of treasury stock and warrants	(809.6)	(9.8)	(223.6)

EXHIBIT C

Repurchase of Preferred Stock	(564.0)	--	--
Payment on capital lease obligations	(110.7)	(66.2)	(48.9)
Payment of Preferred Stock dividends	(64.8)	(60.0)	(60.0)
Proceeds from exercise of stock options and warrants	182.8	69.6	95.1
Other, net	11.1	(3.8)	(17.4)
Net cash flow used in financing activities	(4,607.5)	(2,162.5)	(1,165.2)
Net increase (decrease) in cash and cash equivalents	475.0	83.3	(255.1)
Cash and cash equivalents at beginning of year	292.3	209.0	464.1
Cash and cash equivalents at end of year	$ 767.3	$ 292.3	$ 209.0

</TABLE>

See notes to consolidated financial statements.

<PAGE>

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions)

<TABLE>
<CAPTION>

	Year ended December 31,					
	1998		1997		1996	
	Shares	Amounts	Shares	Amounts	Shares	Amounts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Convertible Preferred Stock:						
Balance, beginning of year	24.0	$ 1,200.0	24.0	$ 1,200.0	24.0	$ 1,200.0
Repurchase of Preferred Stock	12.0	600.0	--	--	--	--
Balance, end of year	12.0	600.0	24.0	$ 1,200.0	24.0	$ 1,200.0
Class A Common Stock:						
Balance, beginning of year	140.7	$ 1.4	140.2	$ 1.4	150.2	$ 1.5
Exercise of stock options and warrants	.9	--	.5	--	.8	--
Cable split-off	--	--	--	--	(10.8)	(.1

EXHIBIT C

Balance, end of year	141.6	$ 1.4	140.7	$ 1.4	140.2	$ 1.4
Class B Common Stock:						
Balance, beginning of year	581.1	$ 5.8	576.4	$ 5.8	589.2	$ 5.9
Exercise of stock options and warrants	10.8	.1	4.7	--	7.0	.1
Cable split-off	--	--	--	--	(19.8)	(.2
Balance, end of year	591.9	$ 5.9	581.1	$ 5.8	576.4	$ 5.8
Additional Paid-In Capital:						
Balance, beginning of year		$10,329.5		$10,238.5		$10,723.2
Exercise of stock options and warrants, net of tax benefit		280.1		94.9		157.4
Cable split-off		--		--		(625.5
Warrants repurchased		(34.9)		(3.9)		(16.6
Balance, end of year		$10,574.7		$10,329.5		$10,238.5
Retained Earnings:						
Balance, beginning of year		$ 2,089.0		$ 1,358.6		$ 173.1
Net earnings (loss)		(122.4)		793.6		1,247.9
Preferred stock dividend requirement		(57.2)		(60.0)		(60.0
Discount on repurchase of Preferred Stock		30.0		--		--
Comprehensive income reclassification..		--		(3.2)		(2.4
Exercise of stock options		(6.5)		--		--
Balance, end of year		$ 1,932.9		$ 2,089.0		$ 1,358.6
Accumulated Other Comprehensive Income (Loss):						
Balance, beginning of year		$ (12.6)		$ 5.9		$ (11.9
Other comprehensive income (loss)		(54.5)		(18.5)		17.8
Balance, end of year		$ (67.1)		$ (12.6)		$ 5.9
Treasury Stock, at cost:						
Balance, beginning of year	13.0	$ (229.5)	12.5	$ (223.6)	--	$ --
Class A Common Stock repurchased	--	--	--	--	1.3	(22.9
Class B Common Stock repurchased	26.2	(787.0)	.5	(5.9)	11.2	(200.7
Exercise of stock options	(.7)	18.3	--	--	--	--
Balance, end of year	38.5	$ (998.2)	13.0	$ (229.5)	12.5	$ (223.6

EXHIBIT C

	=========	=========	=========	=========	=========	=========
Total Shareholders' Equity		$12,049.6		$13,383.6		$12,586.6
		=========		=========		=========
Comprehensive Income (Loss)(Note 1):						
Net earnings (loss)		$ (122.4)		$ 793.6		$ 1,247.9
Other comprehensive income (loss)		(54.5)		(18.5)		17.8
		---------		---------		---------
Total Comprehensive Income (Loss)......		$ (176.9)		$ 775.1		$ 1,265.7
		=========		=========		=========

</TABLE>

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) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Viacom Inc. and its subsidiaries (the "Company") is a diversified entertainment company with operations in the six segments described below. These operating segments have been determined in accordance with the Company's internal management structure, which is organized based on products and services. In accordance with Statement of Financial Accounting Standards ("SFAS") 131, "Disclosures about Segments of an Enterprise and Related Information", certain similar operating segments have been aggregated. See Note 3 regarding the presentation of discontinued operations. See Note 14 regarding the relative contribution to revenues and operating results of each of the following operating segments:

Networks

MTV Networks owns and operates advertiser-supported basic cable television program services, and Showtime Networks Inc. owns and operates premium subscription cable television program services.

Entertainment

Paramount Pictures: 1) produces, acquires, finances and distributes feature motion pictures, normally for exhibition in U.S. and foreign theaters followed

EXHIBIT C

by videocassettes and discs, pay-per-view television, premium subscription television, network television, basic cable television and syndicated television exploitation; 2) produces, acquires and distributes series, mini-series, specials and made-for-television movies initially for network television, first-run syndication and basic cable television, and subsequently for syndication; 3) operates movie theaters; 4) acquires and exploits a library of music copyrights to various musical works, including songs, scores and cues; and 5) owns and operates 17 televisions stations and operates 2 stations pursuant to local marketing agreements.

Spelling Entertainment Group Inc. ("Spelling") is a producer and distributor of television series, mini-series and made-for-television movies.

Video

Blockbuster Video operates and franchises videocassette rental and retail sales stores throughout the United States and internationally.

Parks

Paramount Parks owns and operates five regional theme parks and a themed attraction in the United States and Canada.

Publishing

Simon & Schuster publishes and distributes consumer hardcover books, trade paperbacks, mass-market paperbacks, children's books, audiobooks, electronic books and CD-ROM products in the United States and internationally.

Online

Viacom online services provides online music and children destinations featuring entertainment, information, community tools and e-commerce.

<PAGE>

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

EXHIBIT C

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could subsequently differ from those estimates.

Principles of Consolidation - The consolidated financial statements include the accounts of 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.

Cash Equivalents - Cash equivalents are defined as short-term (three months or less) highly liquid investments.

Inventories - Inventories related to theatrical and television product (which include direct production costs, production overhead, acquisition costs, prints and certain exploitation costs) are stated at the lower of amortized cost or net realizable value. Inventories are amortized, and liabilities for residuals and participations are accrued, on an individual product basis based on the proportion that current 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. Estimates of total lifetime revenues and expenses are periodically reviewed. The costs of feature and television films are classified as current assets to the extent such costs are expected to be recovered through their respective primary markets, with the remainder classified as non-current. A portion of the cost to acquire Paramount and Spelling was allocated to theatrical and television inventories based upon estimated revenues from certain films less related costs of distribution and a reasonable profit allowance for the selling effort. The cost allocated to films is being amortized over their estimated economic lives not to exceed 20 years.

The Company estimates that approximately 70% of unamortized film costs (including amounts allocated under purchase accounting) at December 31, 1998 will be amortized within the next three years.

Inventories related to base stock videocassettes (generally less than five copies per title for each store) are recorded at cost and a portion of these costs are amortized on an accelerated basis over three months, generally to $8 per unit, with the remaining base stock videocassette costs amortized on a straight-line basis over 33 months to an estimated $4 salvage value. The cost of non-base stock videocassettes (generally greater than four copies per title for each store) is amortized on an accelerated basis over three months to an estimated $4 salvage value. Video games are amortized on an accelerated basis

EXHIBIT C

over a 12 month period to an estimated $10 salvage value (See Note 4).

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Program Rights - The Company acquires rights to exhibit programming on its broadcast stations or cable networks. The costs incurred in acquiring programs are capitalized and amortized over the license period. 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 principally by the straight-line method over estimated useful lives ranging from 3 to 40 years. Depreciation expense, including capitalized lease amortization, was $441.8 million (1998), $447.2 million (1997) and $331.1 million (1996).

Property and equipment includes capital leases of $399.0 million and $463.1 million as of December 31, 1998 and December 31, 1997, respectively, net of accumulated amortization of $272.7 million and $192.5 million, respectively. Amortization expense related to capital leases was $62.6 million (1998), $58.4 million (1997) and $63.0 million (1996).

In 1996, the Company adopted SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"). SFAS 121 requires that the Company assess long-lived assets and certain 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 the assets' 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. The adoption of SFAS 121 did not have a significant effect on the consolidated financial position or results of operations.

Intangible Assets - Intangible assets, which primarily consist of the cost of acquired businesses in excess of the fair value of tangible assets and liabilities acquired ("goodwill"), are generally amortized by the straight-line method over estimated useful lives of up to 40 years. The Company evaluates the

EXHIBIT C

amortization period of intangibles on an ongoing basis in light of changes in any business conditions, events or circumstances that may indicate the potential impairment of intangible assets. Accumulated amortization of intangible assets was $1.6 billion at December 31, 1998 and 1997.

Revenue Recognition - Subscriber fees for Networks are recognized in the period the service is provided. Advertising revenues for Networks are recognized in the period during which the spots are aired. Video segment revenues are recognized at the time of rental or sale. The publishing segment recognizes revenue when merchandise is shipped.

Theatrical revenues from domestic and foreign markets are recognized as films are exhibited; revenues from the sale of videocassettes and discs are recognized upon availability of sale to the public; and revenues from all television sources are recognized upon availability of the film for telecast. On average, the length of the initial revenue cycle for feature films approximates four to seven years.

<PAGE>

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.

Interest - Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of the related debt. The Company enters into interest rate exchange agreements; the amount to be paid or received under such agreements is accrued as interest rates change and is recognized over the life of the agreements as an adjustment to interest expense. Amounts paid for purchased interest rate cap agreements are amortized as interest expense over the term of the agreement.

Foreign Currency Translation and Transactions - The Company's foreign subsidiaries' assets and liabilities are translated at exchange rates in effect

EXHIBIT C

(Tabular dollars in millions, except per share amounts)

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 are included as a separate component of shareholders' equity in Accumulated Other Comprehensive Income. Foreign currency transaction gains and losses have been included in "other items, net", and have not been material in any of the years presented.

Provision for Doubtful Accounts - The provision for doubtful accounts charged to expense was $29.5 million (1998), $83.1 million (1997) and $55.1 million (1996).

Net Earnings (Loss) per Common Share - Basic earnings per share is based upon the net earnings applicable to common shares after preferred dividend requirements and upon the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the effect of the assumed conversions of convertible securities and exercise of stock options only in the periods in which such effect would have been dilutive.

In December 1998, the Company repurchased 12 million shares of its convertible preferred stock. The preferred stock had a cumulative cash dividend of $30 million per year.

For each of the full years presented, the effect of the assumed conversion of preferred stock is antidilutive and therefore, not reflected in diluted net earnings per common share. Prior period amounts have been adjusted to reflect the effect of the 2-for-1 stock split (See Note 2). The numerator used in the calculation of both basic and diluted EPS for each respective year reflects earnings from continuing operations less preferred stock dividends of $57.2 million for 1998 and $60 million for both 1997 and 1996 plus the discount on repurchase of preferred stock of $30 million for 1998. The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS:

<PAGE>

	1998	1997	1996
Weighted average shares for basic EPS	708.7	705.8	728.0
Plus incremental shares for stock options	--	2.7	6.7

EXHIBIT C

Weighted average shares for diluted EPS	708.7	708.5	734.7
	======	======	======

Comprehensive Income (Loss) -- The Company adopted SFAS 130, "Reporting Comprehensive Income", effective January 1, 1998. The components of accumulated other comprehensive income (loss) were as follows:

<TABLE>
<CAPTION>

	Unrealized Gain (Loss) on Securities	Cumulative Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
	-------------	-----------	----------	-------------
<S>	<C>	<C>	<C>	<C>
At December 31, 1995	$ 2.0	$ (9.9)	$ (4.0)	$ (11.9)
Current period change	3.0	21.2	(6.4)	17.8
	-------	-------	-------	-------
At December 31, 1996	5.0	11.3	(10.4)	5.9
Current period change	29.9	(50.4)	2.0	(18.5)
	-------	-------	-------	-------
At December 31, 1997	34.9	(39.1)	(8.4)	(12.6)
Current period change	(33.7)	(19.0)	(1.8)	(54.5)
	-------	-------	-------	-------
At December 31, 1998	$ 1.2	$ (58.1)	$ (10.2)	$ (67.1)
	=======	=======	=======	=======

</TABLE>

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

Recent Pronouncements - In April 1998, Statement of Position 98-5 "Reporting on the Costs of Start-Up Activities" ("SOP 98-5") was issued. SOP 98-5 provides guidance on the financial reporting of start-up costs and organization costs. The SOP is effective for financial statements for fiscal years beginning after December 15, 1998. The Company does not anticipate that the adoption of this statement will have a material effect on its financial statements.

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), effective for fiscal years beginning after June 15, 1999. The Company anticipates that due to its limited use of derivative instruments, the adoption of SFAS 133 will not have a material effect on its financial statements.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

In October 1998, the FASB released an exposure draft of the proposed statement on "Rescission of FASB Statement No. 53, Financial Reporting by Producers and Distributors of Motion Picture Films," ("SFAS 53"). An entity that previously was subject to the requirements of SFAS 53 would follow the guidance in a proposed Statement of Position, "Accounting by Producers and Distributors of Films." This proposed Statement of Position would be effective for financial statements for fiscal years beginning after December 15, 1999 and could have a significant impact on the Company's results of operations and financial position depending on its final outcome. The Company has not concluded on its impact given the preliminary stages of the proposed Statement of Position.

2) SUBSEQUENT EVENTS

On February 25, 1999, the Board of Directors of the Company declared a 2-for-1 common stock split, to be effected in the form of a dividend. The additional shares will be issued on March 31, 1999 to shareholders of record on March 15, 1999. All common share and per share amounts have been adjusted to reflect the stock split for all periods presented (See Note 10).

On January 5, 1999, the Company repurchased the remaining 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

3) DISCONTINUED OPERATIONS

In accordance with Accounting Principles Board Opinion ("APB") 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the Company has presented the following lines of business as discontinued operations: its educational, professional and reference publishing

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businesses ("Non-Consumer Publishing"), its music retail stores, interactive game businesses, Viacom Radio Stations and Viacom Cable.

On November 27, 1998, the Company completed the sale of Non-Consumer Publishing to Pearson plc for approximately $4.6 billion in cash plus approximately $92 million related to changes in net assets, which is subject to change based upon final determination of net assets. Viacom retained its consumer publishing operations, including the Simon & Schuster name. As a result of the sale, the Company recorded a net gain on the transaction of $65.5 million.

On October 26, 1998, the Company completed the sale of its music retail stores to Wherehouse Entertainment, Inc. for approximately $115 million in cash before adjustments for changes in working capital and recorded a net loss on the transaction of $138.5 million. The Company had previously closed the remaining music stores that were not part of the transaction.

On February 19, 1997, the Company adopted a plan to dispose of its interactive game businesses, including Viacom New Media, the operations of which were terminated in 1997. On that same date, the Board of Directors of Spelling approved a formal plan to dispose of Virgin Interactive Entertainment Limited ("Virgin"). Accordingly, the interactive game businesses were presented as discontinued operations. On September 4, 1998, Spelling completed the sale of substantially all of the development operations of Virgin to Electronic Arts Inc. for $122.5 million in cash. In addition, on November 10, 1998, Spelling completed the sale of all non-U.S. operations of Virgin to an investor group.

For the year ended December 31, 1997, the revenues and operating losses of the interactive game businesses were $241.3 million and $43.5 million, respectively. These losses were provided for in the estimated loss on disposal of $159.3 million, net of minority interest, which included a provision for future operating losses of approximately $44.0 million, net of minority interest, as of December 31, 1996. In the fourth quarter of 1997, an estimated loss of $32.0 million, net of minority interest, was recorded, reflecting anticipated future operating losses and cash funding requirements through completion of the disposition.

On July 2, 1997, the Company completed the sale of Viacom Radio Stations to Chancellor Media Corp. for approximately $1.1 billion in cash. As a result of the sale, the Company realized a gain on disposition of approximately $416.4 million, net of tax, in the third quarter of 1997.

On July 31, 1996, the Company completed the split-off of its Cable segment pursuant to an exchange offer and related transactions. As a result, the Company realized a gain of approximately $1.3 billion, reduced its debt and retired approximately 4.1% of the Company's then total outstanding common shares.

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VIACOM INC. AND SUBSIDIARIES
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(Tabular dollars in millions, except per share amounts)

For the year ended December 31, 1998, the net gain on dispositions of $49.9 million includes the gain from the sale of Non-Consumer Publishing of $65.5 million, net of tax, a tax benefit related to the sale of Virgin of $134.0 million and the reversal of cable split-off reserves that were no longer required, partially offset by the loss on the sale of the Company's music retail stores of $138.5 million, net of tax, and additional reserves of $20.3 million, net of minority interest, which provided for Virgin's operating losses through its disposition.

For the year ended December 31, 1997, the net gain on dispositions of $405.2 million includes approximately $416.4 million, net of tax, for the Viacom Radio Stations sale, a net reversal of approximately $20.8 million principally of Cable split-off reserves that were no longer required partially offset by a reserve of $32.0 million, net of minority interest, for anticipated additional losses associated with the operations of Virgin through disposition.

