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VIACOM INC
Form PRE 14A
March 30, 2001

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[X] Preliminary Proxy Statement

[] CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED BY
RULE 14A-6(E) (2))

[] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

Viacom Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed

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pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

PRELIMINARY COPY

[LOGO OF VIACOM] (R)

April 16, 2001

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Dear Stockholder:

You are cordially invited to attend the 2001 Annual Meeting of Stockholders of Viacom Inc., which will be held at the Equitable Center, 787 Seventh Avenue (at 51st Street), New York, New York, at 10:00 a.m. on Wednesday, May 23, 2001. Holders of Class A Common Stock are being asked to vote on the matters listed on the enclosed Notice of 2001 Annual Meeting of Stockholders.

National Amusements, Inc., which beneficially owns approximately 68% of the Class A Common Stock, has advised the Company that it intends to vote its shares of Class A Common Stock for each of these matters. Therefore, approval is assured.

If you hold shares of Class A Common Stock, we urge you to mark, sign and return the enclosed proxy card promptly, even if you anticipate attending in person, to ensure that your shares of Class A Common Stock will be represented at the Annual Meeting. If you do attend, you will, of course, be entitled to vote your shares in person.

If you plan to attend the Annual Meeting and hold registered shares of Class A Common Stock, you should mark the appropriate box on the enclosed proxy card and an admission ticket will be sent to you. If you hold registered shares of Class B Common Stock or you beneficially hold shares of Class A or Class B Common Stock and you plan to attend the Annual Meeting, you should obtain an admission ticket in advance by sending a written request, along with proof of ownership, such as a bank or brokerage firm account statement, for beneficially owned shares to the Manager - Investor Relations, Viacom Inc., 1515 Broadway, 52nd Floor, New York, New York 10036.

Thank you, and I look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ Sumner M. Redstone

SUMNER M. REDSTONE
Chairman of the Board and
Chief Executive Officer

PRELIMINARY COPY

[LOGO OF VIACOM] (R)

VIACOM INC.

NOTICE OF 2001 ANNUAL MEETING
AND PROXY STATEMENT

To Viacom Inc. Stockholders:

The Annual Meeting of Stockholders of Viacom Inc. will be held at the Equitable Center, 787 Seventh Avenue (at 51st Street), New York, New York at 10:00 a.m. on Wednesday, May 23, 2001. The principal business of the meeting will be consideration of the following matters:

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1. The election of 18 directors;
2. The approval of the adoption of an amendment to the Viacom Inc. Restated Certificate of Incorporation to increase (i) the number of shares of Class A Common Stock authorized to be issued from 500 million to 750 million, and (ii) the number of shares of Class B Common Stock authorized to be issued from 3 billion to 10 billion;
3. The approval of the appointment of PricewaterhouseCoopers LLP to serve as independent accountants until the 2002 Annual Meeting of Stockholders; and
4. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

By order of the Board of Directors,

/s/ Michael D. Fricklas

MICHAEL D. FRICKLAS
Secretary

April 16, 2001

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PROXY STATEMENT

The enclosed Proxy is being solicited by the Board of Directors of Viacom Inc. (the "Company" or "Viacom") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 23, 2001. Holders of shares of the Company's Class A Common Stock, \$0.01 par value ("Class A Common Stock"), on the books of the Company at the close of business on April 2, 2001 are entitled to notice of and to vote at the Annual Meeting. The Company then had outstanding [_____] shares of Class A Common Stock, each of such shares being entitled to one vote, and [_____] shares of non-voting Class B Common Stock, \$0.01 par value ("Class B Common Stock" and, together with the Class A Common Stock, "Common Stock").

The enclosed Proxy may be revoked at any time prior to being voted upon by written notice to the Secretary of the Company, by submission of a Proxy bearing a later date or by voting in person at the meeting. Each valid and timely Proxy not revoked will be voted at the meeting in accordance with the instructions thereon or if no instructions are specified thereon, then the Proxy will be voted as recommended by the Board of Directors. The affirmative vote of the holders of a majority of the shares of Class A Common Stock present in person or represented by proxy and entitled to vote is required for the election of directors and the appointment of the independent accountants. The affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock is required for the adoption of the proposed amendment to the Viacom Inc. Restated Certificate of Incorporation. A broker non-vote with respect to the election of directors or the appointment of the accountants will have no effect on such matters. A broker non-vote with respect to the proposed amendment to the Viacom Inc. Restated Certificate of Incorporation will have the effect of a vote against the amendment. An abstention with respect to any matter brought before the meeting will have the effect of a vote against such matter.

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As of April 2, 2001, National Amusements, Inc. ("National Amusements") beneficially owned approximately [_____] of the Class A Common Stock and approximately [_____] of the outstanding Class A Common Stock and Class B Common Stock on a combined basis. Sumner M. Redstone, the controlling stockholder of National Amusements, is Chairman of the Board and Chief Executive Officer of the Company.

National Amusements has advised the Company that it intends to vote all of its shares of Class A Common Stock in favor of the election of the 18 nominated directors, the amendment of the Restated Certificate of Incorporation and the appointment of PricewaterhouseCoopers LLP. Such action by National Amusements will be sufficient to elect such directors, approve the amendment to the Restated Certificate of Incorporation and approve the appointment of the independent accountants without any action on the part of any other holder of Class A Common Stock.

The complete mailing address of the principal executive offices of the Company is 1515 Broadway, New York, New York 10036-5794. The Company intends to commence its distribution of the Proxy Statement and the Proxy on or about April 16, 2001.

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ELECTION OF DIRECTORS

The election of 18 directors of the Company is proposed, each to hold office for one year and until his or her successor is elected and qualified. The persons named in the enclosed Proxy will vote the shares of Class A Common Stock covered by such Proxy for the election of the nominees set forth below, unless instructed to the contrary. Each nominee is now a member of the Board of Directors of the Company. If, for any reason, any of said nominees becomes unavailable for election, the holders of the Proxies may exercise discretion to vote for substitutes proposed by the Board. Management has no reason to believe that the persons named will be unable to serve if elected or will decline to do so.

INFORMATION CONCERNING DIRECTORS AND NOMINEES

Set forth below is certain information concerning each nominee for director of the Company. All of the nominees are currently directors of the Company.

| Nominee for Director* | Company Offices and Principal Occupation** |
|--|---|
| ----- | ----- |
| George S. Abrams..... Age 69 Director since 1987 | Attorney associated with the law firm of Winer and A Massachusetts since 1969. Mr. Abrams served as the General Director of the United States Senate Judiciary Subcommittee 1965 through 1968. He is currently a member of the Boards Visiting Committees of a number of art museums, arts-related educational institutions, including The European Fine Arts Museum of Fine Arts in Boston and the Harvard University Abrams is a director of National Amusements and Sonesta Int Corporation. |
| David R. Andelman..... | Attorney associated with the law firm of Lourie and Cutler |

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Age 61
 Director since December 2000

Massachusetts since 1964. Mr. Andelman serves as a director of
 Lourie & Cutler, P.C. He is a director of Downeast Food Distributors,
 Louisiana Marine Transport, Inc. and National Amusements.

George H. Conrades.....
 Age 62
 Director since May 2000

Chairman and Chief Executive Officer of Akamai Technologies, Inc. since
 1999 and partner with Polaris Venture Partners since 1999. Mr. Conrades
 Conrades served as Executive Vice President of GTE Corporation from 1995 to
 President of GTE Internetworking from 1997 to 1998. Prior to 1997, Mr.
 of BBN Corporation by GTE in 1997, Mr. Conrades served as President and
 Executive Officer of BBN Corporation from 1994 to 1997. Mr. Conrades was
 Chairman of the Board in 1995. In 1992, Mr. Conrades served as Chairman
 International Business Machines as Senior Vice President of the Board of
 the Corporate Management Board, after serving in various management positions
 since 1961. Mr. Conrades is a trustee of The Scripps Research Institute and
 Ohio Wesleyan University. Mr. Conrades is a director of Carlin Pharmaceuticals
 and was a director of CBS Corporation ("CBS") until the merger of CBS
 Company in May 2000 (the "CBS Merger") and a director of Infinity
 Corporation ("Infinity") until the merger of Infinity with Viacom Inc. in
 February 2001 (the "Infinity Merger").