For the year ended December 31, 1996, the net gain on dispositions of approximately $1.2 billion includes the Cable gain of approximately $1.3 billion and the Company's estimated loss on disposal of its interactive game businesses of $159.3 million.

Basic earnings (loss) per share for discontinued operations was ($0.01), $0.60 and $1.50 for 1998, 1997 and 1996, respectively. Diluted earnings (loss) per share for discontinued operations was $(0.01), $0.60 and $1.49 for 1998, 1997 and 1996, respectively.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Summarized financial data of discontinued operations are as follows:

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<TABLE>
<CAPTION>

Results of discontinued operations:	Non-Consumer Publishing	Music	Radio	Cable	Interactive	Tota
<S>	<C>	<C>	<C>	<C>	<C>	<C>
For the Year ended December 31, 1998(1)(2)						
Revenues	$1,718.0	$ 293.5	--	--	--	$2,011.
Loss from operations before income taxes	(15.2)	(20.9)	--	--	--	(36.
Benefit (provision) for income taxes	(26.0)	8.0	--	--	--	(18.
Net loss	(41.2)	(12.9)	--	--	--	(54.
For the Year ended December 31, 1997(3)						
Revenues	$1,915.5	$ 605.7	$ 57.1	--	--	$2,578.
Earnings (loss) from operations before income taxes	144.5	(100.3)	24.5	--	--	68.
Benefit (provision) for income taxes	(80.8)	37.6	(10.6)	--	--	(53.
Net earnings (loss)	63.7	(62.7)	13.9	--	--	14.
For the Year ended December 31, 1996(4)						
Revenues	$1,784.1	$ 616.2	$ 113.5	$ 236.9	$ 268.7	$3,019.
Earnings (loss) from operations before income taxes	157.8	(87.4)	36.3	50.5	(157.6)	(0.
Benefit (provision) for income taxes	(85.0)	32.8	(16.1)	(21.5)	(1.2)	(91.
Net earnings (loss)	73.1	(54.6)	20.2	28.3	(129.0)	(62.

</TABLE>

Financial position(5):	At December 31, 1997
Current assets	$ 114.9
Net property and equipment	14.5
Other assets	153.1
Total liabilities	(293.0)
Net liabilities of discontinued operations .	$ (10.5)

(1) Results of operations reflect Non-Consumer Publishing for the period January 1 through November 26, 1998.

(2) Results of operations reflect the music retail stores for the period January 1 through August 10, 1998.

(3) Results of operations include Radio for the six months ended June

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30, 1997. Results of operations of Interactive for 1997 were provided for in the prior year's estimated loss on disposal.

(4) Results of operations include Cable for the six months ended June 30, 1996.

(5) Reflects financial position of Interactive at December 31, 1997.

The provisions for income taxes of $18.0 million for 1998 and $53.8 million for 1997 represent effective tax rates of (49.9%) and 78.3%, respectively. The effective tax rate for 1996 is not meaningful. The differences between the effective tax rates and the statutory federal tax rate of 35% principally relate to certain non-deductible expenses, the allocation of nondeductible goodwill amortization, state and local taxes and, for 1996, the provision of valuation allowances attributable to net operating losses of Virgin.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

4) CHANGE IN ACCOUNTING METHOD AND OTHER CHARGES

Effective April 1, 1998, Blockbuster adopted an accelerated method of amortizing videocassette and game rental inventory. Blockbuster has adopted this new method of amortization because it has implemented a new business model, including revenue sharing agreements with Hollywood studios, which has dramatically increased the number of videocassettes in the stores and is satisfying consumer demand over a shorter period of time. Revenue sharing allows Blockbuster to purchase videocassettes at a lower product cost than the traditional buying arrangements, with a percentage of the net rental revenues shared with the studios over a contractually determined period of time. As the new business model results in a greater proportion of rental revenue over a shorter period of time, Blockbuster has changed its method of amortizing rental inventory in order to more closely match expenses in proportion with the anticipated revenues to be generated therefrom.

Pursuant to the new accounting method, the Company records base stock videocassettes (generally less than five copies per title for each store) at cost and amortizes a portion of these costs on an accelerated basis over three months, generally to $8 per unit, with the remaining base stock videocassette costs amortized on a straight-line basis over 33 months to an estimated $4 salvage value. The cost of non-base stock videocassettes (generally greater than four copies per title for each store) is amortized on an accelerated basis over

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three months to an estimated $4 salvage value. Video games are amortized on an accelerated basis over a 12 month period to an estimated $10 salvage value. Revenue sharing payments are expensed when revenues are earned pursuant to the applicable contractual arrangements.

The new method of accounting has been applied to rental inventory held as of April 1, 1998. The adoption of the new method of amortization has been accounted for as a change in accounting estimate effected by a change in accounting principle. The Company recorded a pre-tax charge of $436.7 million to operating expenses in the second quarter of 1998. Approximately $424.3 million of the charge represents an adjustment to the carrying value of the rental tapes due to the new method of accounting and approximately $12.4 million represents a write-down of retail inventory.

The Company believes that the new amortization method developed for Blockbuster's new business model will result in a better matching of revenue and expense recognition. Under the new model, operating expense attributable to videocassettes is comprised of revenue sharing payments, which are expensed when earned, and amortization of product costs. The calculation of the change in operating expense attributable to videocassettes and games for the twelve months ended December 31, 1998 would not be meaningful because the method of accounting applied prior to April 1, 1998 did not contemplate the new business model.

Prior to April 1, 1998, videocassette rental inventory was recorded at cost and amortized over its estimated economic life. Base stock videocassettes (1 to 4 copies per title for each store) were amortized over 36 months on a straight-line basis. Non-base stock videocassettes (the fifth and succeeding copies per title for each store) were amortized over six months on a straight-line basis. Video game inventory was amortized on a straight-line basis over a period of 12 to 24 months.

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During the second quarter of 1997, Blockbuster shifted its strategic emphasis from retailing a broad assortment of merchandise to focusing on its core rental business. Rationalization of the retail product lines such as sell-through video, confectionery items, literature, music and fashion merchandise allowed the Company to devote more management time and attention, as well as retail floor selling space, to its video and rental game business. In addition, as part

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of its effort to improve the performance of its operations, Blockbuster adopted a plan to close consistently underperforming stores primarily located in the United Kingdom and Australia and to exit the German market. As a result, Blockbuster recorded a pre-tax charge of $322.8 million which consisted of operating and general and administrative expenses of approximately $247.5 million, as well as depreciation expense attributable to the write-off of long-lived assets of $45.9 million and write-offs attributable to international joint ventures accounted for under the equity method of $29.4 million. As a result of exiting the music business, approximately $72.6 million of the charge has been presented as part of discontinued operations. The remaining balance of the charge consisted, principally of $100.8 million for a reduction in the carrying value of excess merchandise inventories, $69.6 million for the closing of underperforming stores principally located in international markets, and $39.3 million recognized as general and administrative expenses, primarily related to relocation costs incurred in connection with the move of the Company's employees, corporate offices and data center from Fort Lauderdale, Florida to Dallas, Texas.

The $69.6 million charge for the closing of underperforming stores is comprised of a $41.8 million non-cash impairment charge associated with long-lived assets and a $27.8 million charge for lease exit obligations. These amounts have been recognized as depreciation expense and general and administrative expense, respectively. Through December 31, 1998, the Company has paid and charged approximately $12.8 million against the lease exit obligations.

During the fourth quarter of 1996, Blockbuster adopted a plan to abandon certain music retail stores, relocate its headquarters from Fort Lauderdale to Dallas and eliminate third party distributors domestically. As a result of such plan, Blockbuster recognized a restructuring charge of approximately $88.9 million of which approximately $38.7 million related to Music retail stores closings which is included as part of discontinued operations. Of the remaining charge, $25.0 million reflects estimated severance benefits payable to approximately 650 employees who had chosen not to relocate to Dallas, $11.6 million of other costs related to the disposition of its corporate headquarters and $13.6 million for eliminating third party distributors.

The Company relocation to Dallas was completed during the second quarter of 1997. Through December 31, 1998, the Company paid and charged approximately $25.0 million against the severance liability and approximately $11.4 million against the Fort Lauderdale exit. In addition, as of December 31, 1998, substantially all activities related to the music retail store closings have been completed.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

5) ACCOUNTS RECEIVABLE

As of December 31, 1998, the Company had an aggregate of $399.6 million outstanding under revolving receivable securitization programs. Proceeds from the sale of these receivables were used to reduce outstanding borrowings. The resulting loss on the sale of receivables was not material to the Company's financial position and results of operations.

6) INVENTORIES

Inventories consist of the following:

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
Prerecorded videocassettes	$ 381.9	$ 559.2
Videocassette rental inventory	404.1	722.8
Publishing:		
Finished goods	59.7	301.2
Work in process	6.9	30.3
Materials and supplies	2.5	23.3
Other	17.7	20.6
	872.8	1,657.4
Less current portion	468.7	934.8
	$ 404.1	$ 722.6
Theatrical and television inventory:		
Theatrical and television productions:		
Released	$ 1,800.4	$ 1,736.0
Completed, not released	35.9	17.8
In process and other	321.0	341.4
Program rights	1,246.2	1,150.7

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(Tabular dollars in millions, except per share amounts)

	3,403.5	3,245.9
Less current portion	1,336.8	1,317.9
	$ 2,066.7	$ 1,928.0
Total Current Inventory	$ 1,805.5	$ 2,252.7
Total Non-Current Inventory	$ 2,470.8	$ 2,650.6

</TABLE>

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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 Paramount Network (50%, owned) and United Cinemas International (50% owned). Investments in affiliates are included as a component of other assets.

The following is a summary of combined financial information which is based on information provided by the equity investees.

	Year Ended December 31,		
	1998	1997	1996
Results of operations:			
Revenues	$ 1,898.3	$ 2,324.9	$ 2,074.9
Operating income (loss)	(73.2)	(142.5)	7.3
Net loss	(115.4)	(150.6)	(28.2)

At December 31,

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	1998	1997
Financial position:		
Current assets..................	$740.5	$866.6
Non-current assets...............	781.2	616.7
Current liabilities..............	694.9	788.1
Non-current liabilities..........	451.8	366.0
Equity...........................	375.0	329.2

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.

In 1998, equity in loss of affiliated companies, net of tax, principally reflects the net operating loss of United Paramount Network ("UPN"), a 50% interest which was acquired in January 1997, partially offset by the positive results of Comedy Central. In 1997, the equity loss primarily reflects the net operating loss of UPN and charges associated with international network ventures partially offset by earnings from the Company's half-interest in USA Networks which was sold on October 21, 1997.

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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:
<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
<S>	<C>	<C>
Notes payable to banks (a)	$ 848.3	$ 3,152.7
6.625% Senior Notes due 1998 (b)	--	150.0
5.875% Senior Notes * due 2000, net of unamortized		

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discount of $.2 (1998) and (1997)	149.8	149.8
7.5% Senior Notes * due 2002, net of unamortized discount of $1.3 (1998) and $1.7 (1997)	248.7	248.3
6.75% Senior Notes due 2003, net of unamortized discount of $.2 (1998) and (1997)	349.8	349.8
7.75% Senior Notes due 2005, net of unamortized discount of $5.9 (1998) and $7.1 (1997)	965.0	992.9
7.625% Senior Debentures due 2016, net of unamortized discount of $1.2 1998 and $1.3 (1997)	198.7	198.7
8.25% Senior Debentures * due 2022, net of unamortized discount of $2.6, (1998) and $2.7 (1997)	247.4	247.3
7.5% Senior Debentures * due 2023, net of unamortized discount of $.5	149.5	149.5
9.125% Senior Subordinated Notes * due 1999 (c)	--	150.0
8.75% Senior Subordinated Reset Notes * due 2001 (d)	--	100.0
10.25% Senior Subordinated Notes * due 2001 (e)	36.3	200.0
7.0% Senior Subordinated Debentures * due 2003, net of unamortized discount of $36.0 (1997) (f)	--	195.5
8.0% Merger Debentures due 2006, net of unamortized discount of $44.1 (1998) and $98.9 (1997) (e)	475.2	971.4
Other Notes	20.5	16.6
Obligations under capital leases	501.4	527.0
	4,190.6	7,799.5
Less current portion	377.2	376.5
	$ 3,813.4	$ 7,423.0

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*Issues of Viacom International guaranteed by the Company.

(a) -- Effective March 26, 1997, the Company and Viacom International Inc. ("Viacom International") amended and restated the $6.489 billion and $311 million Credit Agreements and the $1.8 billion Credit Agreement, originally established in 1994, to provide for credit agreements of $6.4 billion (the "March 1997 Viacom Credit Agreement") and $100 million (the "March 1997 Viacom International Credit Agreement," together with the March 1997 Viacom Credit Agreement, collectively the "March 1997 Credit Agreements"). The March 1997 Credit Agreements increased commitments by $400 million, extended maturities and reduced pricing.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Effective December 23, 1997, the Company permanently reduced its commitments under the March 1997 Credit Agreements by $1.0 billion.

Certain proceeds from the disposition of Non-Consumer Publishing in November of 1998 were used to reduce borrowings under the March 1997 Credit Agreements.

Effective June 30, 1997, certain financial covenants in the March 1997 Credit Agreements and the film financing credit agreement were amended to provide the Company with increased financial flexibility.

The following is a summary description of the March 1997 Credit Agreements as amended. The description does not purport to be complete and should be read in conjunction with each of the credit agreements which have been filed as exhibits and are incorporated by reference herein.

The March 1997 Viacom Credit Agreement is comprised of (i) a $4.7 billion senior unsecured reducing revolving loan maturing July 1, 2002 and (ii) a $700 million term loan maturing April 1, 2002. The March 1997 Viacom International Credit Agreement is comprised of a $100 million term loan maturing July 1, 2002.

The Company guarantees the March 1997 Viacom International Credit Agreement and notes and debentures issued by Viacom International. Viacom International guarantees the March 1997 Viacom Credit Agreement and notes and debentures issued by the Company.

The Company may prepay the loans and reduce commitments under the March 1997 Credit Agreements in whole or in part at any time.

The March 1997 Credit Agreements contain certain covenants which, among other things, require that the Company maintain certain financial ratios and impose on the Company and its subsidiaries certain limitations on substantial asset sales and mergers with any other company in which the Company is not the surviving entity.

The March 1997 Credit Agreements contain certain customary events of default and provide that it is an event of default if NAI fails to own at least 51% of the outstanding voting stock of the Company.

The interest rate on all loans made under the three facilities is based upon

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Citibank, N.A.'s base rate or the London Interbank Offered Rate ("LIBOR") and is affected by the Company's credit rating. At December 31, 1998, the LIBOR (upon which the Company's borrowing rate was based) for borrowing periods of one month and two months were each 5.09%. At December 31, 1997, LIBOR for borrowing periods of one and two months were 5.72% and 5.75%, respectively.

The Company is required to pay a commitment fee based on the aggregate daily unborrowed portion of the loan commitments. As of December 31, 1998, the Company had $4.7 billion of available unborrowed loan commitments. The March 1997 Credit Agreements do not require compensating balances.

On May 8, 1998, a subsidiary of the Company amended the 364-day film financing credit agreement, guaranteed by Viacom International and the Company, which extended the expiration date for one year, reduced pricing and decreased the available credit by $109 million to $361 million.

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(b) -- On February 17, 1998, the Company retired all $150.0 million of its outstanding 6.625% Senior Notes due 1998.

(c) -- On February 15, 1998, the Company redeemed all $150.0 million of Viacom International's outstanding 9.125% Senior Subordinated Notes due 1999, at a redemption price equal to 101.3% of the principal amount.

(d) -- On May 15, 1998, the Company redeemed all $100.0 million of Viacom International's outstanding 8.75% Senior Subordinated Reset Notes due 2001 at a redemption price equal to 101% of the principal amount.

(e) -- During December 1998, the Company commenced the unconditional tender offers to purchase for cash, all of its outstanding 8.0% Merger Debentures due 2006 at a purchase price of 104% of the principal amount, and to purchase Viacom International's outstanding 10.25% Senior Subordinated Notes due 2001 at a purchase price of 112.925% of the principal amount. The tender offer for the 8.0% Merger Debentures expired on January 4, 1999. The offer for the 10.25% Senior Subordinated Notes expired December 30, 1998 and $163.7 million of such notes were tendered. Through December 31, 1998, $533.8 million of the 8% Merger Debentures were tendered and classified as part of accrued liabilities as the settlement date occurred subsequent to year end. In 1999, an additional $307.5

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(Tabular dollars in millions, except per share amounts)

million of the 8.0% Merger Debentures were tendered for a total principal amount of $841.3 million of notes tendered.

In addition, the Company purchased $21.8 million of the 8.0% Merger Debentures and $29.0 million of the 7.75% Senior Notes in open market transactions during 1998.

(f) -- On December 30, 1998, the Company redeemed all $231.5 million of Viacom International's outstanding 7% Senior Subordinated Debentures due 2003 at a redemption price equal to 100% of the principal amount.

The Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock and contingent value rights of Viacom and guarantees of such debt securities by Viacom International which may be issued for aggregate gross proceeds of $3.0 billion. The registration statement was declared effective on May 10, 1995. The net proceeds from the sale of the offered securities may be used by Viacom to repay, redeem, repurchase or satisfy its obligations in respect of its outstanding indebtedness or other securities; to make loans to its subsidiaries; for general corporate purposes; or for such other purposes as may be specified in the applicable Prospectus Supplement. The Company filed a post-effective amendment to this registration statement on November 19, 1996. To date, the Company has issued $1.55 billion of notes and debentures and has $1.45 billion remaining availability under the shelf registration statement.