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Nominee for
 Director*

Company Offices and
 Principal Occupation**

Philippe P. Dauman.....
 Age 47
 Director since 1987

Co-Chairman and Chief Executive Officer of DND Capital Partners, a
 private equity firm, since May 2000. Mr. Dauman served as Director of
 the Company from 1996 until May 2000 and Executive Vice President of
 until May 2000. From 1993 to 1998, Mr. Dauman also served as Chairman
 and Secretary of the Company. Prior to that, he was a partner and
 of Shearman & Sterling in New York, which he joined in 1978. Mr. Dauman
 a trustee of The Museum of the City of New York and a member of the
 Visitors of Columbia Law School. Mr. Dauman is a director of Blockbuster
 Inc. ("Blockbuster"), Genuity Inc., Lafarge Corporation and National
 Amusements.

William H. Gray III.....
 Age 59
 Director since May 2000

President and Chief Executive Officer of The College Fund since May 2000.
 From 1979 to 1991, Mr. Gray served as a member of the United States
 Representatives and as house majority whip. He is a director of
 Manhattan Bank, N.A., Dell Corporation, Electronic Data Systems
 Ezgov.com, J. P. Morgan Chase & Co., MBIA Inc., Pfizer Inc., American
 Insurance Company of America, Rockwell International Corporation and
 Corporation. Mr. Gray was a director of CBS until the CBS Merger.

Mel Karmazin.....
 Age 57
 Director since May 2000

President and Chief Operating Officer since May 2000. Mr. Karmazin was
 President and Chief Executive Officer of CBS from January 1997 to
 Merger. He was President and Chief Operating Officer of CBS from 1997
 through December 1998. Mr. Karmazin joined CBS in December 1997 and
 and Chief Executive Officer of CBS Radio and served as Chief Executive
 Executive Officer of the CBS Station Group (Radio and Television) from
 1997 to April 1998. Prior to joining CBS, Mr. Karmazin served as
 and Chief Executive Officer of Infinity from 1981 until its merger with
 in December 1996. Mr. Karmazin has served as Chairman of CBS since
 December 1998 to date and served as its President and Chief Executive
 from December 1998 until the Infinity Merger. Mr. Karmazin is a
 Trustees for The Museum of Television and Radio and

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Blockbuster, the New York Stock Exchange, Inc. ("NYSE") a Inc. Mr. Karmazin was a director of CBS until the CBS director of Infinity until the Infinity Merger.

| | |
|--|--|
| <p>Jan Leschly..... Age 60 Director since May 2000</p> | <p>Chairman and Chief Executive Officer of Care Capital L.L.C., firm, since May 2000. Mr. Leschly served as the Chief Executive Officer of SmithKline Beecham Corp. from 1994 until April 2000. Mr. Leschly was Chairman of SmithKline Beecham's Worldwide Pharmaceutical Division from 1994 to 1999 and has been a director of SmithKline Beecham Corp. since 1994. Prior to that, he was President and Chief Operating Officer of Squibb Corporation. Before joining Squibb Corporation in 1979, he served as President and President of the Pharmaceutical Division of Bristol-Myers Squibb for eight years. Mr. Leschly serves on The International Association of Business Executives and is a member of the Business Council of the International Tennis Hall of Fame. Mr. Leschly is a director of Express Co., The Maersk Group and Ventro Corporation and was a director of CBS until the CBS Merger.</p> |
|--|--|

Nominee for
 Director*

Company Offices and
 Principal Occupation**

| | |
|--|--|
| <p>David T. McLaughlin..... Age 69 Director since May 2000</p> | <p>Chairman of the Board of Orion Safety Products (formerly Orion Corporation) since 1988 and Chief Executive Officer from 1999 to 2000. Mr. McLaughlin served as Chairman of The Aspen Institute from 1988 and was appointed President and Chief Executive Officer of The Aspen Institute position he held until 1997. Upon his retirement from The Aspen Institute in 1997, he was named president emeritus. Mr. McLaughlin was a professor at Dartmouth College from 1981 to 1987. He served as Chief Executive Officer of Toro Company from 1977 to 1981, after having held various management positions at Toro Company since 1970. Mr. McLaughlin was Chairman of the Board of CBS in January 1999 and served as a director of CBS from 1979 until the CBS Merger. He served as a director of Infinity until the Infinity Merger. Mr. McLaughlin is a director of Atlanta Atlanta PartnerRe Ltd.</p> |
|--|--|

| | |
|---|--|
| <p>Ken Miller..... Age 58 Director since 1987</p> | <p>Vice Chairman of Credit Suisse First Boston Corporation. Mr. Miller served as President, Chief Executive Officer of The First Boston Corporation investment firm, from 1988 to 1994. Prior to that, he was a director of Merrill Lynch Capital Markets. Mr. Miller is a director of the First Boston Investment Partnership, Refugees International and the First Boston Association.</p> |
|---|--|

| | |
|---|--|
| <p>Leslie Moonves..... Age 51 Director since May 2000</p> | <p>President and Chief Executive Officer of CBS Television since 1995. Mr. Moonves served as President of CBS as President, CBS Entertainment in 1995. Prior to that, he was President of Warner Bros. Television from 1993 when Warner Bros. Television combined operations. From 1989 to 1993, he was President of Turner Television. He is a director of the NCAA Foundation, the National Television Arts and Sciences Foundation and the Los Angeles Philharmonic. He serves on the Board of Governors of UCLA Center for Communication Programs, the Executive Board of the UCLA Medical Center, and is a trustee of the National Council for Families and Television and the American Film Institute. Mr. Moonves was a director of CBS until the CBS Merger.</p> |
|---|--|

| | |
|-------------------------------|--|
| <p>Brent D. Redstone.....</p> | <p>Director of National Amusements. Mr. Redstone served as S</p> |
|-------------------------------|--|

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Age 50
 Director since 1991

the law firm of Davis, Graham and Stubbs, L.L.P. in Denver, 1998 to January 2000. He previously served as a member Directors of the American Prosecutors Research Institute Alexandria, Virginia. He served as Assistant District Attorney County, Massachusetts from 1977 to 1991.

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| Nominee for Director* ----- | Company Offices and Principal Occupation** ----- |
|--|---|
| <p>Shari Redstone..... Age 47 Director since 1994</p> | <p>President of National Amusements since January 2000. Ms. Redstone served as Executive Vice President of National Amusements from 1994 to 1999. She practiced law from 1978 to 1993; her practice included law, estate planning and criminal law. Ms. Redstone past Executive Committee at the Boston University School of Law in the 1980's. Ms. Redstone is a member of the Board of Directors of the National Association of Theatre Owners, Chairman and Chief Executive Officer of MovieTickets.com, Inc., a member of the Board of Trustees at Daughters of the American Revolution Institute and a member of the Board of Directors at various Philanthropies. She also is a member of the Board of Trustees of Tufts University, a member of the Advisory Committee for Tufts University, of the Board of Overseers at Brandeis University. Ms. Redstone is a member of National Amusements.</p> |
| <p>Sumner M. Redstone..... Age 77 Director since 1986</p> | <p>Chairman of the Board of the Company since 1987 and Chief Executive Officer since 1996. Mr. Redstone has served as Chairman of the Board of National Amusements since 1986 and Chief Executive Officer of National Amusements from 1986 to 1999. He also served as President of National Amusements from 1986 to 1999. He is a member of the Advisory Council for the Academy of Arts and Sciences Foundation and is on the Board of Trustees of the National Association of Theatre Owners and is current Executive Committee. Since 1982, Mr. Redstone has been a faculty of Boston University Law School, where he teaches entertainment law, and since 1994, he has been a Visiting Professor at Brandeis University. Mr. Redstone graduated from Harvard University and received an LL.B. from Harvard University School of Law. After graduation, Mr. Redstone served as Law Secretary with the United States Court of Appeals, and then as a Special Assistant to the United States Attorney General. He served as a director of Infinity until the Infinity reorganization. Mr. Redstone is a director of Blockbuster.</p> |
| <p>Frederic V. Salerno..... Age 57 Director since 1994</p> | <p>Vice Chairman and Chief Financial Officer of Verizon Communications Inc. ("Verizon"), formerly Bell Atlantic Corporation ("Bell Atlantic") from 2000. Prior to that, Mr. Salerno served as Senior Executive Vice President and Chief Financial Officer/Strategy and Business Development from August 1997. Prior to the merger of Bell Atlantic and WorldCom ("NYNEX"), Mr. Salerno served as Vice Chairman - Financial Development of NYNEX from 1994 to 1997. Mr. Salerno was Vice Chairman of the Board of NYNEX and President of the Worldwide Services Group from 1994. Mr. Salerno is a director of Avnet Inc. and The Bear Stearns Inc.</p> |