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Interest costs incurred, interest income and capitalized interest are summarized below:

	Year Ended December 31, 1998	1997	1996
Interest Incurred	$ 622.3	$ 772.8	$ 823.9
Interest Income	23.4	21.0	33.9
Capitalized Interest	--	1.0	4.5

The Company's scheduled maturities of indebtedness through December 31, 2003,

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assuming full utilization of the March 1997 Credit Agreements, as amended, are $1.2 billion (1999), $1.7 billion (2000), $1.8 billion (2001), $2.0 billion (2002) and $350.0 million (2003). The Company's maturities of long-term debt outstanding at December 31, 1998, excluding capital leases, are $327.9 million (1999), $150.0 million (2000), $36.3 million (2001), $1.1 billion (2002) and $350.0 million (2003). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

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 which are not significant. The carrying value of the senior debt, senior subordinated debt and subordinated debt is $2.8 billion and the fair value, which is estimated based on quoted market prices, is approximately $3.0 billion.

The Company enters into foreign currency exchange contracts in order to reduce its exposure to changes in foreign currency exchange rates that affect the value of its firm commitments and certain anticipated foreign currency cash flows. These contracts generally mature within the calendar year. The Company does not enter into foreign currency contracts for speculative purposes. To date, the contracts utilized have been purchased options, spots and forward contracts. A spot or forward contract is an agreement between two parties to exchange a specified amount of foreign currency, at a specified exchange rate on a specified date. An option contract provides the right, but not the obligation, to buy or sell currency at a fixed exchange rate on a future date. In 1998 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, the European Union's common currency (the "Euro") and the European Currency Unit/British Pound relationship. At December 31, 1998, the Company had outstanding contracts with a notional value of approximately $4.3 million which expire in 1999. Realized gains and losses on contracts that hedge anticipated future cash flows are recognized in "other items, net" and were not material in each of the periods. Option premiums are expensed at the inception of the contract. Deferred gains and losses on foreign currency exchange contracts as of December 31, 1998 were not material.

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(Tabular dollars in millions, except per share amounts)

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, 1998, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

10) SHAREHOLDERS' EQUITY

On February 25, 1999, the Company announced a 2-for-1 common stock split in the form of a dividend with a record date of March 15, 1999 and a distribution date of March 31, 1999. An amount equal to the par value of the shares issued has been transferred from additional paid-in capital to the common stock account. All common shares and per-share amounts have been adjusted to reflect the stock split for all periods presented.

On December 2, 1998, as part of its repurchase program described below, the Company repurchased 12 million shares of its convertible preferred stock, par value $.01 per share, from Bell Atlantic Corporation for $564 million in cash. On January 5, 1999, the Company repurchased the remaining 12 million shares of its convertible preferred stock from Bell Atlantic Corporation for $612 million in cash. The preferred stock had a cumulative cash dividend of $60 million per year and was convertible into approximately 34.3 million shares of the Company's Class B common stock.

On August 31, 1998, the Company initiated a repurchase program to acquire one or more classes of the Company's equity securities. Through December 31, 1998, the Company had repurchased 12,000 shares of Class A Common Stock, 26,190,200 shares of Class B Common Stock, 5,502,000 Viacom Five-Year Warrants, expiring on July 7, 1999, and 12 million shares of its convertible preferred stock for approximately $1.4 billion in the aggregate. On February 10, 1999, the program was completed and the Company had repurchased a total of 12,000 shares of Class A Common Stock 26,255,600 shares of Class B Common Stock, 5,546,500 Viacom Five-Year warrants, expiring on July 7, 1999 and 24 million shares of its convertible preferred stock. The total repurchase program approximated $2.0 billion. The cost of the acquired treasury stock has been reflected separately as a reduction to shareholders' equity. The acquired warrants have been canceled and the cost has been reflected as a reduction to additional paid-in capital.

At December 31, 1998 and 1997, respectively, there were 6,090,822 and 11,522,695 outstanding Viacom Five-Year Warrants, expiring July 7, 1999 and at December 31,

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1996 there were 30,576,562 outstanding Viacom Three-Year Warrants, which expired July 7, 1997. The decrease in the outstanding Viacom Five-Year Warrants is attributable to the 1998 stock repurchase program.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

During 1997, the Company completed its joint purchase program initially established in September 1996 with NAI, for each to acquire up to $250 million, or $500 million in total, of the Company's Class A Common Stock, Class B Common Stock, and, as to the Company, Viacom Warrants. The Company repurchased 1,319,400 shares of Viacom Inc. Class A Common Stock, 11,632,600 shares of Viacom Inc. Class B Common Stock and 6,824,590 Viacom Five-Year Warrants, expiring on July 7, 1999, for approximately $250 million in the aggregate. The cost of the acquired treasury stock has been reflected separately as a reduction to shareholders' equity. The cost of the warrants has been reflected as a reduction to additional paid-in-capital and such warrants have been cancelled. As of December 31, 1997, NAI has separately acquired 2,564,400 shares of Viacom Inc. Class A Common Stock and 11,204,000 shares of Viacom Inc. Class B Common Stock pursuant to the joint purchase program for approximately $250 million, raising its ownership to approximately 67% of Viacom Inc. Class A Common Stock and approximately 28% of Class A and Class B Common Stock on a combined basis.

Long-Term Incentive Plans - The purpose of the Company's 1989, 1994 and 1997 Long-Term Incentive Plans (the "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 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 ("Awards"), 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 four to six year period from the date of grant and expire 10 years after the date of grant.

The stock options available for future grant are as follows:

December 31, 1996	40,701,682
December 31, 1997	26,753,956

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(Tabular dollars in millions, except per share amounts)

December 31, 1998	14,849,484

The Company has adopted the disclosure-only provisions of SFAS 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). In accordance with the provisions of SFAS 123, the Company applies APB 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for the Plans and accordingly, does not recognize compensation expense for its stock option plans because the Company typically does not issue options at exercise prices below the market value at date of grant. Had compensation expense for its stock option plans been determined based upon the fair value at the grant date for awards consistent with the methodology prescribed by SFAS 123, the Company's consolidated pre-tax income would have decreased by $67.4 million ($40.5 million after tax or $.06 per basic and diluted common share), $36.3 million ($22.2 million after tax or $.03 per basic and diluted common share) and $18.3 million ($11.0 million after tax or $.02 per basic and diluted common share) in 1998, 1997 and 1996, respectively. 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.

<PAGE>

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:

	1998	1997	1996
Expected dividend yield(a)	--	--	--
Expected stock price volatility ...	32.76%	31.74%	32.50%
Risk-free interest rate	5.43%	6.04%	6.19%
Expected life of options (years) ..	6.0	6.0	6.0

(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.

The weighted-average fair value of each option as of the grant date was $12.97, $6.58 and $8.14 in 1998, 1997 and 1996, respectively.

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The following table summarizes the Company's stock option activity under the various plans (all options and prices reflect the stock split):

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1995	37,136,642	$15.35
Granted	12,527,600	18.75
Exercised	(7,677,298)	15.18
Canceled	(2,695,930)	18.78
Balance at December 31, 1996	39,291,014	16.23
Granted	18,406,000	15.34
Exercised	(5,467,748)	14.40
Canceled	(7,012,692)	18.24
Balance at December 31, 1997	45,216,574	15.78
Granted	13,576,420	30.53
Exercised	(12,077,298)	16.16
Canceled	(1,802,390)	16.97
Balance at December 31, 1998	44,913,306	20.09

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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 stock options of the Company at December 31, 1998:

<TABLE>
<CAPTION>

Outstanding	Exercisable
Remaining	

EXHIBIT C

Range of Exercise Prices	Options	Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$10 to $15	1,017,994	3.4	$13.43	847,994	$13.20
15 to 20	27,705,974	7.7	16.49	5,906,282	17.66
20 to 25	1,304,000	6.8	22.55	809,998	22.72
25 to 30	759,178	5.0	27.08	700,868	27.23
30 to 35	13,498,420	9.6	30.59	--	--
3 to 25(a)	359,384(a)	4.2	14.29	359,384	14.29
15 to 30(b)	268,356(b)	4.0	23.51	268,356	23.51
	44,913,306			8,892,882	

</TABLE>

(a) Represents information for options assumed with the merger of Blockbuster.
(b) Represents information for options assumed with the merger of Paramount.

Shares issuable under exercisable stock options:

December 31, 1996	22,486,440
December 31, 1997	14,795,698
December 31, 1998	8,892,882

The Company has reserved a total of 85,694 shares of Viacom Inc. Class A Common Stock and 57,033,736 shares of Viacom Inc. Class B Common Stock principally for exercise of stock options and warrants.

Spelling Stock Option Plans - Spelling currently has stock option plans under which both incentive and nonqualified stock options have been granted to certain key employees, consultants and directors. Options have generally been granted with an exercise price equal to the fair market value of the underlying Common Stock on the date of grant, although nonqualified options may be granted with an exercise price not less than 50% of such fair market value. Each option is granted subject to various terms and conditions established on the date of grant, including vesting periods and expiration dates. The options typically become exercisable at the rate of 20% or 25% annually, beginning one year after the date of grant. Options expire no later than 10 years from their date of grant.

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

The Spelling stock options available for future grant are as follows:

December 31, 1996	5,094,251(a)
December 31, 1997	3,030,838
December 31, 1998	2,867,963

(a) Includes 1,360,866 shares available for grant under a plan which expired on April 13, 1997.

The weighted average fair value of each option as of the grant date was $2.91, $2.65 and $2.66 for 1998, 1997 and 1996, respectively. The fair value of each Spelling option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	1998	1997	1996
Expected dividend yield(a)	--	--	--
Expected stock price volatility	34.30%	30.91%	28.45%
Risk-free interest rate	4.91%	5.75%	6.60%
Expected life of options (years)	6.2	5.2	4.8

(a) During 1998, 1997 and 1996, Spelling did not declare any cash dividends on its common stock.

The following table summarizes Spelling's stock option activity:

	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 1995	5,759,218	$ 7.72
Granted	3,750,010	7.13
Exercised	(841,943)	4.91
Canceled	(688,967)	7.02
Balance at December 31, 1996	7,978,318	7.80
Granted	1,171,000	6.90
Exercised	(362,008)	6.29
Canceled	(588,519)	8.90

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Balance at December 31, 1997	8,198,791	7.66
Granted	1,287,500	6.76
Exercised	(671,279)	6.15
Canceled	(1,187,839)	8.06
Balance at December 31, 1998	7,627,173	7.58

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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 Spelling's information concerning currently outstanding and exercisable stock options at December 31, 1998:

<TABLE>
<CAPTION>

	Outstanding			Exercisable	
Range of Exercise Prices	Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$5.25 to $ 5.75	25,834	7.27	$ 5.69	8,959	$ 5.56
6.00 to 7.75	5,942,717	7.48	6.83	2,309,842	6.61
7.88 to 9.88	469,622	5.66	9.11	417,122	9.14
10.00 to 11.78	1,189,000	5.86	10.75	1,179,000	10.75
$5.25 to $11.78	7,627,173	7.12	$ 7.58	3,914,923	$ 8.12

</TABLE>

Shares issuable under exercisable stock options:

December 31, 1996..................................	3,079,436
December 31, 1997..................................	3,813,349
December 31, 1998..................................	3,914,923

Options related to employees of Virgin and included in the tables above are

EXHIBIT C

(Tabular dollars in millions, except per share amounts)

875,010 shares granted for the year ended December 31, 1996. Also included are 120,276, 133,582 and 775,220 shares exercised, and 615,060, 184,269 and 149,921 shares terminated for the years ended December 31, 1998, 1997 and 1996, respectively.

11) INCOME TAXES

Earnings from continuing operations before income taxes are attributable to the following jurisdictions:

	Year Ended December 31,		
	1998	1997	1996
United States	$ 74.1	$ 910.4	$ 152.6
Foreign	63.2	268.1	257.5
Total	$ 137.3	$1,178.5	$ 410.1

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

	Year Ended December 31,		
	1998	1997	1996
Current:			
Federal	$ 151.0	$ 370.0	$ 155.9
State and local	34.9	115.1	27.7
Foreign	50.9	24.5	76.6
	236.8	509.6	260.2
Deferred	(98.1)	136.8	(16.9)
	$ 138.7	$ 646.4	$ 243.3

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The earnings (loss) of affiliated companies accounted for under the equity method are shown net of tax on the Company's Statements of Operations. The tax provision (benefit) relating to earnings (loss) from equity investments in 1998, 1997 and 1996 are ($24.0) million, ($29.0) million and $14.9 million, respectively, which represents an effective tax rate of 36.7%, 15.1% and 762.1%, respectively.

The difference between the effective tax rates and the statutory U.S. federal tax rate of 35% is principally due to the effect of non-deductible goodwill amortization, state and local taxes and foreign losses for which no benefit was provided. Excluding the non-deductible amortization of intangibles, the annual effective tax rate on earnings from continuing operations before income taxes would have been 31.8%, 44.1% and 35.7% for 1998, 1997 and 1996, respectively. See Note 3 for tax benefits relating to the discontinued operations. In addition to the amounts reflected in the table above, $55.1 million and $7.8 million of income tax benefit in 1998 and 1997, respectively, was recorded as a component of shareholders' equity as a result of exercised stock options.

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

	Year Ended December 31,		
	1998	1997	1996
Statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	5.7	5.9	2.3
Effect of foreign operations	(35.5)	(0.6)	(13.0)
Amortization of intangibles	86.3	9.7	27.1
Divestiture tax versus book	(.5)	--	1.0
Other, net	10.0	4.9	6.9
Effective tax rate on earnings from continuing operations before income taxes	101.0%	54.9%	59.3%

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

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

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1998 <C>	1997 <C>
Current deferred tax assets and (liabilities):		
Recognition of revenue	$ 103.0	$ 76.7
Sales return and allowances	29.9	91.5
Publishing costs	15.2	15.6
Employee compensation and other payroll related expenses	23.7	48.0
Other differences between tax and financial statement values	7.1	4.5
Gross current deferred net tax assets	178.9	236.3
Noncurrent deferred tax assets and (liabilities):		
Depreciation/amortization of fixed assets and intangibles	45.0	(179.5)
Reserves including restructuring and relocation charges	260.3	296.7
Acquired net operating loss and tax credit carryforwards	60.9	82.1
Amortization of discount on 8% Merger Debentures	60.4	61.3
Other differences between tax and financial statement values	26.9	95.3
Gross non-current deferred net tax assets	453.5	355.9
Valuation allowance	(88.3)	(106.8)
Total net deferred tax assets (liabilities)	$ 544.1	$ 485.4

</TABLE>

As of December 31, 1998 and December 31, 1997, the Company had total deferred tax assets of $632.4 million and $771.7 million, respectively, and total deferred tax liabilities of $179.5 million as of December 31, 1997. There were no deferred tax liabilities as of December 31, 1998.

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As of December 31, 1998, the Company had net operating loss carryforwards of approximately $173.7 million which expire in various years from 1999 through 2012.

The 1998 and 1997 net deferred tax assets are reduced by a valuation allowance of $88.3 million and $106.8 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be recognized as a result of certain limitations applied where there is a change of ownership.

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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 $1.5 billion at December 31, 1998 and December 31, 1997. 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 reinvest these earnings outside the United States indefinitely and it is not practicable to estimate the amount of such taxes.

As of December 31, 1998, the Company owns approximately 80% of Spelling's outstanding common stock and consolidates Spelling's results for tax purposes.

12) PENSION PLANS, OTHER POSTRETIREMENT BENEFITS AND POSTEMPLOYMENT BENEFITS

The Company and certain of its subsidiaries have non-contributory pension plans covering specific groups of employees. Effective January 1, 1996, the pension plans of Paramount were merged with the Company's pension plans. The Pension Plan for Employees of PVI Transmission Inc. and Paramount Distribution Inc. was merged with and into the Viacom Pension Plan effective December 31, 1996. The benefits for these plans are based primarily on an employee's years of service and pay near retirement. Participant 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. Plan assets consist principally of common stocks, marketable bonds and U.S. government securities. The Company's Class B Common Stock represents approximately 15.8% and 10% of the plan assets' fair value at December 31, 1998 and 1997, respectively.

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The Company adopted SFSA 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits - an amendment of FASB Statements No. 87, 88 and 106" in 1998.

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

<TABLE>
<CAPTION>

	Pension Benefits December 31,		Postretirement Benefits December 31,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 785.3	$ 667.8	$103.6	$ 98.8
Service cost	36.8	32.1	1.0	1.0
Interest cost	57.8	54.1	6.5	7.4
Benefits paid	(39.3)	(38.8)	(8.8)	(9.2)
Actuarial (gain) loss	66.8	70.4	(2.9)	4.5
Curtailments/Divestitures.................	(61.4)	--	(46.9)	--
Participant contributions	--	--	1.1	1.1
Amendments	--	.8	--	--
Cumulative translation adjustments	(1.8)	(1.1)	--	--
Benefit obligation, end of year	$ 844.2	$ 785.3	$ 53.6	$ 103.6

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

	Pension Benefits December 31,	Postretirement Benefits December 31,

EXHIBIT C

<S>	1998	1997	1998	1997
Change in plan assets:				
Fair value of plan assets, beginning of year..	$ 697.3	$ 606.2	$ --	$ --
Actual return on plan assets	146.4	123.6	--	--
Employer contributions	7.3	7.9	7.7	8.1
Benefits paid	(39.3)	(38.8)	(8.8)	(9.2)
Divestitures	(21.7)	--	--	--
Participant contributions	--	--	1.1	1.1
Cumulative translation adjustments	(3.4)	(1.6)	--	--
Fair value of plan assets, end of year	$ 786.6	$ 697.3	$ --	$ --

</TABLE>

The projected benefit obligations and accumulated benefit obligations for the pension plans with accumulated benefit obligations in excess of plan assets were $99.6 million and $88.4 million for 1998, and $85.7 million and $75.1 million for 1997.

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

<TABLE>
<CAPTION>

	Pension Benefits December 31,		Postretirement Benefits December 31,	
<S>	1998	1997	1998	1997
Funded status	$ (57.6)	$ (88.0)	$(53.6)	$(103.6)
Unrecognized actuarial gain	(97.5)	(71.5)	(16.2)	(30.1)
Unrecognized prior service cost (benefit)	12.5	15.1	(5.4)	(25.1)
Unrecognized asset at transition	(2.1)	(4.3)	--	--
Accrued pension liability, net................	$(144.7)	$(148.7)	$(75.2)	$(158.8)
Amounts recognized in the Consolidated Balance Sheets:				
Accrued pension liability, net	$(161.1)	$(163.3)	$(75.2)	$(158.8)

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Prepaid benefits cost	2.3	3.6	--	--
Intangibles	3.9	2.6	--	--
Accumulated other comprehensive loss	10.2	8.4	--	--
Net liability recognized	$(144.7)	$(148.7)	$ (75.2)	$(158.8)

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

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

<TABLE>
<CAPTION>

	Pension Benefits December 31,			Postretirement Benefits December 31,		
	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Components of net periodic cost:						
Service cost	$ 36.8	$ 32.1	$ 31.1	$ 1.0	$ 1.0	$ 1.0
Interest cost	57.8	54.1	50.6	6.5	7.4	8.1
Expected return on plan assets	(64.4)	(56.0)	(48.8)	--	--	--
Amortization of prior service cost	2.6	1.6	1.7	(3.0)	(3.2)	(3.2)
Amortization of transition obligation .	(2.2)	(.7)	(.5)	--	--	--
Recognized actuarial (gain) loss	3.7	3.3	(.2)	(2.9)	(3.1)	(1.3)
Curtailment (gain)	(31.4)	--	--	(77.5)	--	--
Net periodic cost	$ 2.9	$ 34.4	$ 33.9	$ (75.9)	$ 2.1	$ 4.6

</TABLE>

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

	1998	1997	1996

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Discount rate	6.75%	7.25%	7.75%
Expected return on plan assets	9.5%	9.5%	9.5%
Rate of increase in future compensation	5.0%	5.0%	5.0%

The following assumptions were used in accounting for postretirement benefits:

	1998	1997	1996
Projected health care cost trend rate	6.0%	7.0%	9.0%
Ultimate trend rate	5.5%	5.5%	5.5%
Year ultimate trend rate is achieved	1999	1999	1999
Discount rate	6.75%	7.25%	7.75%

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...........................	$ .6	$ (.5)
Effect on the postretirement benefit obligation................................	$ 4.4	$ (3.8)

As a result of the sale of Non-Consumer Publishing, the Company realized curtailment gains of $31.4 million related to pension benefits and $77.5 million related to postretirement benefits, which have been included in the net gain on disposition in 1998.

The Company contributes to multi-employer plans which provide pension and health and welfare benefits to certain employees under collective bargaining agreements. The contributions to these plans were $35.4 million (1998) and $52.5 million (1997).

In addition, the Company sponsors a health and welfare plan which provides certain postretirement health care and life insurance benefits to retired employees and their covered dependents who are eligible for these benefits if they meet certain age and service requirements. The plan is contributory and contains cost-sharing features such as deductibles and coinsurance which are adjusted annually. The plan is not funded and the Company funds these benefits as claims are paid.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

SFAS 112, "Employers' Accounting For Postemployment Benefits" does not have a significant effect on the Company's consolidated financial position or results of operations.

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 $21.1 million, $19.2 million and $24.4 million for the years ended December 31, 1998, 1997 and 1996.

13) COMMITMENTS AND CONTINGENCIES

The Company has long-term noncancelable lease commitments for retail and office space and equipment, transponders, studio facilities and vehicles.

At December 31, 1998, minimum rental payments under noncancelable leases are as follows:

	Leases	
	Operating	Capital
1999	$ 553.2	$ 120.4
2000	516.9	106.8
2001	441.6	101.1
2002	347.7	90.7
2003	314.4	69.4
2004 and thereafter	1,630.3	164.3
Total minimum lease payments	$ 3,804.1	652.7
Less amounts representing interest		(151.3)
Present value of net minimum payments		$ 501.4

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

The Company has entered into capital leases for satellite transponders with future minimum commitments commencing in future periods. Future minimum capital lease payments have not been reduced by future minimum sublease rentals of $40.0 million. Rent expense amounted to $533.8 million (1998), $523.1 million (1997) and $392.3 million (1996).

The commitments of the Company for program license fees, which are not reflected in the balance sheet as of December 31, 1998 and are estimated to aggregate approximately $1.2 billion, excluding intersegment commitments of approximately $738.9 million, principally reflect Showtime Networks Inc.'s ("SNI's") commitments of approximately $1.1 billion for the acquisition of programming rights and the production of original programming. This estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

There are various lawsuits and claims pending against the Company. Management believes that any ultimate liability resulting from those actions or claims will not have a material adverse effect on the Company's results of operations, financial position or liquidity.

Certain subsidiaries and affiliates of the Company from time to time receive claims from federal and state environmental regulatory agencies and other entities asserting that they are or may be liable for environmental cleanup costs and related damages, principally relating to discontinued operations conducted by its former mining and manufacturing businesses (acquired as part of the mergers with Paramount and Blockbuster). The Company has recorded a liability reflecting its best estimate of environmental exposure. Such liability was not discounted or reduced by potential insurance recoveries and reflects management's estimate of cost sharing at multiparty sites. The estimated liability was calculated based upon currently available facts, existing technology and presently enacted laws and regulations. On the basis of its experience and the information currently available to it, the Company believes that the claims it has received will not have a material adverse effect on its results of operations, financial position or liquidity.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

14) OPERATING SEGMENTS

The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based on products and services. See Note 1 for descriptive information about the Company's business segments and the summary of significant accounting policies. The Company evaluates performance based on many factors, one of the primary measures is earnings before interest, taxes, depreciation and amortization ("EBITDA").

The following tables set forth the Company's financial results by operating segments. The prior years' results have also been reclassified to conform to the new presentation. Intersegment revenues, recorded at fair market value, of the Entertainment segment for 1998, 1997 and 1996 were $156.7 million, $114.0 million and $45.9 million, respectively. All other intersegment revenues were immaterial for any of the periods presented.

<TABLE>
<CAPTION>

	Year Ended or at December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Revenues:			
Networks	$ 2,607.9	$ 2,262.8	$ 1,999.5
Entertainment	4,757.8	4,305.9	3,897.9
Video	3,893.4	3,313.6	2,942.3
Parks	421.2	367.3	361.9
Publishing	564.6	556.6	547.6
Online	13.7	10.4	--
Intercompany	(162.5)	(131.7)	(65.3)
Total revenues	$ 12,096.1	$ 10,684.9	$ 9,683.9
EBITDA:			
Networks	$ 851.3	$ 729.4	$ 619.3
Entertainment	640.5	514.5	593.7
Video	39.9	221.6	635.7

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Parks	101.1	88.9	87.9
Publishing	71.2	77.9	77.8
Online	(3.5)	2.3	--
Segment total	1,700.5	1,634.6	2,014.4
Reconciliation to operating income:			
Corporate expenses	(171.6)	(176.6)	(162.9)
Depreciation and amortization	(777.3)	(772.6)	(654.3)
Total operating income	$ 751.6	$ 685.4	$ 1,197.2
Depreciation and amortization:			
Networks	$ 107.0	$ 93.8	$ 86.8
Entertainment	192.5	171.5	165.4
Video	382.1	418.4	326.3
Parks	51.2	46.5	44.2
Publishing	18.0	17.5	17.7
Online	4.0	--	--
Segment total	754.8	747.7	640.4
Corporate	22.5	24.9	13.9
Total depreciation and amortization	$ 777.3	$ 772.6	$ 654.3

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

	Year Ended or at December 31,		
	1998	1997	1996
Total assets:			
Networks	$ 2,770.2	$ 2,692.8	$ 2,925.3
Entertainment	9,361.6	9,342.9	9,224.4
Video	8,142.6	8,965.4	9,273.7
Parks	914.8	897.2	883.1

EXHIBIT C

Publishing	962.4	5,439.4	5,405.1
Online	5.8	1.4	--
Segment total	22,157.4	27,339.1	27,711.6
Corporate	1,455.7	949.6	833.0
Net assets of discontinued operations	--	--	289.4
Total assets	$23,613.1	$28,288.7	$28,834.0
Capital expenditures:			
Networks	$ 89.8	$ 67.9	$ 86.4
Entertainment	174.3	66.7	67.6
Video	196.0	294.2	304.3
Parks	61.0	35.0	54.2
Publishing	37.5	36.1	37.3
Online	--	--	--
Segment total	558.6	499.9	549.8
Corporate	44.9	30.4	48.8
Total capital expenditures	$ 603.5	$ 530.3	$ 598.6

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

	Year Ended or at December 31,		
	1998	1997	1996
Revenues(a):			
United States	$ 9,268.3	$ 8,227.9	$ 7,428.2
International	2,827.8	2,457.0	2,255.7
Total revenues	$12,096.1	$10,684.9	$ 9,683.9
Long-lived assets(b):			
United States	$16,857.0	$20,914.3	$21,570.7
International	1,326.9	1,421.6	1,223.9
Total long-lived assets	$18,183.9	$22,335.9	$22,794.6

Intercompany transfers between geographic areas are not significant.

EXHIBIT C

(a) Revenue classification is based on location of customer.
(b) Includes all non-current assets.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

15) QUARTERLY FINANCIAL DATA (unaudited):

<TABLE>
<CAPTION>

1998(1)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 2,685.6	$ 2,779.3	$ 3,288.8	$ 3,342.4	$ 12,096.1
Operating income (loss)(2)	$ 273.4	$ (225.4)	$ 407.3	$ 296.3	$ 751.6
Earnings (loss) from continuing operations	$ 47.6	$ (267.3)	$ 86.4	$ 89.8	$ (43.5
Net earnings (loss)(3)(4)(5)	$ 1.4	$ (280.7)	$ 138.4	$ 18.5	$ (122.4
Net earnings (loss) attributable to common stock	$ (13.6)	$ (295.7)	$ 123.4	$ 36.3	$ (149.6
Basic earnings (loss) per common share(6):					
Earnings (loss) from continuing operations	$ .05	$ (.40)	$ .10	$ .15	$ (.10
Net earnings (loss)	$ (.02)	$ (.41)	$ .17	$ .05	$ (.21
Diluted earnings (loss) per common share(6):					
Earnings (loss) from continuing operations	$ .05	$ (.40)	$ .10	$ .15	$ (.10
Net earnings (loss)	$ (.02)	$ (.41)	$ .17	$ .05	$ (.21
Weighted average number of common shares(6):					
Basic	710.5	713.2	714.7	696.7	708.7
Diluted	718.0	713.2	725.5	706.4	708.7

<CAPTION>

1997(1)					
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 2,495.7	$ 2,476.1	$ 2,806.4	$ 2,906.7	$ 10,684.9
Operating income (loss)(7)	$ 246.6	$ (65.9)	$ 287.3	$ 217.4	$ 685.4
Earnings (loss) from continuing operations(8)	$ 11.2	$ (166.6)	$ (46.0)	$ 574.9	$ 373.5
Net earnings (loss)(9)	$ (18.7)	$ (195.0)	$ 434.3	$ 573.0	$ 793.6
Net earnings (loss) attributable to common stock	$ (33.7)	$ (210.0)	$ 419.3	$ 558.0	$ 733.6
Basic earnings (loss) per common share(6):					

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Earnings (loss) from continuing operations ..	$ (.01)	$ (.26)	$ (.09)	$ .79	$ .44
Net earnings (loss)	$ (.05)	$ (.30)	$ .59	$ .79	$ 1.04
Diluted earnings (loss) per common share(6):					
Earnings (loss) from continuing operations(10)	$ (.01)	$ (.26)	$ (.09)	$ .77	$ .44
Net earnings (loss)(10)	$ (.05)	$ (.30)	$ .59	$ .77	$ 1.04
Weighted average number of common shares(6):					
Basic	705.0	705.3	705.9	706.8	705.8
Diluted(10)	705.0	705.3	705.9	744.5	708.5

</TABLE>

The timing of the Company's results of operations is affected by the typical timing of major motion picture releases, the summer operation of the theme parks, the positive effect of the holiday season on advertising and video store revenues, and the impact of the broadcasting television season on television production.

(1) The first three quarters of 1998 and all four quarters of 1997 results have been restated for the effect of discontinued operations (See Note 3).

(2) The second quarter of 1998 included a $436.7 million charge for Blockbuster representing the adjustment to the carrying value of the library tapes due to a change in Blockbuster's business model and a revaluation of retail inventory (See Note 4).

(3) The third quarter of 1998 included a loss of $138.5 million, net of tax, resulting from the sale of the Company's music retail stores, partially offset by a tax benefit of $134.0 million related to the sale of Virgin.

(4) The fourth quarter of 1998 included a gain of $65.5 million, net of tax, resulting from the sale of Non-Consumer Publishing.

(5) The fourth quarter of 1998 included an extraordinary loss of $74.7 million, net of tax, for the early extinguishment of debt (See Note 17).

(6) All prior quarters' earnings per common share and weighted average number of common shares have been adjusted to reflect the effect of the 2-for-1 stock split.

(7) The second quarter of 1997 included a $220.8 million charge for Blockbuster representing the reduction in carrying value of excess retail inventory and costs associated with closing underperforming stores principally located in international markets (See Note 4).

(8) The fourth quarter of 1997 included a gain of $640.5 million, net of tax, resulting from the sale of USA Networks.

EXHIBIT C

(9) The third quarter of 1997 included a gain of $416.4 million, net of tax, resulting from the sale of Viacom Radio Stations.

(10) For the fourth quarter of 1997, the assumed conversion of preferred stock had a dilutive effect on earnings per share, therefore, the sum of the quarterly earnings per share will not equal full year earnings per share.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

16) OTHER ITEMS, NET

The Company continued the strategy of focusing on its core businesses and in December 1998, announced plans to close the Viacom Entertainment Store in Chicago and to phase out its Nickelodeon stores in January 1999. As a result, the Company recorded a loss of approximately $91 million, which is reflected in "other items, net", for the year ended December 31, 1998. The loss principally reflects $8.5 million for estimated severance benefits payable to approximately 530 employees and $32.7 million for lease exit obligations. The loss also reflects the write-off of property and equipment, inventory and prepaid assets of $21.1 million, $10.3 million and $3.1 million, respectively, as well as future vendor commitments of $3.3 million. Additionally, "other items, net" for 1998 principally reflects foreign exchange losses and the write-off of certain investments, partially offset by a gain of approximately $118.9 million from the sale of a cost investment.

On October 21, 1997, the Company completed the sale of its half-interest in USA Networks, including Sci-Fi Channel, to Universal Studios, Inc. for a total of $1.7 billion in cash. The Company realized a pre-tax gain of approximately $1.1 billion in the fourth quarter of 1997. The net proceeds from this transaction were used to repay debt.

In addition, during 1997, the Company recorded pre-tax gains on the swap of certain television stations of approximately $190.9 million partially offset by write-offs of certain cost investments.

17) EXTRAORDINARY LOSS

For the year ended December 31, 1998, the Company recognized an extraordinary

EXHIBIT C

loss of $74.7 million, net of tax of $51.9 million, or a loss of $.10 per basic and diluted common share for the early extinguishment of the 10.25% Senior Subordinated Notes, 7.0% Senior Subordinated Debentures and the 8.0% Merger Debentures (See Note 8).

18) SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Cash payments for interest net of amounts capitalized	$ 668.2	$ 792.1	$ 808.0
Cash payments for income taxes	656.6	110.9	193.0
Supplemental schedule of non-cash financing and investing activities:			
Equipment acquired under capitalized leases	116.8	54.0	211.1
Common Stock retired with Cable Split-off	--	--	625.8

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

19) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International is a wholly owned subsidiary of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities (See Note 8). The Company has determined that separate financial statements and other disclosures concerning Viacom International are not material to investors. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of the Company, Viacom International (in each case carrying investments in Non-Guarantor Affiliates under the equity method), the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

<TABLE>

EXHIBIT C

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	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	V Co
<S>	<C>	<C>	<C>	<C>	
Revenues	$ 39.4	$ 1,775.3	$ 10,301.9	$ (20.5)	
Expenses:					
Operating	33.3	563.7	7,929.8	(20.5)	
Selling, general and administrative	2.6	650.6	1,407.7	--	
Depreciation and amortization	2.1	87.0	688.2	--	
Total expenses	38.0	1,301.3	10,025.7	(20.5)	
Operating income	1.4	474.0	276.2	--	
Other income (expense):					
Interest expense, net	(516.0)	(34.0)	(49.0)	--	
Other items, net	(21.2)	89.0	(83.1)	--	
Earnings (loss) from continuing operations before income taxes	(535.8)	529.0	144.1	--	
Benefit (provision) for income taxes	219.7	(216.9)	(141.5)	--	
Equity in earnings (loss) of affiliated companies, net of tax	236.9	(236.3)	(54.0)	12.0	
Minority interest	--	1.3	(2.0)	--	
Earnings (loss) from continuing operations	(79.2)	77.1	(53.4)	12.0	
Discontinued operations:					
Loss, net of tax	--	--	(54.1)	--	
Net gain (loss) on dispositions	--	191.2	(141.3)	--	
Net earnings (loss) before extraordinary loss	(79.2)	268.3	(248.8)	12.0	
Extraordinary loss, net of tax	(43.2)	(31.5)	--	--	
Net earnings (loss)	(122.4)	236.8	(248.8)	12.0	
Cumulative convertible preferred stock dividend requirement	(57.2)	--	--	--	
Discount on repurchase of preferred stock	30.0	--	--	--	
Net earnings (loss) attributable to common stock	$ (149.6)	$ 236.8	$ (248.8)	$ 12.0	

EXHIBIT C

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</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1997				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Via Cons
<S>	<C>	<C>	<C>	<C>	<C
Revenues	$ 26.7	$ 1,458.3	$ 9,225.8	$ (25.9)	$1
Expenses:					
Operating	25.6	471.3	7,005.3	(25.9)	
Selling, general and administrative	1.8	520.3	1,228.5	--	
Depreciation and amortization	1.9	67.4	703.3	--	
	---------	---------	---------	---------	--
Total expenses	29.3	1,059.0	8,937.1	(25.9)	
	---------	---------	---------	---------	--
Operating income (loss)	(2.6)	399.3	288.7	--	
Other income (expense):					
Interest expense, net	(631.1)	(56.2)	(63.6)	--	
Other items, net	--	(38.7)	1,282.7	--	
	---------	---------	---------	---------	--
Earnings (loss) from continuing operations before income taxes	(633.7)	304.4	1,507.8	--	
Benefit (provision) for income taxes	266.1	(127.8)	(784.7)	--	
Equity in earnings (loss) of affiliated companies, net of tax	1,160.9	545.3	(53.8)	(1,815.7)	
Minority interest	--	(0.9)	5.6	--	
	---------	---------	---------	---------	--
Earnings from continuing operations	793.3	721.0	674.9	(1,815.7)	
Discontinued operations:					
Earnings, net of tax	0.3	2.7	11.9	--	

EXHIBIT C

Net gain (loss) on dispositions, net of tax	--	437.2	(32.0)	--	
Net earnings	793.6	1,160.9	654.8	(1,815.7)	--
Cumulative convertible preferred stock dividend requirement	(60.0)	--	--	--	
Net earnings attributable to common stock	$ 733.6	$ 1,160.9	$ 654.8	$(1,815.7)	$

</TABLE>

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<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1996			
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations
<S>	<C>	<C>	<C>	<C>
Revenues..	$ --	$1,193.7	$8,517.5	$ (27.3)
Expenses:				
Operating..................................	--	373.5	5,994.0	(27.3)
Selling, general and administrative..........	(0.3)	470.1	972.2	--
Restructuring charge.......................	--	--	50.2	--
Depreciation and amortization...............	--	60.9	593.4	--
Total expenses..........................	(0.3)	904.5	7,609.8	(27.3)
Operating income................................	0.3	289.2	907.7	--
Other income (expense):				
Interest expense, net.........................	(627.7)	(102.5)	(55.3)	--
Other items, net.............................	--	(0.1)	(1.5)	--
Earnings (loss) from continuing operations before income taxes............................	(627.4)	186.6	850.9	--

EXHIBIT C

Benefit (provision) for income taxes............	259.3	(84.0)	(418.6)	--
Equity in earnings (loss) of affiliated companies, net of tax........................	1,613.0	77.2	42.3	(1,745.8)
Minority interest..............................	--	(1.2)	(0.1)	--
	---------	---------	---------	----------
Earnings from continuing operations.............	1,244.9	178.6	474.5	(1,745.8)
Discontinued operations:				
Earnings (loss) net of tax	3.0	2.5	(67.5)	--
Net gain (loss) on dispositions, net of tax..	--	1,292.0	(134.3)	--
	---------	---------	---------	----------
Net earnings....................................	1,247.9	1,473.1	272.7	(1,745.8)
Cumulative convertible preferred stock dividend requirement.........................	(60.0)	--	--	--
	---------	---------	---------	----------
Net earnings attributable to common stock........	$ 1,187.9	$ 1,473.1	$ 272.7	$ (1,745.8)
	=========	=========	=========	==========

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Consolid
<S>	<C>	<C>	<C>	<C>	<C>
Assets					
Current Assets:					
Cash and cash equivalents	$ 406.4	$ 189.5	$ 171.4	$ --	$ 767
Receivables, net	9.5	319.5	1,458.0	(27.9)	1,759
Inventory	11.5	131.9	1,662.1	--	1,805
Other current assets	.9	160.9	570.8	--	732
	----------	---------	---------	----------	-------
Total current assets	428.3	801.8	3,862.3	(27.9)	5,064
	----------	---------	---------	----------	-------
Property and equipment	13.6	602.3	3,921.1	---	4,537

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Less accumulated depreciation and amortization	3.0	188.6	1,265.9	--	1,457
Net property and equipment	10.6	413.7	2,655.2	--	3,079
Inventory	--	400.1	2,070.7	--	2,470
Intangibles, at amortized cost	109.4	530.9	10,917.0	--	11,557
Investments in consolidated subs	5,951.7	15,701.9	--	(21,653.6)	
Other assets	83.4	1,541.4	1,795.3	(1,979.1)	1,441
	$ 6,583.4	$19,389.8	$21,300.5	$(23,660.6)	$23,613
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 68.0	$ 474.4	$ (43.2)	$ 499
Accrued expenses	612.7	590.0	923.4	(.3)	2,125
Deferred income	--	16.5	270.0	--	286
Accrued compensation	--	144.4	265.9	--	410
Participants' share, residuals and royalties payable	--	--	1,227.5	--	1,227
Program rights	--	57.1	158.1	(35.6)	179
Income tax payable	--	1,257.5	(139.7)	(591.3)	526
Current portion of long-term debt...	282.4	13.5	81.3	--	377
Total current liabilities	895.1	2,147.0	3,260.9	(670.4)	5,632
Long-term debt	2,214.6	1,050.4	548.4	--	3,813
Other liabilities	(17,419.8)	3,302.4	9,008.6	7,226.3	2,117
Shareholders' equity					
Convertible Preferred Stock	600.0	104.1	20.4	(124.5)	600
Common Stock	7.3	228.7	1,985.3	(2,214.0)	7
Additional paid-in capital	10,519.6	7,545.4	6,676.9	(14,167.2)	10,574
Retained earnings	10,764.8	4,977.7	(98.8)	(13,710.8)	1,932
Accumulated other comprehensive income (loss)	--	34.1	(101.2)	--	(67
	21,891.7	12,890.0	8,482.6	(30,216.5)	13,047
Less treasury stock, at cost	998.2	--	--	--	998
Total shareholders' equity	20,893.5	12,890.0	8,482.6	(30,216.5)	12,049

EXHIBIT C

$ 6,583.4	$19,389.8	$21,300.5	$(23,660.6)	$23.613
==========	=========	=========	==========	=======

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<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1997				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Assets					
Current Assets:					
Cash and cash equivalents	$ .1	$ 91.5	$ 200.7	$ --	$ 292.3
Receivables, net	10.2	384.0	2,047.0	(43.5)	2,397.7
Inventory	13.3	100.5	2,138.9	--	2,252.7
Other current assets	(6.1)	55.6	719.4	1.9	770.8
Total current assets	17.5	631.6	5,106.0	(41.6)	5,713.5
Property and equipment	12.4	478.9	3,828.9	--	4,320.2
Less accumulated depreciation and amortization	2.2	131.9	988.4	--	1,122.5
Net property and equipment	10.2	347.0	2,840.5	--	3,197.7
Inventory	--	318.2	2,332.4	--	2,650.6
Intangibles, at amortized cost	112.4	534.4	14,052.8	--	14,699.6
Investments in consolidated subs	8,256.9	9,303.0	--	(17,559.9)	--
Other assets	(11.3)	238.0	1,719.7	80.9	2,027.3
	$ 8,385.7	$ 11,372.2	$ 26,051.4	$ (17,520.6)	$ 28,288.7

Liabilities and Shareholders' Equity

EXHIBIT C

Current Liabilities:					
Accounts payable	$ --	$ 36.0	$ 803.3	$ (139.6)	$ 699.7
Accrued expenses	113.3	486.9	861.5	113.0	1,574.7
Deferred income	--	17.0	237.6	--	254.6
Accrued compensation	--	122.4	319.3	--	441.7
Participants' share, residuals and royalties payable	--	--	951.3	--	951.3
Program rights	--	38.2	175.0	(15.5)	197.7
Income tax payable	(6.2)	1,405.9	(307.2)	(536.2)	556.3
Current portion of long-term debt	150.0	156.5	70.0	--	376.5
Total current liabilities	257.1	2,262.9	3,110.8	(578.3)	5,052.5
Long-term debt	4,760.5	1,953.9	708.6	--	7,423.0
Other liabilities	(14,112.9)	(4,498.2)	20,248.7	792.0	2,429.6
Shareholders' equity:					
Convertible Preferred Stock	1,200.0	--	--	--	1,200.0
Common Stock	7.2	256.6	835.3	(1,091.9)	7.2
Additional paid-in capital	10,329.6	6,745.9	1,071.0	(7,817.0)	10,329.5
Retained earnings	6,173.7	4,585.0	155.7	(8,825.4)	2,089.0
Accumulated other comprehensive income (loss)	--	66.1	(78.7)	--	(12.6)
	17,710.5	11,653.6	1,983.3	(17,734.3)	13,613.1
Less treasury stock, at cost	229.5	--	--	--	229.5
Total shareholders' equity	17,481.0	11,653.6	1,983.3	(17,734.3)	13,383.6
	$ 8,385.7	$ 11,372.2	$ 26,051.4	$ (17,520.6)	$ 28,288.7

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

EXHIBIT C

<S> <C> <C> <C> <C> <C>

	1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc Consolidate
Net cash flow provided by (used in) operating activities	$ 527.3	$ (303.7)	$ 640.5	$ --	$ 864.1
Investing Activities:					
Proceeds from dispositions	--	4,677.3	272.8	--	4,950.1
Acquisitions, net of cash acquired	(14.9)	--	(111.5)	--	(126.4)
Capital expenditures	--	(88.6)	(514.9)	--	(603.5)
Investments in and advances to affiliated companies	--	(3.6)	(96.7)	--	(100.3)
Proceeds from sale of cost investment ..	--	131.7	35.6	--	167.3
Proceeds from sale of short-term investments	--	101.4	--	--	101.4
Purchases of short-term investments	--	(151.6)	--	--	(151.6)
Other, net	--	(6.9)	(11.7)	--	(18.6)
Net cash flow provided by (used in) investing activities	(14.9)	4,659.7	(426.4)	--	4,218.4
Financing Activities:					
Repayments of credit agreements, net ...	(1,788.6)	(470.0)	(124.4)	--	(2,383.0)
Increase (decrease) in intercompany payables	3,140.7	(3,100.7)	(40.0)	--	--
Repayment of notes and debentures	(202.6)	(666.7)	--	--	(869.3)
Purchase of treasury stock and warrants.	(809.6)	--	--	--	(809.6)
Repurchase of Preferred Stock	(564.0)	--	--	--	(564.0)
Payment on capital lease obligations ...	--	(20.6)	(90.1)	--	(110.7)
Payment of Preferred Stock dividends ...	(64.8)	--	--	--	(64.8)
Proceeds from exercise of stock options and warrants	182.8	--	--	--	182.8
Other, net	--	--	11.1	--	11.1
Net cash flow used in financing activities	(106.1)	(4,258.0)	(243.4)	--	(4,607.5)

EXHIBIT C

Net increase (decrease) in cash and cash equivalents	406.3	98.0	(29.3)	--	475.0
Cash and cash equivalents at beginning of year	.1	91.5	200.7	--	292.3
Cash and cash equivalents at end of year	$ 406.4	$ 189.5	$ 171.4	$ --	$ 767.3

</TABLE>

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<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1997				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc Consolidat
<S>	<C>	<C>	<C>	<C>	<C>
Net cash flow provided by (used in) operating activities	$ 1,275.7	$ 109.6	$(1,045.3)	$ --	$ 340.0
Investing Activities:					
Proceeds from dispositions	--	1,096.5	1,918.4	--	3,014.9
Acquisitions, net of cash acquired	(46.9)	--	(308.2)	--	(355.1
Capital expenditures	--	(77.9)	(452.4)	--	(530.3
Investments in and advances to affiliated companies	--	(47.5)	(252.9)	--	(300.4
Proceeds from sale of short-term investments	--	139.8	--	--	139.8
Purchases of short-term investments	--	(81.3)	--	--	(81.3
Other, net	--	.1	18.1	--	18.2
Net cash flow provided by (used in) investing activities	(46.9)	1,029.7	923.0	--	1,905.8

EXHIBIT C

Financing Activities:					
Repayments of credit agreements, net	(1,972.0)	(148.0)	27.7	--	(2,092.3
Increase (decrease) in intercompany payables	734.3	(939.2)	204.9	--	--
Purchase of treasury stock and warrants ...	(9.8)	--	--	--	(9.8
Payment on capital lease obligations	--	(21.8)	(44.4)	--	(66.2
Payment of Preferred Stock dividends	(60.0)	--	--	--	(60.0
Proceeds from exercise of stock options and warrants	69.6	--	--	--	69.6
Other, net	(9.8)	--	6.0	--	(3.8
Net cash flow provided by (used in) financing activities	(1,247.7)	(1,109.0)	194.2	--	(2,162.5
Net increase (decrease) in cash and cash equivalents	(18.9)	30.3	71.9	--	83.3
Cash and cash equivalents at beginning of year	19.0	61.2	128.8	--	209.0
Cash and cash equivalents at end of year	$ .1	$ 91.5	$ 200.7	$ --	$ 292.3

</TABLE>

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<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	1996				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom I Consolida
<S>	<C>	<C>	<C>	<C>	<C>
Net cash flow provided by (used in) operating activities	$ 1,150.6	$ (1,583.2)	$ 503.1	$ --	$ 7

EXHIBIT C

Investing Activities:					
Proceeds from dispositions	--	1,700.0	138.1	--	1,83
Acquisitions, net of cash acquired	--	--	(299.8)	--	(29
Capital expenditures	--	(125.5)	(473.1)	--	(59
Investments in and advances to affiliated companies	--	(57.3)	(31.5)	--	(8
Proceeds from sale of short-term investments	--	137.9	--	--	13
Purchases of short-term investments	--	(149.2)	--	--	(14
Other, net	--	--	--	--	
Net cash flow provided by (used in) investing activities	--	1,505.9	(666.3)	--	83
Financing Activities:					
Repayments of credit agreements, net	(1,293.8)	407.0	27.3	--	(85
Increase (decrease) in intercompany payables	320.7	(464.3)	143.6	--	
Repayment of notes and debentures	--	(12.0)	(38.9)	--	(5
Purchase of treasury stock and warrants ...	(223.6)	--	--	--	(22
Payment on capital lease obligations	--	(15.5)	(33.4)	--	(4
Payment of Preferred Stock dividends	(60.0)	--	--	--	(6
Proceeds from exercise of stock options and warrants	95.1	--	--	--	9
Other, net	(17.4)	--	--	--	(1
Net cash flow provided (used by) financing activities	(1,179.0)	(84.8)	98.6	--	(1,16
Net decrease in cash and cash equivalents	(28.4)	(162.1)	(64.6)	--	(25
Cash and cash equivalents at beginning of year	47.4	223.3	193.4	--	46
Cash and cash equivalents at end of year	$ 19.0	$ 61.2	$ 128.8	$ --	$ 20

</TABLE>

<PAGE>

EXHIBIT C

PART III

Item 10. Directors and Executive Officers.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Information Concerning Directors and Nominees" and "Compliance with Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

Item 11. Executive Compensation.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Directors' Compensation" and "Executive Compensation" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information contained in the Viacom Inc. Definitive Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information contained in the Viacom Inc. Definitive Proxy Statement under the captions "Compensation Committee Interlocks and Insider Participation" and "Related Transaction" is incorporated herein by reference.

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PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) and (d) Financial Statements and Schedules (see Index on Page F-1)

(b) Reports on Form 8-K

Current Report on Form 8-K of Viacom Inc. with a Report Date of November 27, 1998 relating to the sale of the Company's educational, professional and reference publishing businesses to Pearson plc for approximately $4.6 billion.

(c) Exhibits (see index on Page E-1)

EXHIBIT C

<PAGE>

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

By /s/ GEORGE S. SMITH, Jr.