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| Nominee for Director* ----- | Company Offices and Principal Occupation** ----- |
|--|---|
| William Schwartz..... Age 67 Director since 1987 | Counsel to Cadwalader, Wickersham & Taft since 1988. Mr. Schwartz served as Vice President for Academic Affairs (the chief academic officer) of Boston University from 1993 to July 1998 and has been Vice President of Yeshiva University and the Cardozo School of Law since 1998. He is also a member of the Board of Directors of the Boston University School of Law from 1980 to 1988 and a member of the Board of Directors of Boston University from 1955 to 1991. Mr. Schwartz was a member of the Board of UST Corporation and is a member of the Advisory Board of UST Inc. He is an honorary member of the National College of Practicing Lawyers. He served as Chairman of the Boston Mayor's Special Commission on the Procedures and was formerly a member of the Legal Advisory Board of UST Corporation. |
| Ivan Seidenberg..... Age 54 Director since 1995 | President and Co-Chief Executive Officer of Verizon (formerly Bell Atlantic) since June 2000. Prior to that, Mr. Seidenberg served as Chairman of the Board of Bell Atlantic since December 1998 and Chief Executive Officer of Bell Atlantic since June 1998. Mr. Seidenberg served as Vice Chairman, President and Chief Operating Officer of Bell Atlantic from 1997 to 1998. Prior to joining Bell Atlantic and NYNEX, he served as Chairman and Chief Executive Officer of NYNEX since 1995 and before that as President and Chief Executive Officer of NYNEX from January 1995 to March 1995. Previously, he served as Chief Operating Officer of NYNEX during 1994 and as Vice President of NYNEX from 1991 to 1995. Mr. Seidenberg became a director of NYNEX in 1991, a director of American Home Products Corporation, Boston Products Corporation, Honeywell International Inc. and Verizon. |
| Patty Stonesifer..... Age 44 Director since May 2000 | Co-Chair and President of the Bill and Melinda Gates Foundation ("Foundation") since 1999. From 1997 to 1999, Ms. Stonesifer was Chairwoman and President of the Gates Learning Foundation. She is also a member of the Board of Trustees of the William H. Gates Foundation to form the Foundation for the Future. Ms. Stonesifer ran her own management consulting firm from 1993 to 1996. From 1988 to 1996, she held various senior management positions at Amazon.com including Senior Vice President, Interactive Media Group, Senior Vice President, Consumer Division. Ms. Stonesifer was a director of Amazon.com and she was a director of CBS until the CBS Merger with Viacom. |
| Robert D. Walter..... Age 55 Director since May 2000 | Founder, Chairman and Chief Executive Officer of Cardinal Health since 1971. He is a member of the Boards of Trustees of Battelle Memorial Institute and Ohio University. Mr. Walter is a director of Bank One Corporation, a director of CBS until the CBS Merger and a director of Iridium LLC until the Infinity Merger. |

* Brent Redstone is the son of Sumner Redstone, and Shari Redstone is Sumner Redstone's daughter. None of the other nominees for director is related to any other director or executive officer of the Company by blood, marriage or adoption.

** National Amusements and Blockbuster are affiliates of the Company.

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MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During 2000, the Board of Directors held eight (8) regular meetings and two (2) special meetings.

Set forth below is certain information concerning the standing committees of the Board of Directors before and after the CBS Merger.

Board Committees before the CBS Merger

| Committee ----- | Members of Committee ----- |
|--|--|
| Audit Committee..... | Messrs. Abrams, Miller, Salerno*, Schwartz and Seidenberg |
| Compensation Committee..... | Messrs. Abrams, Miller, Brent Redstone, Salerno, Schwartz* and Seidenberg and Ms. Shari Redstone |
| Senior Executive Compensation Committee..... | Messrs. Salerno, Schwartz* and Seidenberg |
| Governance and Nominations Committee..... | Messrs. Abrams*, Dauman, Miller, Seidenberg and Sumner Redstone |

* Chairman

Board Committees after the CBS Merger

| Committee ----- | Members of Committee ----- |
|---|--|
| Audit Committee..... | Messrs. Conrades, Miller, Salerno*, Schwartz, Seidenberg and Walter and Ms. Stonesifer |
| Compensation Committee..... | Messrs. Gray, Leschly, Salerno, Schwartz* and Seidenberg and Ms. Stonesifer |
| Governance and Nominations Committee..... | Messrs. Abrams*, Andelman**, Gray, Dauman, Karmazin, Leschly, McLaughlin, Miller and Sumner Redstone |
| Officers Nominating Committee..... | Mr. Karmazin |

* Chairman

** Mr. Andelman became a member of the Governance and Nominations Committee when he became a director on December 14, 2000. Mr. Dooley served as a member of this Committee until he resigned from the Board on November 15, 2000.

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The functions of the Audit Committee include considering the appointment of the independent accountants for the Company, reviewing with the auditors the plan and scope of the audit and audit fees, monitoring the adequacy of reporting and internal controls and meeting periodically with internal auditors and independent accountants. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. The Board has adopted a written charter for the Audit Committee, a copy of which is attached to this Proxy Statement as Exhibit A. The Audit Committee charter is reviewed once each year. The Board has determined that all of the members of the Audit Committee are "independent" as defined by the rules of the New York Stock Exchange.

The functions of the Compensation Committee include reviewing the Company's general compensation strategy and reviewing and approving executive compensation (except with respect to matters entrusted to the Officers' Nominating Committee as described below). The Committee administers the Company's annual bonus compensation plan, long-term compensation plans, stock option plans and individual stock option grants, as well as its benefit plans. In addition, the Committee administers the bonus plan (the "Senior Executive STIP") for executives subject to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), determining the executive officers who participate in the plan, establishing performance targets and determining specific bonuses for the participants. The Compensation Committee does not have the power to approve the annual compensation of any talent, as that term is commonly used in the media or entertainment industries, or of any executive whose annual cash compensation, measured as salary plus target bonus, is less than \$1 million. These powers are delegated to the Officers Nominating Committee.

Prior to the CBS Merger, the Compensation Committee, as described above, was comprised of two separate Committees: the Compensation Committee and the Senior Executive Compensation Committee. The Compensation Committee reviewed the Company's general compensation strategy, the terms of employment agreements for executives earning over a specified amount, and administered the Company's annual bonus compensation plan and long-term compensation plans. The Senior Executive Compensation Committee reviewed compensation and administered employment agreements for executive officers subject to Section 162(m) of the Code, administered the Company's stock option plans, approved individual stock option grants and administered the Senior Executive STIP.