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

By /s/ SUSAN C. GORDON

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

Date: March 31, 1999

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
*	Director	March 31, 1999

EXHIBIT C

George S. Abrams

Signature	Title	Date
*	Director	March 31, 1999
Philippe P. Dauman		
*	Director	March 31, 1999
Thomas E. Dooley		
*	Director	March 31, 1999
Ken Miller		
*	Director	March 31, 1999
Brent D. Redstone		

<PAGE>

Signature	Title	Date
*	Director	March 31, 1999
Shari Redstone		
/s/ SUMNER M. REDSTONE	Director	March 31, 1999
Sumner M. Redstone		
*	Director	March 31, 1999
Frederic V. Salerno		
*	Director	March 31, 1999
William Schwartz		

EXHIBIT C

*	Director	March 31, 1999
Ivan Seidenberg		

*By /s/ MICHAEL D. FRICKLAS   March 31, 1999

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

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VIACOM INC. AND SUBSIDIARIES

INDEX TO EXHIBITS
ITEM 14(c)

Exhibit No.		Description of Document	Page No.
(2)		Plan of Acquisition	
	(a)	Agreement and Plan of Merger dated as of January 7, 1994, as amended as of June 15, 1994, between Viacom Inc. and Blockbuster Entertainment Corporation (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-55271).	
	(b)	Amended and Restated Agreement and Plan of Merger dated as of February 4, 1994 between Viacom Inc. and Paramount Communications Inc., as further amended as of May 26, 1994, among Viacom, Viacom Sub Inc. and Paramount Communications Inc. (incorporated by reference to Exhibit 2.1, included as Annex I, to the Registration Statement on Form S-4 filed by Viacom Inc.) (File No. 33-53977).	
(3)		Articles of Incorporation and By-laws	
	(a)	Restated Certificate of Incorporation of Viacom Inc. (incorporated by reference to Exhibit 3(a) to the	

EXHIBIT C

UNAUDITED FINANCIAL STATEMENTS OF VIACOM INC.
FOR NINE MONTHS ENDED SEPTEMBER 30, 1999
(FROM SEC FORM 10-Q)

(EXCERPTED FROM FORM 10-Q FOR THE
THIRD CALENDAR QUARTER 1999 FILED BY VIACOM INC.
WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION)