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

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The functions of the Governance and Nominations Committee include addressing nominations to the Board and corporate governance issues. The Governance and Nominations Committee will consider nominees recommended by the stockholders of the Company; recommendations should be submitted to the Company, to the attention of Michael D. Fricklas, Secretary.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below, as of February 28, 2001, is certain information concerning beneficial ownership of each equity security of the Company and Blockbuster by (i) each director of the Company, (ii) each of the current or former executive officers whose individual compensation is disclosed in the tables that appear on subsequent pages, and (iii) current directors and executive officers of the Company as a group. Also set forth below, as of February 28, 2001, is certain information concerning beneficial ownership by holders of 5% or more of the Class A Common Stock.

| Beneficial Ownership of Equity Securities | | | |
|---|----------------------------|----------------------------|---------|
| Name | Title of Equity Security | Number of Equity Shares | O Sh |
| George S. Abrams | Viacom Class A Common | 15,681 (2) | |
| | Viacom Class B Common | 16,416 (2) | |
| | Blockbuster Class A Common | -- | |
| | Blockbuster Class B Common | -- | |
| David R. Andelman | Viacom Class A Common | 175 (2) | |
| | Viacom Class B Common | 176 (2) | |
| | Blockbuster Class A Common | -- | |
| | Blockbuster Class B Common | -- | |
| George H. Conrades | Viacom Class A Common | 541 (2) | |
| | Viacom Class B Common | 41,064 (2) (3) (4) | |
| | Blockbuster Class A Common | -- | |
| | Blockbuster Class B Common | -- | |
| Philippe P. Dauman | Viacom Class A Common | 2,121 (5) | |
| | Viacom Class B Common | 17,560 (5) | 3,5 |
| | Blockbuster Class A Common | 8,012 | |
| | Blockbuster Class B Common | -- | |
| Thomas E. Dooley* | Viacom Class A Common | 786 (5) | |
| | Viacom Class B Common | 1,716 (5) | 2,9 |
| | Blockbuster Class A Common | 6,818 | |
| | Blockbuster Class B Common | -- | |
| Michael D. Fricklas | Viacom Class A Common | 46 (5) | |
| | Viacom Class B Common | 1,032 (5) | 1 |
| | Blockbuster Class A Common | 1,000 | |
| | Blockbuster Class B Common | -- | |
| William H. Gray III | Viacom Class A Common | -- | |
| | Viacom Class B Common | 14,111 (3) (4) | |

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Blockbuster Class A Common --
 Blockbuster Class B Common --

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Beneficial Ownership of Equity Securities

| Name | Title of Equity Security | Number of Equity Shares | Option Shares (1) |
|---|----------------------------|-------------------------|-------------------|
| Mel Karmazin | Viacom Class A Common | -- | -- |
| | Viacom Class B Common | 4,464,963 (6) (7) | 5,001,964 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Jan Leschly | Viacom Class A Common | 570 (2) | -- |
| | Viacom Class B Common | 43,973 (2) | 4,412 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| David T. McLaughlin | Viacom Class A Common | 9,500 | -- |
| | Viacom Class B Common | 35,106 (3) (4) | 39,733 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Ken Miller | Viacom Class A Common | 14,224 (2) | -- |
| | Viacom Class B Common | 14,511 (2) | 48,000 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Leslie Moonves | Viacom Class A Common | -- | -- |
| | Viacom Class B Common | 41,390 (6) (8) | 2,341,667 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| National Amusements, Inc. 200 Elm Street Dedham, MA 02026 | Viacom Class A Common | 93,658,828 (9) | -- |
| | Viacom Class B Common | 104,334,828 (9) | -- |
| | Blockbuster Class A Common | 144,000,000 (10) | -- |
| | Blockbuster Class B Common | 144,000,000 (10) | -- |
| Brent D. Redstone | Viacom Class A Common | -- (11) | -- |
| | Viacom Class B Common | -- (11) | -- |
| | Blockbuster Class A Common | -- (11) | -- |
| | Blockbuster Class B Common | -- (11) | -- |
| Shari Redstone | Viacom Class A Common | -- (11) | -- |
| | Viacom Class B Common | -- (11) | -- |
| | Blockbuster Class A Common | -- (11) | -- |
| | Blockbuster Class B Common | -- (11) | -- |

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Beneficial Ownership of Equity Securities

| Name | Title of Equity Security | Number of Equity Shares | Option Shares (1) |
|--|----------------------------|----------------------------|----------------------|
| Sumner M. Redstone | Viacom Class A Common | 93,658,988 (9) | -- |
| | Viacom Class B Common | 104,334,988 (9) | 3,000,000 |
| | Blockbuster Class A Common | 144,000,000 (10) | -- |
| | Blockbuster Class B Common | 144,000,000 (10) | -- |
| Fredric G. Reynolds** | Viacom Class A Common | -- | -- |
| | Viacom Class B Common | 97,671 (12) | 275,500 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| William A. Roskin | Viacom Class A Common | 565 (5) | -- |
| | Viacom Class B Common | 2,144 (5) | 264,000 |
| | Blockbuster Class A Common | 2,500 | -- |
| | Blockbuster Class B Common | -- | -- |
| Frederic V. Salerno | Viacom Class A Common | 1,984 (2) | -- |
| | Viacom Class B Common | 1,989 (2) | 28,000 (13) |
| | Blockbuster Class A Common | 5,000 | -- |
| | Blockbuster Class B Common | -- | -- |
| William Schwartz | Viacom Class A Common | 15,177 (2) | -- |
| | Viacom Class B Common | 15,453 | 48,000 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Ivan Seidenberg | Viacom Class A Common | 1,853 (2) | -- |
| | Viacom Class B Common | 1,858 (2) | 25,000 (13) |
| | Blockbuster Class A Common | 5,000 | -- |
| | Blockbuster Class B Common | -- | -- |
| Patty Stonesifer | Viacom Class A Common | 654 (2) | -- |
| | Viacom Class B Common | 6,020 (2) | 905 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Robert D. Walter | Viacom Class A Common | 494 (2) | -- |
| | Viacom Class B Common | 79,449 (2) (3) (4) | 15,840 |
| | Blockbuster Class A Common | -- | -- |
| | Blockbuster Class B Common | -- | -- |
| Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071 | Viacom Class A Common | 8,251,800 (14) | -- |

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| Name | Title of Equity Security | Number of Equity Shares | Option Shares (1) |
|---|----------------------------|-------------------------|-------------------|
| Mario J. Gabelli Gabelli Funds, Inc. One Corporate Center Rye, NY 10580-1434 | Viacom Class A Common | 11,898,000 (15) | -- |
| Current directors and executive officers as a group other than Mr. Sumner Redstone (26 persons) | Viacom Class A Common | 64,650 (2) (5) (6) | -- |
| | Viacom Class B Common | 4,914,736 (2-8) (12) | 12,150,651 |
| | Blockbuster Class A Common | 21,712 | -- |
| | Blockbuster Class B Common | -- | -- |

* Mr. Dooley resigned from the Board of Directors on November 15, 2000.

** In March 2001, the Company announced that Mr. Reynolds will become President of the CBS Television Stations Division.

NOTES:

- (1) Reflects shares subject to options to purchase such shares which on February 28, 2001 were unexercised but were exercisable within a period of 60 days from that date. These shares are excluded from the column headed "Number of Equity Shares".
- (2) Includes Viacom Class A Common Stock units and Class B Common Stock units credited as of January 1, 2001 to Messrs. Abrams, Andelman, Conrades, Leschly, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer pursuant to the Deferred Compensation Plan described below under which their directors' fees are converted into stock units.
- (3) Includes Viacom Class B Common Stock equivalents credited to Messrs. Conrades, Gray, McLaughlin and Walter pursuant to the CBS Deferred Compensation and Stock Plan for Directors.
- (4) Includes Viacom Class B Common Stock credited to Messrs. Conrades, Gray, McLaughlin and Walter pursuant to the CBS Deferred Compensation and Stock Plan for Directors.
- (5) Includes shares held through the Viacom 401(k) Plan.
- (6) Includes shares held through the CBS or Infinity 401(k) Plans.
- (7) Includes (i) 2,218,538 shares as to which Mr. Karmazin has sole voting power but no investment power; and (ii) 52,535 shares held by the Karmazin Foundation and 568,628 shares held by the Karmazin Charitable Lead Annuity Trusts I and II, as to which Mr. Karmazin disclaims beneficial ownership, except, in the case of the Trusts to the extent of his pecuniary interest.
- (8) Includes 558 shares for which Mr. Moonves disclaims beneficial ownership.
- (9) Except for 160 shares of each class of Common Stock owned directly by Mr. Redstone, all shares are owned beneficially by National Amusements. Mr. Redstone is the beneficial owner of the controlling interest in National Amusements and, accordingly, beneficially owns all such shares.

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- (10) The shares of Blockbuster Class B Common Stock are owned beneficially by the Company. Mr. Redstone is the beneficial owner of the controlling interest in the Company and, accordingly, beneficially owns all such shares. Each share of Blockbuster Class B Common Stock is convertible at the option of the holder thereof into one share of Blockbuster Class A Common Stock. As a result, National Amusements and Mr. Redstone are also deemed to beneficially own 144,000,000 shares of Blockbuster Class A Common Stock.
- (11) Brent Redstone and Shari Redstone are stockholders of National Amusements and, accordingly, each has a significant indirect beneficial interest in the Company shares owned by National Amusements and the Blockbuster shares owned by the Company.
- (12) Includes 26,640 shares of Viacom Class B Common Stock held by the LAJADESH Foundation, as to which Mr. Reynolds has shared voting and investment power and as to which he disclaims beneficial ownership.
- (13) Consists of options for 25,000 shares held by Mr. Salerno and options for 22,000 shares held by Mr. Seidenberg, for the benefit of Verizon, as successor to Bell Atlantic, since these options were granted while they represented Bell Atlantic (and previously NYNEX) which held Viacom Preferred Stock and options for 3,000 shares held by each of Messrs. Salerno and Seidenberg, individually, since these options were awarded to these directors after the Viacom Preferred Stock was redeemed at the end of 1998.
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- (14) Capital Research and Management Company, an investment advisor, filed with the Securities and Exchange Commission (the "Commission") a Statement on Schedule 13G (the "Capital Statement"), dated February 9, 2001, reporting beneficial ownership as of December 31, 2001 of 8,251,800 shares of Viacom Class A Common Stock, representing approximately 6% of the outstanding shares of such class. The Capital Statement reported that the shares are generally held for investment and that Capital Research and Management Company has sole investment power but does not have voting power over such shares.
- (15) Mario J. Gabelli and various entities, including investment companies, which he directly or indirectly controls or for which he acts as chief investment officer, filed with the Commission Amendment No. 4 to their Statement on Schedule 13D (the "Gabelli Statement"), dated January 27, 2000 reporting an aggregate beneficial ownership of 11,898,000 shares of Class A Common Stock, representing approximately 8.6% of the outstanding shares of such class. The Gabelli Statement reported that the shares are generally held for investment and that the entities reporting beneficial ownership generally have sole investment and voting power over such shares.
- (16) Less than 1%.

DIRECTORS' COMPENSATION

Directors of the Company who are not officers or employees of the Company or National Amusements or members of their immediate family ("Outside Directors") are entitled to receive the directors' fees and are eligible to participate in the Company's stock option plans described below. Messrs. Abrams, Miller, Salerno, Schwartz and Seidenberg were Outside Directors for the entire 2000 calendar year and Messrs. Conrades, Dauman, Gray, Leschly, McLaughlin and

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Walter and Ms. Stonesifer were Outside Directors since May 2000. Mr. Andelman was an Outside Director since December 2000. Mr. Dooley served as an Outside Director from May 2000 until his resignation from the Board in November 2000. In 2000, only Outside Directors received any compensation for services as a director.

Directors' Fees. Outside Directors received the following fees for 2000: (i) a quarterly retainer of \$12,500 for 2000; (ii) a per meeting attendance fee of \$1,500 for each Board meeting; (iii) a per meeting attendance fee of \$1,500 for each meeting of the Audit Committee and of the Compensation Committee; and (iv) a \$7,500 annual retainer fee for the Chairman of the Audit Committee (currently Mr. Salerno), for the Chairman of the Compensation Committee (currently Mr. Schwartz) and for the Chairman of the Governance and Nominations Committee (currently Mr. Abrams).

Deferred Compensation Plan. Messrs. Abrams, Conrades, Leschly, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer have deferred payment of their retainer and attendance fees, pursuant to the Company's unfunded Deferred Compensation Plan; these amounts are deemed invested in the number of stock units equal to the number of shares of Common Stock such amounts would have purchased when deferred. Payment will be made in a lump sum or in three or five annual installments starting seven months after their retirement, with the value of the stock units determined by reference to the fair market values of the Class A Common Stock and Class B Common Stock at the time of retirement and, in the case of installment payments, credited with interest. For 2000, the stock unit accounts of Messrs. Abrams, Conrades, Leschly, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer were credited with 686; 337; 348; 641; 761; 784; 718; 323 and 399 Class A Common Stock units and 687; 338; 349; 642; 761; 784; 718; 324 and 400 Class B Common Stock units, respectively.

Outside Directors' Stock Option Grants. Each Outside Director receives an annual grant of stock options to purchase 3,000 shares of Class B Common Stock. Each Outside Director also received a grant of non-qualified stock options to purchase 10,000 shares of Class B Common Stock when such person became an Outside Director or when the program was established in May 1993 for Outside Directors elected before that date. Each Outside Director who had served as an Outside Director since 1989 also received a one-time grant in November 1994 of stock options to purchase 20,000 shares of Class B Common Stock. The per share exercise price of each grant has been the closing price of a share of Class B Common Stock on the American Stock Exchange or the NYSE on the date of grant. Accordingly, Messrs. Conrades, Dauman, Dooley, Gray, Leschly, McLaughlin and Walter and Ms. Stonesifer each received a grant of non-qualified stock options to purchase 10,000 shares of Class B Common Stock with a per share exercise price of \$55.75 (the closing price of a share of Class B Common Stock on the NYSE on the date of grant) when they became Outside Directors on May 4, 2000. In addition, on August 1, 2000, Messrs. Abrams, Conrades, Dauman, Dooley, Gray, Leschly, McLaughlin, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer each received an annual grant to purchase 3,000 shares of Class B Common Stock, with a

per share exercise price of \$70.00 (the closing price of a share of Class B Common Stock on the NYSE on the date of grant). The grants to Mr. Dooley were cancelled when he resigned from the Board in November 2000. Mr. Andelman received a grant of non-qualified stock options to purchase 10,000 shares of Class B Common Stock, with a per share exercise price of \$54.25 (the closing price of a share of Class B Common Stock on the NYSE on the date of grant), when he was appointed to the Board on December 14, 2000.

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Retirement Income Plan. Outside Directors appointed or elected before January 1, 1999 were eligible to participate in the unfunded, non-qualified Retirement Income Plan established in 1989. Pursuant to this plan, such Outside Directors will receive annual payments commencing on such director's retirement equal to 100% of the amount of the annual Board retainer at the time of such retirement (not including meeting attendance fees or the annual retainer for serving as Chairman of the Audit, Compensation or Governance and Nominations Committee). The Plan provides that such director or his estate will receive such annual payments for the number of years of such director's service on the Board.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Abrams, Miller, Brent Redstone, Salerno, Schwartz and Seidenberg and Ms. Shari Redstone were members of the Compensation Committee for the period from January 1, 2000 through the CBS Merger on May 4, 2000 and Messrs. Gray, Leschly, Salerno, Schwartz, Seidenberg and Ms. Stonesifer were members of the Compensation Committee from May 4, 2000 to December 31, 2000.

Shari Redstone is an executive officer and director of National Amusements. Mr. Dauman, who served as an executive officer of the Company until shortly before the CBS Merger, is a director of the Company and National Amusements.

George S. Abrams, a director of the Company and National Amusements, entered into an agreement with the Company in 1994 to provide legal and governmental consulting services for the Company. During the year ended December 31, 2000, the Company made payments to Mr. Abrams for such services in the aggregate amount of \$120,000.

Ken Miller, a director of the Company, is Vice Chairman of Credit Suisse First Boston Corporation. Credit Suisse First Boston Corporation has performed, and, in the future, is expected to perform from time to time, investment banking services for the Company.

National Amusements, the Company's major stockholder, licenses films in the ordinary course of its business for its motion picture theaters from all major studios including Paramount Pictures, a division of the Company. During the year ended December 31, 2000, National Amusements made payments to Paramount Pictures in the aggregate amount of approximately \$14,439,000 to license Paramount Pictures films. National Amusements licenses films from a number of unaffiliated companies and the Company believes that the terms of the licenses between National Amusements and Paramount Pictures were no less favorable to Paramount Pictures than licenses between unaffiliated companies and National Amusements were to such unaffiliated companies. The Company expects to continue to license Paramount Pictures films to National Amusements upon similar terms in the future.

Mr. Redstone and National Amusements own an aggregate of approximately 27.9% of the common stock of Midway Games Inc. ("Midway"). During the year ended December 31, 2000, Blockbuster purchased approximately \$5.6 million of home video games from Midway. The Company believes that the terms of these purchases were no less favorable to the Company than it would have obtained from parties in which there was no such ownership interest. The Company expects to purchase video games from Midway in the future.