EXHIBIT D

```
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                    STATE:                  NY
                    ZIP:                    10036
</SEC-HEADER>
<DOCUMENT>
<TYPE>10-Q
<SEQUENCE>1
<DESCRIPTION>QUARTERLY REPORT
<TEXT>

<PAGE>
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

Commission file number 1-9553

VIACOM INC.

(Exact name of registrant as specified in its charter)

Delaware	04-2949533
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)
1515 Broadway, New York, New York	10036
(Address of principal executive offices)	(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant

EXHIBIT D

was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

Number of shares of Common Stock Outstanding at October 29, 1999:

Class A Common Stock, par value $.01 per share - 138,340,683

Class B Common Stock, par value $.01 per share - 558,646,382

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VIACOM INC.
INDEX TO FORM 10-Q

EXHIBIT D

<PAGE>

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

<TABLE>
<CAPTION>

	Three months ended September 30, 1999	Three months ended September 30, 1998
<S>	<C>	<C>
Revenues	$ 3,332.0	$ 3,288.8
Expenses:		
Operating	2,119.3	2,145.4
Selling, general and administrative	602.5	543.6
Restructuring charge	70.3	--
Depreciation and amortization	218.7	192.5
Total expenses	3,010.8	2,881.5
Operating income	321.2	407.3
Interest expense	(118.3)	(160.3)
Interest income	7.8	1.9
Other items, net	(2.4)	(9.5)
Earnings from continuing operations before income taxes	208.3	239.4
Provision for income taxes	(93.2)	(150.6)
Equity in loss of affiliated companies, net of tax	(3.8)	(2.9)
Minority interest	(.4)	.5
Earnings from continuing operations	110.9	86.4
Discontinued operations (Note 7):		

EXHIBIT D

Earnings, net of tax	--	67.9
Loss on dispositions, net of tax	--	(15.9)
Net earnings before extraordinary loss	110.9	138.4
Extraordinary loss, net of tax	(14.2)	--
Net earnings	96.7	138.4
Cumulative convertible preferred stock dividend requirement	--	(15.0)
Net earnings attributable to common stock	$ 96.7	$ 123.4
Earnings per common share:		
Basic:		
Net earnings from continuing operations	$ .16	$ .10
Net earnings	$ .14	$ .17
Diluted:		
Net earnings from continuing operations	$ .16	$ .10
Net earnings	$ .14	$ .17
Weighted average number of common shares:		
Basic	696.7	714.7
Diluted	709.5	725.5

</TABLE>

See notes to consolidated financial statements.

<PAGE>

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

<TABLE>
<CAPTION>

	Nine months ended September 30,	
	1999	1998
<S>	<C>	<C>
Revenues	$ 9,286.4	$ 8,753.7

EXHIBIT D

Expenses:		
Operating	6,006.9	6,259.0
Selling, general and administrative	1,712.4	1,468.2
Restructuring charge	70.3	--
Depreciation and amortization	615.8	571.2
Total expenses	8,405.4	8,298.4
Operating income	881.0	455.3
Interest expense	(327.4)	(481.0)
Interest income	16.5	11.9
Other items, net	2.9	(14.0)
Earnings (loss) from continuing operations before income taxes	573.0	(27.8)
Provision for income taxes	(295.6)	(85.4)
Equity in loss of affiliated companies, net of tax	(38.1)	(21.2)
Minority interest	(.7)	1.1
Earnings (loss) from continuing operations	238.6	(133.3)
Discontinued operations (Note 7):		
Earnings, net of tax	--	8.0
Loss on dispositions, net of tax	--	(15.6)
Net earnings (loss) before extraordinary loss	238.6	(140.9)
Extraordinary loss, net of tax	(37.7)	--
Net earnings (loss)	200.9	(140.9)
Cumulative convertible preferred stock dividend requirement	(.4)	(45.0)
Premium on repurchase of preferred stock	(12.0)	--
Net earnings (loss) attributable to common stock	$ 188.5	$ (185.9)
Earnings (loss) per common share:		
Basic:		
Net earnings (loss) from continuing operations	$ .33	$ (.25)
Net earnings (loss)	$ .27	$ (.26)
Diluted:		

EXHIBIT D

Net earnings (loss) from continuing operations................	$ .32	$ (.25)
Net earnings (loss)...	$ .27	$ (.26)
Weighted average number of common shares:		
Basic...	694.5	712.8
Diluted...	708.6	712.8

</TABLE>

See notes to consolidated financial statements.

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VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

<TABLE>
<CAPTION>

Assets	September 30, 1999 (unaudited)	December 31, 1998
<S>	<C>	<C>
Current Assets:		
Cash and cash equivalents..	$ 674.2	$ 767.3
Receivables, less allowances of $106.9 (1999) and $98.7 (1998)......................................	1,676.9	1,759.1
Inventory (Note 8)...	1,798.1	1,805.5
Other current assets...	832.8	732.6
Total current assets...	4,982.0	5,064.5
Property and equipment, at cost....................................	5,096.7	4,537.0
Less accumulated depreciation......................................	1,781.0	1,457.5
Net property and equipment...	3,315.7	3,079.5
Inventory (Note 8)..	2,911.6	2,470.8
Intangibles, at amortized cost.....................................	11,424.1	11,557.3
Other assets..	1,634.8	1,441.0

EXHIBIT D

	$24,268.2	$23,613.1
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 487.4	$ 499.2
Accrued compensation	372.5	410.3
Participants' share, residuals and royalties payable	1,079.6	1,227.5
Income tax payable	212.4	526.5
Current portion of long-term debt (Note 9)	131.2	377.2
Accrued expenses and other	1,902.2	2,591.9
Total current liabilities	4,185.3	5,632.6
Long-term debt (Note 9)	6,141.8	3,813.4
Other liabilities	3,023.1	2,117.5
Commitments and contingencies (Note 10)		
Shareholders' Equity:		
Convertible Preferred Stock, par value $.01 per share; 200.0 shares authorized; 12.0 (1998) shares issued and outstanding	--	600.0
Class A Common Stock, par value $.01 per share; 500.0 shares authorized; 139.7 (1999) and 141.6 (1998) shares issued	1.4	1.4
Class B Common Stock, par value $.01 per share; 3,000.0 shares authorized; 605.5 (1999) and 591.9 (1998) shares issued	6.1	5.9
Additional paid-in capital	10,260.0	10,574.7
Retained earnings	2,114.7	1,932.9
Accumulated other comprehensive loss (Note 1)	(32.5)	(67.1)
	12,349.7	13,047.8
Less treasury stock, at cost; 48.5 (1999) and 38.5 (1998) shares	1,431.7	998.2
Total shareholders' equity	10,918.0	12,049.6
	$24,268.2	$23,613.1

</TABLE>

See notes to consolidated financial statements.

<PAGE>

EXHIBIT D

VIACOM INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

<TABLE>
<CAPTION>

<S>	Nine months ended September 30, 1999 <C>	1998 <C>
Operating Activities:		
Net earnings (loss)	$ 200.9	$(140.9)
Adjustments to reconcile net earnings (loss) to net cash flow from operating activities:		
Depreciation and amortization	615.8	688.0
Distribution from affiliated companies	23.2	14.5
Loss on dispositions, net of tax	--	15.6
Gain on sale of investment	--	(10.7)
Equity in loss of affiliated companies	38.1	21.2
Change in operating assets and liabilities:		
Decrease (increase) in receivables	82.2	(74.6)
Decrease (increase) in inventory and related programming liabilities, net	(533.6)	476.0
Increase in prepaid expenses and other current assets	(165.7)	(40.8)
Increase in unbilled receivables	(96.7)	(.3)
Decrease in accounts payable and accrued expenses	(222.2)	(261.4)
Decrease in taxes payable and deferred income taxes, net	(346.3)	(501.4)
Increase in deferred income	51.4	8.7
Other, net	64.6	27.1
Net cash flow from operating activities	(288.3)	221.0
Investing Activities:		
Capital expenditures	(503.6)	(417.2)
Acquisitions, net of cash acquired	(309.5)	(103.9)
Investments in and advances to affiliated companies	(106.8)	(66.5)
Purchases of short-term investments	(280.2)	(68.8)
Proceeds from sales of short-term investments	342.1	74.5
Proceeds from dispositions	--	141.7
Other, net	1.9	(15.7)
Net cash flow from investing activities	(856.1)	(455.9)
Financing Activities:		

EXHIBIT D

Borrowings from banks, net	2,494.2	917.6
Repayment of notes and debentures	(1,075.3)	(400.0)
Repurchase of Preferred Stock and dividend payments	(619.8)	(45.0)
Purchase of treasury stock and warrants	(478.8)	(312.2)
Payment of capital lease obligations	(71.3)	(55.3)
Net proceeds from issuance of subsidiary stock	430.7	--
Proceeds from exercise of stock options and warrants	371.5	156.5
Other, net	.1	(6.1)
Net cash flow from financing activities	1,051.3	255.5
Net increase (decrease) in cash and cash equivalents	(93.1)	20.6
Cash and cash equivalents at beginning of the period	767.3	292.3
Cash and cash equivalents at end of period	$ 674.2	$ 312.9
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 330.6	$ 524.8
Cash payments for income taxes	$ 558.9	$ 640.0
Non cash investing and financing activities:		
Property and equipment acquired under capitalized leases	$ 136.8	$ 33.5

</TABLE>

See notes to consolidated financial statements.

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollars in millions, except per share amounts)

1) BASIS OF PRESENTATION

Viacom Inc. ("Viacom" or the "Company") is a diversified entertainment company with operations in six segments: (i) Networks, (ii) Entertainment, (iii) Video, (iv) Parks, (v) Publishing and (vi) Online. See Note 7 regarding the presentation of discontinued operations.

The accompanying unaudited consolidated financial statements of the Company have been prepared pursuant to the rules of the Securities and Exchange Commission. These financial statements should be read in conjunction with the more detailed financial statements and notes thereto included in the Company's most recent

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annual report on Form 10-K.

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

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

Net Earnings (Loss) per Common Share - Basic earnings per share ("EPS") is computed by dividing the net earnings applicable to common shares by the weighted average of common shares outstanding during the period. Diluted EPS adjusts the basic weighted average of common shares outstanding by the assumed conversion of convertible securities and exercise of stock options only in the periods in which such effect would have been dilutive. Prior period amounts have been adjusted to reflect the effect of the 2-for-1 stock split (see Note 4). The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS:

<TABLE>
<CAPTION>

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Weighted average shares for basic EPS..................	696.7	714.7	694.5	712.8
Incremental shares for stock options & warrants.......	12.8	10.8	14.1	--
Weighted average shares for diluted EPS................	709.5	725.5	708.6	712.8

</TABLE>

Comprehensive Income (Loss) - Total comprehensive income (loss) for the Company includes net income and other comprehensive income items including unrealized gain (loss) on securities, cumulative translation adjustments and minimum pension liability adjustments. Total comprehensive income (loss) for the three months ended September 30, 1999 and 1998 was $106.7 million and $159.0 million,

EXHIBIT D

respectively, and for the nine months ended September 30, 1999 and 1998 was $235.5 million and $(118.8) million, respectively.

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Subsidiary Stock Transactions - Gains or losses arising from issuances by a subsidiary of its own stock in a public offering are recorded within shareholders' equity.

2) PENDING TRANSACTION

On September 7, 1999, the Company and CBS Corporation ("CBS") announced that the companies had signed a definitive agreement to merge. Viacom and CBS have agreed that CBS will merge with the Company upon the terms and conditions set forth in the merger agreement and Viacom would be the surviving corporation. At the time of the merger, the Company will issue 1.085 shares of its Class B common stock for each share of CBS common stock and 1.085 shares of its Series C Preferred Stock for each share of CBS Series B Preferred Stock. The merger is subject to approval of shareholders of CBS and regulatory approval. The Company expects the merger to be completed in the first half of the year 2000.

3) BLOCKBUSTER INITIAL PUBLIC OFFERING

On August 10, 1999, Blockbuster Inc. completed the initial public offering ("IPO") of 31 million shares of its Class A common stock at $15 per share and began trading on the New York Stock Exchange on August 11, 1999. The Company owns 100% of the outstanding shares of Blockbuster Inc. Class B common stock, which represented approximately 82.3% of Blockbuster's equity value after the initial public offering. Proceeds of the offering aggregated $442.9 million, net of underwriting discounts and commissions and before payment of offering expenses and were used by Blockbuster to repay outstanding indebtedness under its credit agreement. The Company recorded a reduction to equity of approximately $662 million as a result of the issuance of subsidiary stock.

Viacom has announced that, subject to Viacom board approval, which will be based on an assessment of market conditions, and the receipt of a supplemental tax ruling from the Internal Revenue Service reflecting the proposed merger between Viacom and CBS, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster Inc. for shares of Viacom's common stock. Viacom has no obligation to effect the split-off either before or after the merger.

EXHIBIT D

Viacom cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free.

4) STOCK TRANSACTIONS AND ACQUISITIONS

On July 7, 1999, the Viacom Five-Year Warrants expired. The Company received proceeds of approximately $317 million and issued approximately 9.0 million shares of its Class B Common Stock in connection with the exercise of 4.5 million warrants issued as part of the 1994 acquisition of Paramount Communications.

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

<PAGE>

On June 21, 1999, the Company completed its tender offer for all outstanding shares of Spelling Entertainment Group Inc. ("Spelling") common stock that it did not already own for $9.75 per share in cash. The tendered shares, along with the shares already owned by the Company, represented approximately 97% of all of the issued and outstanding shares of Spelling. The tender offer was made under the terms of a merger agreement between the Company and Spelling. On June 23, 1999, the Company acquired the remaining outstanding shares of Spelling, approximately 3%, through a merger of Spelling and a wholly owned subsidiary of the Company. As a result of the merger, each share of Spelling common stock was also converted into the right to receive $9.75 in cash. The consideration for tendered shares was approximately $176 million.

5) RESTRUCTURING CHARGE

During the third quarter of 1999, the Company recorded a charge of approximately $81.1 million, of which $70.3 million was recorded as a restructuring charge and $10.8 million was recorded as part of depreciation expense. The restructuring charge of $70.3 million was primarily associated with the consolidation of the operations of Spelling into Paramount Television, resulting in the elimination of duplicative sales forces and certain other back office functions. Included in

EXHIBIT D

this total are severance and employee related costs of $48.1 million, lease termination and other occupancy costs of $17.7 million and other exit costs of $4.5 million. Severance and other employee related costs represent the costs to terminate approximately 250 employees engaged in legal, sales, marketing, finance, information systems, technical support and human resources for Spelling. Lease termination and other occupancy costs principally represent the expenses associated with vacating existing lease obligations in New York and Los Angeles. The depreciation expense of approximately $10.8 million was associated with the fixed asset write-offs for software, leasehold improvements and equipment located at these premises. As of September 30, 1999, the Company had paid and charged approximately $4.9 million against the severance liability and $1.6 million against the other exit costs. The Company expects to complete the exit activities by the end of the year 2000.

6) RECEIVABLES

As of September 30, 1999, the Company had an aggregate of $355.5 million outstanding under revolving receivable securitization programs. Proceeds from the sale of these receivables were used to reduce outstanding borrowings. The resulting loss on the sale of receivables was not material to the Company's financial position or results of operations.

7) DISCONTINUED OPERATIONS

In accordance with Accounting Principles Board Opinion 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the Company has presented its educational, professional and reference publishing businesses ("Non-Consumer Publishing") and its music retail stores ("Music") as discontinued operations, as these businesses were sold on November 27, 1998 and October 26, 1998, respectively.

<PAGE>

During the third quarter of 1998, Spelling completed the sale of the development operations of Virgin Interactive Entertainment Limited ("Virgin") to Electronic Arts Inc. for $122.5 million in cash. In addition, on November 10, 1998, Spelling completed the sale of all non-U.S. operations of Virgin to an investor group. Included in the loss on dispositions for the three and nine months ended

EXHIBIT D

September 30, 1998 are additional reserves which provided for Virgin's operating losses through its disposition and a tax benefit related to the sale of Virgin.

Summarized financial results of discontinued operations are as follows:

<TABLE>
<CAPTION>

	Non-Consumer Publishing	Music	Total
<S>	<C>	<C>	<C>
For the three months ended September 30, 1998/(1)/:			
Revenues..	$ 730.4	$ 37.6	$ 768.0
Earnings (loss) from operations before income taxes........	160.5	(4.5)	156.0
(Provision) benefit for income taxes........................	(89.9)	1.7	(88.2)
Net earnings (loss)......................................	70.7	(2.8)	67.9
For the nine months ended September 30, 1998/(2)/:			
Revenues..	$1,421.0	$293.5	$1,714.5
Earnings (loss) from operations before income taxes........	47.4	(20.9)	26.5
(Provision) benefit for income taxes........................	(26.6)	8.0	(18.6)
Net earnings (loss)......................................	20.9	(12.9)	8.0

</TABLE>

<TABLE>
<CAPTION>

	Three months ended September 30, 1998	Nine months ended September 30, 1998
<S>	<C>	<C>
Loss on Dispositions, net of tax:		
Loss on sale of Music....................................	$ (138.5)	$ (138.5)
Additional reserves for Virgin's operating losses..........	(20.3)	(20.3)
Tax benefit for the sale of Virgin........................	134.0	134.0
Reversal of excess cable split-off reserves................	8.9	9.2
Total loss on dispositions, net of tax....................	$ (15.9)	$ (15.6)

</TABLE>

/(1)/Results of operations reflect the music business for the period July 1 through August 10.

/(2)/Results of operations reflect the music business for the period January 1 through August 10.

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<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

8) INVENTORY

<TABLE>
<CAPTION>

<S>	September 30, 1999 <C>	December 31, 1998 <C>
Merchandise inventory, including sell-through videocassettes	$ 300.1	$ 381.9
Videocassette rental inventory	496.3	404.1
Publishing:		
Finished goods	66.5	59.7
Work in process	5.6	6.9
Raw materials	3.6	2.5
Other	21.8	17.7
	893.9	872.8
Less current portion	397.6	468.7
	496.3	404.1
Theatrical and television inventory:		
Theatrical and television productions:		
Released	1,939.1	1,800.4
Completed, not released	9.5	35.9
In process and other	424.9	321.0
Program rights	1,442.3	1,246.2
	3,815.8	3,403.5
Less current portion	1,400.5	1,336.8
	2,415.3	2,066.7
Total Current Inventory	$ 1,798.1	$ 1,805.5
Total Non-Current Inventory	$ 2,911.6	$ 2,470.8

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</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

9) LONG-TERM DEBT

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

<TABLE>
<CAPTION>

	September 30, 1999	December 31, 1998
<S>	<C>	<C>
Notes payable to banks	$ 3,364.2	$ 868.
5.875% Senior Notes due 2000, net of unamortized discount of $.1 (1999) and $.2 (1998)	149.9	149.
7.5% Senior Notes due 2002, net of unamortized discount of $1.0 (1999) and $1.3 (1998)	249.0	248.
6.75% Senior Notes due 2003, net of unamortized discount of $.2 (1999 and 1998)	349.8	349.
7.75% Senior Notes due 2005, net of unamortized discount of $5.3 (1999) and $5.9 (1998)	965.7	965.
7.625% Senior Debentures due 2016, net of unamortized discount of $1.1 (1999) and $1.2 (1998)	198.9	198.
8.25% Senior Debentures due 2022, net of unamortized discount of $2.5 (1999) and $2.6 (1998)	247.5	247.
7.5% Senior Debentures due 2023, net of unamortized discount of $.4 (1999) and $.5 (1998)	149.6	149.
10.25% Senior Subordinated Notes due 2001	35.3	36.
8.0% Merger Debentures due 2006, net of unamortized discount of $44.1 (1998)	--	475.
Other Notes	--	.
Obligations under capital leases	563.1	501.
	6,273.0	4,190.
Less current portion	131.2	377.
	$ 6,141.8	$ 3,813.

EXHIBIT D

</TABLE>

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At September 30, 1999, the Company's scheduled maturities of indebtedness through December 31, 2003, assuming full utilization of the March 1997 Credit Agreements, as amended, and the Blockbuster Credit Agreement are $22.0 million (1999), $1.2 billion (2000), $1.8 billion (2001), $2.2 billion (2002) and $625.0 million (2003). The Company's maturities of long-term debt outstanding at September 30, 1999, excluding capital leases, are $22.0 million (1999), $439.5 million (2000), $304.6 million (2001), $2.1 billion (2002) and $625.0 million (2003). The Company has classified certain short-term indebtedness as long-term debt based upon its intent and ability to refinance such indebtedness on a long-term basis.

On September 27, 1999, the Company amended covenants of the March 1997 Credit Agreements, to allow for a potential split-off of Blockbuster Inc.

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On July 7, 1999, the Company redeemed the remaining 8% Merger Debentures outstanding and recognized an extraordinary loss of $37.4 million, net of tax, on the early redemption.

On May 21, 1999, the Company amended the March 1997 Credit Agreements to, among other things, provide for the Blockbuster Credit Agreement.

On May 6, 1999, the 364-day film financing credit agreement, guaranteed by Viacom International Inc. and the Company, was paid in full and on May 7, 1999, this credit agreement terminated.

The Company used proceeds received from Blockbuster as described below to permanently reduce its commitments under the March 1997 Credit Agreements by $1.139 billion.

The March 1997 Viacom Credit Agreements, as amended, are comprised of (i) a $3.7 billion senior unsecured reducing revolver maturing July 1, 2002, (ii) a $600 million term loan maturing April 1, 2002 and (iii) a $100 million term loan maturing July 1, 2002. Of these amounts, $2.1 billion and $846.2 million were outstanding as of September 30, 1999 and December 31, 1998, respectively.

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The interest rate on all loans made under the March 1997 Credit Agreements is based on a spread over Citibank, N.A.'s base rate or the London Interbank Offered Rate ("LIBOR"). The spread over such rate is based on the Company's credit rating. At September 30, 1999, the LIBOR (upon which the Company's borrowing rate was based) for borrowing periods of one month and two months were 5.4% and 5.47%, respectively. At December 31, 1998, LIBOR for borrowing periods of one month and two months were each 5.09%.

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

The Blockbuster Credit Agreement contains covenants, which, among other things, relate to the payment of dividends, repurchase of Blockbuster's common stock or other distributions and also require compliance with financial covenants with respect to a maximum leverage ratio and a minimum fixed charge ratio.

On June 23, 1999, Blockbuster Inc. borrowed $1.6 billion, comprised of $400 million borrowed under the long-term revolver, $600 million borrowed under the term loan, and $600 million under the short-term revolver. The weighted average interest rate at September 30, 1999 for these borrowings is 7.2%. The proceeds of the borrowings were used to pay amounts owed to the

<PAGE>

Company. Blockbuster has repaid $442.9 million of the short-term revolver through proceeds from the IPO. These proceeds permanently reduced Blockbuster's commitments under the Blockbuster Credit Agreement from $1.9 billion to approximately $1.46 billion.

10) COMMITMENTS AND CONTINGENCIES

The commitments of the Company for program license fees, which are not reflected

EXHIBIT D

in the balance sheet at September 30, 1999 and are estimated to aggregate $1.2 billion, principally reflect Showtime Networks Inc.'s ("SNI's") commitments of $856.6 million for the acquisition of programming rights and the production of original programming, and exclude intersegment commitments between the Networks and Entertainment segments of $894.7 million. The estimate is based upon a number of factors. A majority of such fees are payable over several years, as part of normal programming expenditures of SNI. These commitments to acquire programming rights are contingent upon delivery of motion pictures which are not yet available for premium television exhibition and, in many cases, have not yet been produced.

11) PROVISION FOR INCOME TAXES

The provision for income taxes represents federal, state and foreign income taxes on earnings before income taxes. The estimated effective tax rates of 51.6% for 1999 and 59.7% for 1998 were both adversely affected by amortization of intangibles in excess of the amounts deductible for tax purposes. Excluding the non-deductible amortization of intangibles, the estimated effective tax rates would have been 35.9% for 1999 and 38.1% for 1998.

Due to the unusual nature of the 1998 second quarter charge associated with the change in accounting for rental tape amortization, the full income tax effect is reflected in the second quarter 1998 tax provision, and is excluded from the estimated annual effective rate.

12) OPERATING SEGMENTS

The following table sets forth the Company's financial performance by operating segment. Prior period results have been reclassified to conform to the new presentation. Intersegment revenues, recorded at fair market value, of the Entertainment segment were $69.1 million and $177.5 million for the three and nine months ended September 30, 1999 and $54.0 million and $110.0 million for the three and nine months ended September 30, 1998, respectively. All other intersegment revenues were immaterial for each 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)

<TABLE>
<CAPTION>

	Three months ended	Nine months ended

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<S>

	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
	<C>	<C>	<C>	<C>
Revenues:				
Networks	$ 752.6	$ 656.7	$2,120.8	$1,798.7
Entertainment	1,170.7	1,315.6	3,288.2	3,477.6
Video	1,112.8	985.5	3,267.5	2,806.7
Parks	207.0	227.5	365.9	391.5
Publishing	162.2	156.7	430.7	387.6
Online	6.6	3.3	16.5	8.0
Intercompany eliminations	(79.9)	(56.5)	(203.2)	(116.4)
Total revenues	$3,332.0	$3,288.8	$9,286.4	$8,753.7
EBITDA:				
Networks	$ 285.1	$ 234.2	$ 705.9	$ 559.6
Entertainment	95.7	214.7	424.3	542.0
Video	129.9	104.3	379.5	(87.7)
Parks	67.5	72.8	93.4	98.2
Publishing	22.0	21.4	44.6	35.4
Online	(15.5)	.4	(22.5)	.7
Total segment EBITDA	584.7	647.8	1,625.2	1,148.2
Reconciliation to operating income:				