National Amusements and AMC Entertainment, Inc., which operate movie theatre chains, entered into a joint venture agreement on February 29, 2000 with Hollywood.com to form MovieTickets.com, Inc. ("MovieTickets"). National Amusements owns approximately 25% of MovieTickets. Shari Redstone, a director of the Company, is an executive officer and director of National Amusements and

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Co-Chairman of MovieTickets. The joint venture entered into an agreement in principle during 2000 for the Company to acquire a 5% interest for \$25 million of advertising over five years. The acquisition closed in March 2001. Famous Players, the Company's Canadian theatre chain, also has a 5% interest in Movie Tickets. The Company believes that the terms of its agreement with MovieTickets are no less favorable to the Company than it would have obtained from parties in which there was no such ownership interest.

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AUDIT COMMITTEE

Report of the Audit Committee

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2000.

We have discussed with PricewaterhouseCoopers, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants. Also, we have received and reviewed the written disclosures and the letter from PricewaterhouseCoopers, LLP required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and have discussed with the auditors their independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

We have also considered whether the services performed by PricewaterhouseCoopers, LLP not related to the audit of the financial statements referred to above and to the reviews of the interim financial statements included in the Company's Forms 10-Q for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000 is compatible with maintaining PricewaterhouseCoopers independence.

Members of the Audit Committee

George H. Conrades
Ken Miller
Frederic V. Salerno, Chairman
William Schwartz
Ivan Seidenberg
Patty Stonesifer
Robert D. Walter

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EXECUTIVE COMPENSATION

Report of the Compensation Committee on Executive Compensation

The Compensation Committee and the Senior Executive Compensation Committee for the period from January 1, 2000 through the CBS Merger on May 4, 2000 and the Compensation Committee for the balance of 2000 (collectively, the "Committee") has furnished the following report on executive compensation for

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2000.

All members of the Committee were non-employee directors. Before the CBS Merger, the Compensation Committee reviewed and approved the Company's executive compensation and the Senior Executive Compensation Committee reviewed and approved compensation for executive officers, if their compensation was, or could become, subject to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). After the CBS Merger, the Compensation Committee reviewed and approved compensation for executives if their salary and target bonus compensation equaled or exceeded \$1 million per annum. Independent compensation consultants have advised the Committee from time to time with respect to the Company's long-term incentive compensation plans since 1987.

The objectives of the executive compensation package for the Company's executive officers are to:

- . Set levels of annual salary and bonus compensation that will attract and retain superior executives in the highly competitive environment of entertainment and media companies;
- . Provide annual bonus compensation for executive officers that varies with the Company's financial performance and reflects the executive officer's individual contribution to that performance;
- . Provide long-term compensation that is tied to the Company's stock price so as to focus the attention of the executive officers on managing the Company from the perspective of an owner with an equity stake; and
- . Emphasize performance-based compensation, through annual bonus compensation and long-term compensation, over fixed compensation.

The Committee evaluated the competitiveness of its executive compensation packages based on information from a variety of sources, including information supplied by consultants and information obtained from the media or from the Company's own experience. The Committee also focused on executive compensation offered by the members of the peer group included in the performance graphs set forth on subsequent pages. At times, the Committee also evaluated compensation relative to a broader range of companies, whether or not included in such peer group, that have particular lines of business comparable to those of the Company.

Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Code generally limits to \$1 million the federal tax deductibility of compensation (including stock options) paid in one year to the Company's Chief Executive Officer and the other executive officers whose compensation is individually disclosed in the tables that appear on subsequent pages (the "named executive officers"). The tax deductibility of deferred compensation paid to an executive officer when he is no longer subject to Section 162(m) is not subject to the limitation. Performance-based compensation (including stock options) is also subject to an exception, provided such compensation meets certain requirements, including stockholder approval.

Compensation for the Company's executive officers is comprised of base salary, annual bonus compensation, long-term compensation in the form of stock options and deferred compensation for any executive officer whose annual base salary exceeds \$1 million. The annual bonus plan for most of the Company's executive officers (the "Senior Executive STIP") and the Company's stock option plans (the "LTMIP") were designed to comply with the exception for performance-based compensation. The Senior Executive STIP provides objective performance-based annual bonuses, subject to a maximum limit of eight (8) times the executive's annual salary compensation,

consisting of base salary plus any deferred compensation. Long-term compensation for the Company's executive officers has been provided through grants of LTMIP stock options. It is expected that long-term compensation for future years will continue to be provided through grants of LTMIP stock options. The stockholders of the Company have approved the Senior Executive STIP and the LTMIP.

Annual Salary Compensation

Annual salary compensation levels for executive officers are designed to be consistent with competitive practice and level of responsibility. Annual salary compensation for 2000 consisted of base salary and, for the Chief Executive Officer and the Chief Operating Officer, deferred compensation.

Annual Bonus Compensation

Annual bonus compensation for 2000 for the named executive officers (other than Messrs. Dauman and Dooley) was provided under the Senior Executive STIP. In accordance with the Senior Executive STIP and as permitted by Section 162(m) of the Code, the Committee established performance criteria and target awards for these executive officers. The performance criteria related to the attainment of a specified level of operating income for the Company as a whole. For this purpose, the Senior Executive STIP uses the EBITDA definition of revenues less operating expenses (other than depreciation, amortization and non-recurring charges) to define "operating income".

The level of the Senior Executive STIP annual bonuses for 2000 for the Company's executive officers was based on the determination of the Committee that the performance criteria established for 2000 had been exceeded. The Committee considered a number of factors, including the role played by the executive officers in completing the CBS Merger and successfully integrating the operations of CBS and Viacom while achieving record operating results, and awarded the annual bonuses set forth in the Summary Executive Compensation Table.

Annual bonus compensation for the Company's executive officers not participating in the Senior Executive STIP was provided under the Company's Short-Term Incentive Plan based on individual performance and the Company's financial performance.

Long-Term Compensation

The Committee believes that the use of equity-based long-term compensation plans appropriately links executive interests to enhancing stockholder value.

Annual grants of LTMIP stock options for Class B Common Stock are generally awarded to the Company's executive officers. The grants of LTMIP stock options for Class B Common Stock awarded to the Company's executive officers (other than the Chief Executive Officer and the Chief Operating Officer) in 1999 represented such executives' grants for 1999 and 2000. However, certain executive officers received an additional grant in 2000 in recognition of the additional responsibilities that they had assumed as a result of the CBS Merger. These stock options vest over a three or four year period and have a ten-year term from the date of grant. The exercise price of these stock options was set at the fair market value of the Class B Common Stock on the date of grant.

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Chief Executive Officer's and Chief Operating Officer's Compensation

Mr. Redstone, the Chairman of the Board, Chief Executive Officer and controlling stockholder of the Company, waived payment of any compensation for his services as Chief Executive Officer of the Company for the period from January 1, 2000 to May 4, 2000.

The Company entered into employment agreements with Mr. Redstone to serve as its Chairman and Chief Executive Officer and with Mr. Karmazin to serve as its President and Chief Operating Officer after the CBS Merger. The terms of those agreements are described below under "Employment and Severance Agreements". Effective upon the CBS Merger, Messrs. Redstone and Karmazin each received a grant of options to purchase 2 million shares of Class B Common Stock that vest in three equal annual installments.

The level of the Senior Executive STIP annual bonuses for 2000 for Messrs. Redstone and Karmazin was based on the determination of the Compensation Committee that the performance criteria established for 2000 had been exceeded. The Committee considered a number of factors, including the role played by Messrs. Redstone and Karmazin in completing the CBS Merger and successfully integrating the operations of CBS and Viacom while achieving record operating results, and awarded the annual bonuses set forth in the Summary Executive Compensation Table.

Members of the
Compensation Committee
Before the CBS Merger:

George S. Abrams
Ken Miller
Brent D. Redstone
Shari Redstone
Frederic V. Salerno
William Schwartz, Chairman
Ivan Seidenberg

Members of the
Senior Executive Compensation Committee
Before the CBS Merger:

Frederic V. Salerno
William Schwartz, Chairman
Ivan Seidenberg

Members of the
Compensation Committee
After the CBS Merger:

William H. Lescroart
Jan Lesco
Frederic V. Schwartz
Ivan Seidenberg
Patty Stone

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Summary Executive Compensation Table

The following table sets forth information concerning total compensation for the Chief Executive Officer and the four most highly compensated executive officers of the Company who served in such capacities during 2000 and for Messrs. Dauman and Dooley for services rendered to the Company during each of the last three fiscal years.

| Name and Principal Position at End of 2000 | Year | Annual Compensation (1) | | | Long-Term Compensation Awards |
|---|------|-------------------------|-------|----------------------------------|-------------------------------------|
| ----- | ---- | Salary | Bonus | Other Annual Compensation (2) | Securities Underlying Options |
| ----- | ---- | ----- | ----- | ----- | ----- |

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| | | | | | |
|------------------------------|------|-------------|--------------|-----------|-----------|
| Sumner M. Redstone | 2000 | \$2,021,862 | \$15,000,000 | \$ 80,030 | 2,000,000 |
| Chairman and Chief | 1999 | 0 | 0 | 114,042 | |
| Executive Officer | 1998 | 0 | 0 | -- | 4,000,000 |
| Mel Karmazin | 2000 | 2,021,862 | 15,000,000 | -- | 2,000,000 |
| President and Chief | | | | | |
| Operating Officer* | | | | | |
| Michael D. Fricklas | 2000 | 747,115 | 1,000,000 | -- | 100,000 |
| Executive Vice President, | 1999 | 600,000 | 750,000 | -- | 110,000 |
| General Counsel and | 1998 | 529,711 | 550,000 | -- | |
| Secretary | | | | | |
| Fredric G. Reynolds | 2000 | 562,308 | 2,750,000 | -- | |
| Executive Vice President and | | | | | |
| Chief Financial Officer** | | | | | |
| William A. Roskin | 2000 | 747,115 | 900,000 | -- | 100,000 |
| Senior Vice President, | 1999 | 599,231 | 650,000 | -- | 110,000 |
| Human Resources and | 1998 | 550,000 | 450,000 | -- | |
| Administration | | | | | |
| Philippe P. Dauman*** | 2000 | 708,269 | 0 | 77,641 | |
| | 1999 | 1,881,000 | 8,119,000 | -- | |
| | 1998 | 1,710,000 | 6,000,000 | -- | 2,000,000 |
| Thomas E. Dooley*** | 2000 | 708,269 | 0 | -- | |
| | 1999 | 1,881,000 | 8,119,000 | -- | |
| | 1998 | 1,710,000 | 6,000,000 | -- | 2,000,000 |

* Mr. Karmazin became President and Chief Operating Officer of the Company on May 4, 2000.

** Mr. Reynolds became Executive Vice President and Chief Financial Officer of the Company on May 4, 2000. In March 2001, the Company announced that Mr. Reynolds will become President of the CBS Television Stations Division and Richard J. Bressler will join the Company as Senior Executive Vice President and Chief Financial Officer, assuming the duties of Chief Financial Officer effective May 1, 2001.

*** Messrs. Dauman and Dooley each served as Deputy Chairman and Executive Vice President of the Company until shortly before the CBS Merger on May 4, 2000.

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NOTES:

- (1) Mr. Redstone waived payment of compensation for his services as Chief Executive Officer during 1998, 1999 and the period from January 1, 2000 through the CBS Merger on May 4, 2000. Annual compensation for the named executives (other than Messrs. Dauman and Dooley) includes the following amounts of compensation deferred under the Company's 401(k) and Excess 401(k) Plans and for Messrs. Redstone and Karmazin pursuant to their employment agreements: for each of Messrs. Redstone and Karmazin for 2000 in the amount of \$1,360,323; for Mr. Fricklas for 2000 in the amount of \$152,753, for 1999 in the amount of \$115,477 and for 1998 in the amount of \$82,365; and for Mr. Roskin for 2000 in the amount of \$209,567, for 1999 in the amount of \$157,385 and for 1998 in the amount of \$127,413.

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- (2) In accordance with the rules of the Securities and Exchange Commission, amounts totaling less than \$50,000 have been omitted. Amounts included in Other Annual Compensation for Messrs. Redstone and Dauman for 2000 relate to non-business use of Company aircraft.
- (3) The Company maintains a program of life and disability insurance which is generally available to all salaried employees on the same basis. In addition, during 2000, the Company maintained for Messrs. Karmazin, Dauman and Dooley certain supplemental life insurance benefits. All Other Compensation includes premiums paid by the Company for this supplemental coverage for 2000 for Mr. Karmazin of \$17,098 and for each of Messrs. Dauman and Dooley of \$25,788; the Company's matching contributions under the Viacom 401(k) Plan for Mr. Fricklas of \$4,250, for Mr. Roskin of \$1,750, for Mr. Dauman of \$4,250 and for Mr. Dooley of \$3,750; credits for the Company's matching contributions under the Viacom Excess 401(k) Plan for 2000 for Mr. Fricklas of \$14,500, for Mr. Roskin of \$17,000, for Mr. Dauman of \$55,500 and for Mr. Dooley of \$56,000; and credits for the Company's matching contributions for compensation deferred pursuant to their employment agreements for 2000 for each of Messrs. Redstone and Karmazin of \$33,014 and for each of Messrs. Dauman and Dooley of \$8,224.
- (4) Mr. Reynolds received this payment after the CBS Merger upon exercise of stock appreciation rights granted in tandem with CBS stock options.
- (5) Includes the one-time cash payment to Messrs. Dauman and Dooley of \$33,595,210 and \$33,590,872, respectively, that represents payment of all amounts that would have been payable under their employment agreements through December 31, 2003, and a \$5,000,000 transaction bonus. These amounts do not include payouts of their deferred compensation accounts and their accounts in the Company's Excess 401(k) Plan. The terms of their employment and severance agreements are described below under "Employment and Severance Agreements".

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Option Grants in Fiscal 2000

The following table sets forth certain information with respect to executive stock options to purchase shares of Class B Common Stock awarded during 2000 to the named executives. The table includes a column designated "Grant Date Present Value". The calculation in that column is based on the Black-Scholes option pricing model adapted for use in valuing executive stock options. There is no way to anticipate what the actual growth rate of the Class B Common Stock will be.

| Name | Individual Grants | | | |
|--------------------------|---|---|------------------------------|--------------------|
| | Number of Shares of Class B Common Stock Underlying Options | % of Total Options Granted to Employees in Fiscal 2000 | Exercise Price (\$/Share) | Expiration Date |
| Sumner M. Redstone..... | 2,000,000 (1) | 17.94% | \$55.7500 | 5/4/10 |
| Mel Karmazin..... | 2,000,000 (1) | 17.94% | 55.7500 | 5/4/10 |
| Michael D. Fricklas..... | 100,000 (2) | (5) | 54.0625 | 5/25/10 |

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| | | | | |
|--------------------------|-------------------------|------------|--------------------|------------------|
| Fredric G. Reynolds..... | 0 | 0 | -- | -- |
| William A. Roskin..... | 100,000 (2) | (5) | 54.0625 | 5/25/10 |
| Philippe P. Dauman..... | 10,000 (3) 3,000 (3) | (5) (5) | 55.7500 70.0000 | 5/4/10 8/1/10 |
| Thomas E. Dooley..... | 10,000 (3) 3,000 (3) | (5) (5) | 55.7500 70.0000 | 5/4/10 8/1/10 |

NOTES:

- (1) These grants were awarded to Messrs. Redstone and Karmazin on May 4, 2000 and vest in one-third increments on May 4, 2001, May 4, 2002 and May 4, 2003.
- (2) These grants were awarded to Messrs. Fricklas and Roskin on May 25, 2000 and vest in one-third increments on May 25, 2001, May 25, 2002 and May 25, 2003.
- (3) The grants for 10,000 and 3,000 shares were awarded to Messrs. Dauman and Dooley on May 4, 2000 and August 1, 2000, respectively, in connection with their services as outside directors after the CBS Merger. The grants vest one year after the date of grant. The grants to Mr. Dooley were cancelled when he resigned from the Board in November 2000.
- (4) Based on the Black-Scholes option pricing model adapted for use in valuing executive stock options. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by an executive will be at or near the value estimated by the Black-Scholes model. The grant date values presented in the table were determined in part using the following assumptions. No adjustments were made for non-transferability or risk of forfeiture.

| | |
|-------------------------------|-----------|
| Expected volatility..... | 32.10% |
| Risk-free rate of return..... | 6.56% |
| Dividend yield..... | 0.00% |
| Time of exercise..... | 6.8 years |

The approach used in developing the assumptions upon which the Black-Scholes valuation was done is consistent with the requirements of the Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation".