Corporate/Eliminations	(44.8)	(48.0)	(128.4)	(121.7)
Depreciation and amortization	(218.7)	(192.5)	(615.8)	(571.2)
Total operating income	$ 321.2	$ 407.3	$ 881.0	$ 455.3

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

13) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Viacom International Inc. ("Viacom International") is a wholly owned subsidiary

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of the Company. The Company has fully and unconditionally guaranteed Viacom International debt securities. The Company has determined that separate financial statements and other disclosures concerning Viacom International are not material to investors. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of the Company, Viacom International (in each case, carrying investments in Non-Guarantor Affiliates under the equity method), the direct and indirect Non-Guarantor Affiliates of the Company, and the eliminations necessary to arrive at the information for the Company on a consolidated basis. Certain prior-year equity eliminations have been reclassified to conform with the current period presentation.

<TABLE>
<CAPTION>

	Three Months Ended September 30, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Via I Conso
<S>	<C>	<C>	<C>	<C>	<C>
Revenues......................................	$ 7.8	$ 538.1	$ 2,890.0	$ (103.9)	$
Expenses:					
Operating.....................................	7.5	175.7	2,033.9	(97.8)	
Selling, general and administrative...........	.3	170.8	431.4	--	
Restructuring charge..........................	--	--	70.3	--	
Depreciation and amortization.................	.9	24.0	193.8	--	
Total expenses........................	8.7	370.5	2,729.4	(97.8)	
Operating income (loss).......................	(.9)	167.6	160.6	(6.1)	
Other income (expense):					
Interest expense..........................	(91.0)	(149.9)	(39.5)	162.1	
Interest income...........................	.2	162.8	6.9	(162.1)	
Other items, net..........................	(5.1)	(4.1)	6.8	--	
Earnings (loss) from continuing operations before income taxes.........................	(96.8)	176.4	134.8	(6.1)	
Benefit (provision) for income taxes..........	39.7	(72.4)	(60.5)	--	
Equity in earnings (loss) of affiliated companies, net of tax...................	168.0	63.3	(9.0)	(226.1)	
Minority interest.............................	--	.7	(1.1)	--	

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Net earnings before extraordinary loss.........	110.9	168.0	64.2	(232.2)	
Extraordinary loss, net of tax.................	(14.2)	--	--	--	
Net earnings...................................	$ 96.7	$ 168.0	$ 64.2	$ (232.2)	$

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viaco Inc. Consolid
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....................................	$ 27.1	$ 1,475.8	$ 8,004.4	$ (220.9)	$ 9,2
Expenses:					
Operating....................................	26.0	482.6	5,713.1	(214.8)	6,0
Selling, general and administrative..........	1.5	529.2	1,181.7	--	1,7
Restructuring charge.........................	--	--	70.3	--	
Depreciation and amortization................	2.7	68.0	545.1	--	6
Total expenses...............................	30.2	1,079.8	7,510.2	(214.8)	8,4
Operating income (loss)......................	(3.1)	396.0	494.2	(6.1)	8
Other income (expense):					
Interest expense.............................	(277.9)	(448.1)	(126.6)	525.2	(3
Interest income..............................	9.7	511.2	20.8	(525.2)	
Other items, net.............................	(15.6)	.9	17.6	--	
Earnings (loss) from continuing operations before income taxes............................	(286.9)	460.0	406.0	(6.1)	5

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Benefit (provision) for income taxes............	117.6	(188.6)	(224.6)	--	(2
Equity in earnings (loss) of affiliated companies, net of tax........................	407.6	135.8	(52.8)	(528.7)	(
Minority interest............................	--	.7	(1.4)	--	
Net earnings before extraordinary loss............	238.3	407.9	127.2	(534.8)	2
Extraordinary loss, net of tax.................	(37.4)	(.3)	--	--	(
Net earnings....................................	200.9	407.6	127.2	(534.8)	2
Cumulative convertible preferred stock dividend requirement..................	(.4)	--	--	--	
Premium on repurchase of preferred stock........	(12.0)	--	--	--	(
Net earnings attributable to common stock.........	$ 188.5	$ 407.6	$ 127.2	$ (534.8)	$ 1

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	Three Months Ended September 30, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viacom Inc. Consolida
<S>	<C>	<C>	<C>	<C>	<C>
Revenues....................................	$ 7.6	$ 458.4	$2,825.9	$ (3.1)	$3,28
Expenses:					
Operating..................................	5.9	121.9	2,020.7	(3.1)	2,14
Selling, general and administrative............	.3	172.5	370.8	--	54
Depreciation and amortization..................	.3	21.7	170.5	--	19
Total expenses............................	6.5	316.1	2,562.0	(3.1)	2,88
Operating income (loss)........................	1.1	142.3	263.9	--	40

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Other income (expense):					
Interest expense	(138.4)	(156.6)	(22.3)	157.0	(16
Interest income	5.3	148.9	4.7	(157.0)	
Other items, net	(6.0)	(1.7)	(1.8)	--	(
Earnings (loss) from continuing operations before income taxes	(138.0)	132.9	244.5	--	23
Benefit (provision) for income taxes	56.6	(54.5)	(152.7)	--	(15
Equity in earnings (loss) of affiliated companies, net of tax	219.8	(1.4)	(6.2)	(215.1)	(
Minority interest	--	(.1)	.6	--	
Earnings (loss) from continuing operations	138.4	76.9	86.2	(215.1)	8
Discontinued operations:					
Earnings from discontinued operations	--	--	67.9	--	6
Gain (loss) on dispositions	--	142.9	(158.8)	--	(1
Net earnings (loss)	138.4	219.8	(4.7)	(215.1)	13
Cumulative convertible preferred stock dividend requirement	(15.0)	--	--	--	(1
Net earnings (loss) attributable to common stock	$ 123.4	$ 219.8	$ (4.7)	$(215.1)	$ 12

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Via In Consol
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 28.2	$ 1,196.3	$ 7,545.1	$ (15.9)	$ 8

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Expenses:					
Operating	23.3	385.2	5,866.4	(15.9)	6
Selling, general and administrative	1.7	443.4	1,023.1	--	1
Depreciation and amortization	1.5	63.4	506.3	--	
Total expenses	26.5	892.0	7,395.8	(15.9)	8
Operating income	1.7	304.3	149.3	--	
Other income (expense):					
Interest expense	(414.9)	(461.5)	(63.5)	458.9	
Interest income	17.0	432.8	21.0	(458.9)	
Other items, net	(15.1)	6.4	(5.3)	--	
Earnings (loss) from continuing operations before income taxes	(411.3)	282.0	101.5	--	
Benefit (provision) for income taxes	168.6	(115.6)	(138.4)	--	
Equity in earnings (loss) of affiliated companies, net of tax	101.8	(208.9)	(31.4)	117.3	
Minority interest	--	1.1	--	--	
Loss from continuing operations	(140.9)	(41.4)	(68.3)	117.3	
Discontinued operations:					
Earnings from discontinued operations	--	--	8.0	--	
Gain (loss) on dispositions	--	143.2	(158.8)	--	
Net earnings (loss)	(140.9)	101.8	(219.1)	117.3	
Cumulative convertible preferred stock dividend requirement	(45.0)	--	--	--	
Net earnings (loss) attributable to common stock	$ (185.9)	$ 101.8	$ (219.1)	$ 117.3	$

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

EXHIBIT D

<TABLE>
<CAPTION>

<S>	September 30, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viaco Conso
	<C>	<C>	<C>	<C>	<C>
Assets					
Current Assets:					
Cash and cash equivalents	$ 34.0	$ 479.8	$ 160.4	$ --	$
Receivables, net	6.9	366.1	1,398.0	(94.1)	
Inventory	13.4	166.1	1,618.6	--	
Other current assets	1.5	165.0	666.3	--	
Total current assets	55.8	1,177.0	3,843.3	(94.1)	
Property and equipment, at cost	14.2	652.0	4,430.5	--	
Less accumulated depreciation	4.0	224.5	1,552.5	--	
Net property and equipment	10.2	427.5	2,878.0	--	
Inventory	--	464.6	2,447.0	--	
Intangibles, at amortized cost	107.1	517.5	10,799.5	--	1
Investments in consolidated subsidiaries	6,635.4	14,928.1	--	(21,563.5)	
Other assets	(358.8)	168.1	1,960.3	(134.8)	
	$ 6,449.7	$ 17,682.8	$ 21,928.1	$(21,792.4)	$ 2
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 58.1	$ 476.3	$ (47.0)	$
Accrued compensation	--	121.9	250.6	--	
Participants' share, residuals and royalties payable	--	--	1,079.6	--	
Income tax payable	(26.0)	930.8	(156.2)	(536.2)	
Current portion of long-term debt	--	22.5	108.7	--	
Accrued expenses and other	(343.6)	529.8	1,828.6	(112.6)	
Total current liabilities	(369.6)	1,663.1	3,587.6	(695.8)	
Long-term debt	3,559.5	1,036.3	1,546.0	--	

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Other liabilities..................................	(11,782.0)	2,101.8	8,540.7	4,162.6	
Shareholders' equity:					
Preferred Stock..........................	--	104.1	20.4	(124.5)	
Common Stock.............................	7.5	185.7	525.8	(711.5)	
Additional paid-in capital...................	10,260.0	7,332.1	7,742.0	(15,074.1)	1
Retained earnings..........................	6,206.0	5,229.4	28.4	(9,349.1)	
Accumulated other comprehensive income (loss)...........................	--	30.3	(62.8)	--	
	16,473.5	12,881.6	8,253.8	(25,259.2)	1
Less treasury stock, at cost....................	1,431.7	--	--	--	
Total shareholders' equity.................	15,041.8	12,881.6	8,253.8	(25,259.2)	1
	$ 6,449.7	$ 17,682.8	$ 21,928.1	$(21,792.4)	$ 2

</TABLE>

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VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	December 31, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viaco Consol
<S>	<C>	<C>	<C>	<C>	<C>
Assets					
Current Assets:					
Cash and cash equivalents..................	$ 406.4	$ 189.5	$ 171.4	$ --	$
Receivables, net............................	9.5	319.5	1,458.0	(27.9)	1
Inventory..................................	11.5	131.9	1,662.1	--	1
Other current assets........................	.9	160.9	570.8	--	
Total current assets.....................	428.3	801.8	3,862.3	(27.9)	5
Property and equipment............................	13.6	602.3	3,921.1	--	4

EXHIBIT D

Less accumulated depreciation	3.0	188.6	1,265.9	--	1
Net property and equipment	10.6	413.7	2,655.2	--	3
Inventory	--	400.1	2,070.7	--	2
Intangibles, at amortized cost	109.4	530.9	10,917.0	--	11
Investments in consolidated subsidiaries	5,796.0	15,701.9	--	(21,497.9)	
Other assets	83.4	1,541.4	1,795.3	(1,979.1)	1
	$ 6,427.7	$ 19,389.8	$ 21,300.5	$(23,504.9)	$ 23
Liabilities and Shareholders' Equity					
Current Liabilities:					
Accounts payable	$ --	$ 68.0	$ 474.4	$ (43.2)	$
Accrued compensation	--	144.4	265.9	--	
Participants' share, residuals and royalties payable	--	--	1,227.5	--	1
Income tax payable	--	1,257.5	(139.7)	(591.3)	
Current portion of long-term debt	282.4	13.5	81.3	--	
Accrued expenses and other	612.7	663.6	1,351.5	(35.9)	2
Total current liabilities	895.1	2,147.0	3,260.9	(670.4)	5
Long-term debt	2,214.6	1,050.4	548.4	--	3
Other liabilities	(12,834.8)	3,458.2	9,008.6	2,485.5	2
Shareholders' equity:					
Preferred Stock	600.0	104.1	20.4	(124.5)	
Common Stock	7.3	228.7	1,985.3	(2,214.0)	
Additional paid-in capital	10,519.6	7,545.4	6,676.9	(14,167.2)	10
Retained earnings	6,024.1	4,821.9	(98.8)	(8,814.3)	1
Accumulated other comprehensive income (loss)	--	34.1	(101.2)	--	
	17,151.0	12,734.2	8,482.6	(25,320.0)	13
Less treasury stock, at cost	998.2	--	--	--	
Total shareholders' equity	16,152.8	12,734.2	8,482.6	(25,320.0)	12
	$ 6,427.7	$ 19,389.8	$ 21,300.5	$(23,504.9)	$ 23

</TABLE>

EXHIBIT D

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1999				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viaco Consol
<S>	<C>	<C>	<C>	<C>	<C>
Net cash flow from operating activities.............	$ 384.3	$ (361.0)	$ (311.6)	$ --	$
Investing Activities:					
Capital expenditures...........................	--	(71.8)	(431.8)	--	
Acquisitions, net of cash acquired.............	(180.2)	--	(129.3)	--	
Investments in and advances to affiliated companies........................	--	(19.9)	(86.9)	--	
Purchases of short-term investments............	--	(280.2)	--	--	
Proceeds from sales of short-term investments...	--	342.1	--	--	
Other, net.....................................	--	--	1.9	--	
Net cash flow from investing activities.............	(180.2)	(29.8)	(646.1)	--	
Financing Activities:					
Borrowings from banks, net.....................	1,297.0	--	1,197.2	--	2
Repayment of notes and debentures..............	(1,073.8)	(1.5)	--	--	(1
Repurchase of Preferred Stock and dividend payments..................................	(619.8)	--	--	--	
Purchase of treasury stock and warrants.........	(478.8)	--	--	--	
Payment of capital lease obligations...........	--	(22.6)	(48.7)	--	
Increase (decrease) in intercompany payables..................................	(72.7)	705.2	(632.5)	--	
Net proceeds from issuance of subsidiary stock.....................................	--	--	430.7	--	
Proceeds from exercise of stock options					

EXHIBIT D

and warrants..............................	371.5	--	--	--	
Other, net................................	.1	--	--	--	
Net cash flow from financing activities.............	(576.5)	681.1	946.7	--	1
Net increase (decrease) in cash and cash equivalents..........................	(372.4)	290.3	(11.0)	--	
Cash and cash equivalents at beginning of period..............................	406.4	189.5	171.4	--	
Cash and cash equivalents at end of period..........	$ 34.0	$ 479.8	$ 160.4	$ --	$

</TABLE>

<PAGE>

VIACOM INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(tabular dollars in millions, except per share amounts)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1998				
	Viacom Inc.	Viacom International	Non-Guarantor Affiliates	Eliminations	Viac Conso
<S>	<C>	<C>	<C>	<C>	<C>
Net cash flow from operating activities	$ (101.8)	$ (805.1)	$1,127.9	$ --	$
Investing Activities:					
Capital expenditures............................	--	(84.7)	(332.5)	--	
Acquisitions, net of cash acquired...............	(12.0)	--	(91.9)	--	
Investments in and advances to affiliated companies.........................	--	(1.0)	(65.5)	--	
Purchases of short-term investments...............	--	(68.8)	--	--	
Proceeds from sales of short-term investments.....	--	74.5	--	--	
Proceeds from dispositions........................	--	19.2	122.5	--	
Other, net..	--	(9.7)	(6.0)	--	
Net cash flow from investing activities...............	(12.0)	(70.5)	(373.4)	--	

EXHIBIT D

Financing Activities:					
Borrowings from banks, net	1,172.1	(109.0)	(145.5)	--	
Repayment of notes and debentures	(150.0)	(250.0)	--	--	
Preferred Stock dividend payments	(45.0)	--	--	--	
Purchase of treasury stock & warrants	(312.2)	--	--	--	
Payment of capital lease obligations	--	(20.6)	(34.7)	--	
Increase (decrease) in intercompany payables	(698.8)	1,322.3	(623.5)	--	
Proceeds from exercise of stock options and warrants	156.5	--	--	--	
Other, net	--	--	(6.1)	--	
Net cash flow from financing activities	122.6	942.7	(809.8)	--	
Net increase (decrease) in cash and cash equivalents	8.8	67.1	(55.3)	--	
Cash and cash equivalents at beginning of period	.1	91.5	200.7	--	
Cash equivalents at end of period	$ 8.9	$ 158.6	$ 145.4	$ --	$

</TABLE>

<PAGE>

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

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

The following tables set forth revenues and operating income by business segment, for the three months and nine months ended September 30, 1999 and 1998. Results for the periods presented exclude contributions from the Company's educational, professional and reference publishing businesses ("Non-Consumer Publishing") and music retail stores ("Music") which were sold on November 27, 1998 and October 26, 1998, respectively. (See Note 7 of Notes to Consolidated Financial Statements).

<TABLE>

EXHIBIT D

<CAPTION>

<S>	Three months ended September 30, 1999 <C>	Three months ended September 30, 1998 <C>	Percent B/(W) <C>	Nine months ended September 30, 1999 <C>	Nine months ended September 30, 1998 <C>	Percent B/(W) <C>
	(In millions)			(In millions)		
Revenues:						
Networks	$ 752.6	$ 656.7	15%	$ 2,120.8	$ 1,798.7	18%
Entertainment	1,170.7	1,315.6	(11)	3,288.2	3,477.6	(5)
Video	1,112.8	985.5	13	3,267.5	2,806.7	16
Parks	207.0	227.5	(9)	365.9	391.5	(7)
Publishing	162.2	156.7	4	430.7	387.6	11
Online	6.6	3.3	100	16.5	8.0	106
Intercompany eliminations	(79.9)	(56.5)	(41)	(203.2)	(116.4)	(75)
Total	$ 3,332.0	$ 3,288.8	1	$ 9,286.4	$ 8,753.7	6
Operating income (loss): /(a)/						
Networks	$ 255.0	$ 206.6	23%	$ 617.8	$ 480.8	28%
Entertainment	31.0	167.1	(81)	258.8	401.6	(36)
Video	29.9	9.9	202	87.7	(371.1)	NM
Parks	54.3	60.0	(10)	53.7	59.5	(10)
Publishing	16.8	17.1	(2)	30.5	22.5	36
Online	(16.2)	.4	NM	(23.2)	.7	NM
Segment Total	370.8	461.1	(20)	1,025.3	594.0	73
Corporate/Eliminations	(49.6)	(53.8)	8	(144.3)	(138.7)	(4)
Total	$ 321.2	$ 407.3	(21)	$ 881.0	$ 455.3	93

</TABLE>

NM - Not meaningful

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

EXHIBIT D

VIACOM SUMMARY
HISTORICAL FINANCIAL DATA

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT E1

Viacom Summary Historical Financial Data

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

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

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

Balance Sheet Data
(in millions)

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

EXHIBIT E1

CBS SUMMARY HISTORICAL FINANCIAL DATA

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT E2

CBS Summary Historical Financial Data

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

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

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

EXHIBIT E2

Balance Sheet Data
(in millions)

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

EXHIBIT E2

SUMMARY UNAUDITED VIACOM/CBS PRO FORMA COMBINED FINANCIAL INFORMATION

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT E3

Summary Unaudited Viacom/CBS Pro Forma Combined Financial Information

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

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

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

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

Unaudited Pro Forma Combined Balance Sheet Data
(in millions)

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

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EXHIBIT E3

UNAUDITED VIACOM/CBS PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

(EXCERPTED FROM CBS/VIACOM JOINT
PROXY STATEMENT/PROSPECTUS
DATED NOVEMBER 24, 1999)

EXHIBIT F1

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

Unaudited Viacom/CBS Pro Forma Combined Condensed Financial Information

General

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

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

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

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

EXHIBIT F1

UNAUDITED VIACOM/CBS PRO FORMA COMBINED CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 1999

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT F2

UNAUDITED VIACOM/CBS PRO FORMA
COMBINED CONDENSED BALANCE SHEET
As of September 30, 1999

(in millions)

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

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

EXHIBIT F2

UNAUDITED VIACOM/CBS PRO FORMA COMBINED CONDENSED STATEMENTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT F3

UNAUDITED VIACOM/CBS PRO FORMA
COMBINED CONDENSED STATEMENTS OF OPERATIONS
For the Nine Months Ended September 30, 1999

(in millions, except per share amounts)

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

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

EXHIBIT F3

UNAUDITED VIACOM/CBS PRO FORMA COMBINED CONDENSED STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1998

(EXCERPTED FROM CBS/VIACOM JOINT PROXY STATEMENT/PROSPECTUS DATED NOVEMBER 24, 1999)

EXHIBIT F4

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

(in millions, except per share amounts)

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

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

EXHIBIT F4

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

(EXCERPTED FROM CBS/VIACOM JOINT
PROXY STATEMENT/PROSPECTUS
DATED NOVEMBER 24, 1999)

EXHIBIT F5

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

(tables in millions, except per share amounts)

(1) Basis of Presentation

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

(2) Consideration

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

Total estimated CBS common shares outstanding (including shares to be issued to King World shareholders)	748.6
Exchange Ratio	1.085
Estimated Viacom Class B common shares to be issued	812.2

Purchase Consideration:	
Estimated value of Viacom Class B common stock to be issued (812.2 shares at $45.225 per share):	
Common stock, $.01 par value	$ 8
Additional paid-in capital	36,725
Estimated fair value of CBS stock options to be assumed by Viacom (note 3)	200
Estimated net increase in Viacom equity	$36,933

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

(tables in millions, except per share amounts)

(3) Merger

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

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

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

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

(tables in millions, except per share amounts)

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

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

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

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

(4) Other Viacom Events

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

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

(tables in millions, except per share amounts)

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

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

(5) Income Tax Expense

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

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

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

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

$5.1 billion. If Viacom determines to engage in the split-off, any difference between the fair market value and net book value at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the November 19, 1999 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax pro forma loss on discontinued operations of approximately $2.9 billion. The actual amount of the gain or loss will depend upon the fair market value and net book value of Blockbuster at the time of the split-off as well as the exchange ratio used in the split-off. In addition, in a tax-free split-off, Viacom/CBS pro forma shareholders' equity will be reduced by an amount no greater than the net book value of Blockbuster at the time of the split-off. Viacom has no obligation to effect the split-off either before or after the merger. Viacom and CBS cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free.

(7) Reclassifications

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

FORM OF LETTER FROM TRANSFEREE TO U.S. NUCLEAR REGULATORY COMMISSION CONFIRMING AGREEMENTS TO ASSUME COMMITMENTS, RESPONSIBILITIES AND LIABILITIES

EXHIBIT G

[Viacom Inc. letterhead]

February _, 2000

Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555

RE: Applications of CBS Corporation for Transfers and Amendments of Licenses

Gentlemen:

This letter is in furtherance of and a part of the Applications for Transfers and Amendments of Materials Licenses and the TR-2 License of CBS Corporation ("CBS") filed with the NRC on February 14, 2000 (the "Applications"). The need for the requested transfers and amendments arises from the merger of CBS with and into Viacom Inc. ("Viacom"), as more fully described in the Applications (the "Merger").

As provided by NRC regulations and NRC Information Notice 89-25, Revision 1, dated December 7, 1994, to support the transfers of the licenses requested by the Applications, the undersigned hereby makes the following statements and representations:

1. I am ____________ of Viacom and I am authorized to file this letter with the NRC on its behalf.

2. On the date of the closing of the Merger (the "Closing Date"), Viacom will become the licensee and holder of the licenses set forth in the Applications.

3. Viacom agrees to the transfers and amendments of the licenses issued by the NRC and currently held by CBS, to the change in ownership and control of the licensed activities and to the conditions of the transfers and those contained in the licenses in accordance with the Applications.

4. Viacom acknowledges that CBS has made or will make it aware of all open inspection items as of the Closing Date of the Merger, and Viacom accepts the responsibility for possible resulting enforcement actions.

5. Viacom agrees to abide by all commitments and representations previously made to the NRC by CBS for the licenses being transferred by the NRC pursuant to the Applications, including: maintaining decommissioning records required by 10 C.F.R. 30.35(g), 40.36(f), 50.75(g) and 70.25(g); implementing decontamination activities and decommissioning of the facilities and sites; and completing corrective actions for open inspection items and enforcement actions.

6. Viacom agrees to accept responsibility and liability for decommissioning and decontamination of the facilities and sites being transferred. As of the Closing Date, Viacom will provide adequate resources to fund the decommissioning for which it is responsible through appropriate mechanisms, as described in the Applications.

7. Viacom agrees to abide by all other constraints, conditions, requirements, representations and commitments identified in the existing licenses issued by the NRC.

We would be pleased to respond to any further questions that the NRC may have with regard to this letter.

Very truly yours,

Viacom Inc.

By: ______________________
(name)

____
(title)

CBS CORPORATION

DOCKET NO. 50-22

PROPOSED AMENDMENT TO FACILITY LICENSE NO. TR-2

EXHIBIT H

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

CBS CORPORATION ~~ACTING THROUGH ITS WESTINGHOUSE~~

~~ELECTRIC COMPANY DIVISION~~

DOCKET NO. 50-22

AMENDMENT TO FACILITY LICENSE

License No. TR-2
Amendment No. ~~8~~

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:

   A. The application for amendment filed by the CBS Corporation ~~Acting Through Its Westinghouse Electric Company Division~~ (the licensee), dated ~~September 28, 1998~~, ——, as supplemented on ~~November 17, 1998~~, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations as set forth in 10 CFR Chapter I.

   B. The facility will be maintained in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;

   C. There is reasonable assurance that (i) the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I;

   D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and

   E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, Facility License No. TR-2, is amended by revising the introduction to paragraph 2. to read as follows:

   2. Subject to the conditions and requirements incorporated herein the Commission hereby licenses ~~CBS Corporation~~ as the licensee for the ~~Westinghouse~~ Test Reactor. VIACOM INC.

3. This license amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Seymour H. Weiss

Seymour H. Weiss, Director
Non-Power Reactors and Decommissioning
Project Directorate
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Date of Issuance: March 25, 1999