- (5) Less than 1%.

Aggregated Option Exercises in Fiscal 2000
and Value of Options at End of Fiscal 2000

The following table sets forth as to the Chief Executive Officer and the named executive officers information with respect to option exercises during 2000 and the status of their options on December 31, 2000.

Number of Shares of
Class B Common Stock

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| Name | Number of Shares of Class B Common Stock Acquired | | Underlying Unexercised Options as of December 31, 2000 | | Value Realized | Exercisable | Nonexercisable | Value |
|--------------------------|---|--|--|------------|----------------|-------------|----------------|-------|
| | on Exercise | | | | | | | |
| Sumner M. Redstone..... | 0 | | \$ | 0 | 3,000,000 | 6,500,000 | \$ 83, | |
| Mel Karmazin..... | 0 | | | 0 | 4,655,043 | 3,008,453 | 154, | |
| Michael D. Fricklas..... | 22,000 | | | 1,083,500 | 110,000 | 270,000 | 3, | |
| Fredric G. Reynolds..... | 50,000 | | | 1,824,797 | 221,250 | 165,292 | 3, | |
| William A. Roskin..... | 0 | | | 0 | 264,000 | 270,000 | 7, | |
| Philippe P. Dauman..... | 500,000 | | | 23,750,000 | 3,540,000 | 13,000 | 74, | |
| Thomas E. Dooley..... | 500,000 | | | 23,750,000 | 3,474,000 | 0 | 74, | |
| | 40,000 | | | 2,273,750 | | | | |

Viacom Pension Plan Table

| Remuneration | YEARS OF SERVICE | | |
|-----------------|------------------|-----------|------|
| | 15 | 20 | |
| \$ 150,000..... | \$ 36,743 | \$ 48,990 | \$ 6 |
| 300,000..... | 76,118 | 101,490 | 12 |
| 450,000..... | 115,493 | 153,990 | 19 |
| 600,000..... | 154,868 | 206,490 | 25 |
| 750,000..... | 194,243 | 258,990 | 32 |

Under the terms of the Viacom Pension Plan and the Viacom Excess Pension Plan (collectively, the "Viacom Pension Plans") for certain higher compensated employees, an eligible employee will receive a benefit at retirement that is based upon the employee's number of years of benefit service and average annual compensation (salary and bonus) for the highest 60 consecutive months out of the final 120 months. Such compensation is limited to \$750,000 per year or, for any executive employed by Viacom as of December 31, 1995, the executive's base salary as of December 31, 1995, if greater. The benefits under the Viacom Excess Pension Plan are not subject to the Internal Revenue Code provisions that limit the compensation used to determine benefits and the amount of annual benefits payable under the Viacom Pension Plan. The foregoing table illustrates, for representative average annual pensionable compensation and years of benefit service classifications, the annual retirement benefit payable to employees under the Viacom Pension Plans upon retirement in 2000 at age 65, based on the straight-life annuity form of benefit payment and not subject to deduction or offset.

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Mr. Karmazin has been credited with approximately one year of benefit service under the Viacom Pension Plans; however, the benefits will be calculated as though he had approximately 13 years of credited service in accordance with the terms of his employment agreement with the Company. The number of years of benefit service that have been credited for Messrs. Fricklas and Roskin are approximately 6.5 years and 13 years, respectively. Messrs. Dauman and Dooley have been credited with 7 and 21 years of service under the Viacom Pension Plans; however, the benefits will be calculated as though they, respectively, had 20 and 23 years of credited service in accordance with the terms of their agreements with the Company entered into on September 6, 1999. The terms of these agreements are described below under "Employment and Severance Agreements". Mr. Redstone does not participate in the Viacom Pension Plans.

Mr. Karmazin has a vested benefit under an Infinity pension plan which was frozen in November 1987. He has not accrued any additional benefits under this plan since November 1987. As of December 31, 2000, the estimated monthly benefit amount payable to Mr. Karmazin upon retirement at normal retirement age under this frozen pension plan was \$1,408.

During the period from March 1, 1994 through December 31, 1997, Mr. Reynolds participated in the Westinghouse Pension Plan. Effective January 1, 1998, he became a participant in the Group W component of the CBS Combined Pension Plan. Effective April 1, 1999, the CBS Combined Pension Plan was amended and Mr. Reynolds became a participant in the cash balance component of the CBS Combined Pension Plan (the "CBS Cash Balance Plan"). The CBS Cash Balance Plan is non-contributory. All employer contributions are actuarially determined. The CBS Cash Balance Plan credits the active participant's hypothetical account annually with 2% of base/benefit pay (pay for this purpose is subject to a maximum of \$550,000), an interest credit on the opening account balance (which is the converted accrued benefit from the prior component plan) and on the ongoing account (which is the annual credit to the account); and, in certain circumstances, a transition credit which is unique to each individual. Mr. Reynolds also has vested benefits under the Westinghouse Executive Pension Plan, which were frozen effective March 31, 1999. Mr. Reynolds has not accrued additional benefits under the Westinghouse Executive Pension Plan since March 31, 1999. As of December 31, 2000, the estimated monthly benefit amount payable to Mr. Reynolds upon retirement at normal retirement age under the Westinghouse Executive Pension Plan was \$5,870.

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Performance Graphs

The following graphs compare the cumulative total stockholder return on the Class A Common Stock and the Class B Common Stock with the cumulative total return on the companies listed in the Standard & Poor's 500 Stock Index and a peer group of companies identified below. The total return data was obtained from Standard & Poor's Compustat Services, Inc.

The performance graph in Exhibit I assumes \$100 invested on December 31, 1995 in each of the Class A Common Stock, the Class B Common Stock, the S&P 500 Index and the Peer Group, including reinvestment of dividends, through the fiscal year ended December 31, 2000.

National Amusements acquired control of the Company in June 1987. The performance graph in Exhibit II assumes \$100 invested on December 31, 1987 in each of the Class A Common Stock, the S&P 500 Index and the Peer Group, including reinvestment of dividends, through the fiscal year ended December 31, 2000.

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Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this Proxy Statement, in whole or in part, the following performance graphs and the Report of the Audit Committee and the Report of the Compensation Committee on Executive Compensation set forth above shall not be incorporated by reference into any such filings.

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Exhibit I Total Cumulative Stockholder Return for Five-Year Period Ending December 31, 2000

[LINE GRAPH]

| December 31, | 1995 | 1996 | 1997 | 1998 |
|----------------|--------|--------|--------|--------|
| Class A Common | 100.00 | 74.59 | 88.38 | 159.05 |
| Class B Common | 100.00 | 73.61 | 87.47 | 156.20 |
| S&P 500 | 100.00 | 122.90 | 163.95 | 210.80 |
| Peer Group* | 100.00 | 110.52 | 162.33 | 207.15 |

* The Peer Group consists of the following companies: BHC Communications, Inc.; The Walt Disney Company; Gaylord Entertainment Co.; The News Corp. Ltd. (ADRs); AOL Time Warner Inc. (formerly Time Warner Inc.) and Tribune Company. The Seagram Company Ltd., which was part of the Peer Group, has been deleted because it was acquired by Vivendi S.A. in December 2000 and, as a result, this security was no longer publicly traded on December 31, 2000.

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Exhibit II Total Cumulative Stockholder Return for Thirteen-Year Period Ending December 31, 2000

[LINE GRAPH]

| December 31, | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 |
|----------------|--------|--------|--------|--------|--------|--------|
| Viacom Common* | 100.00 | 171.72 | 317.24 | 286.41 | 373.70 | 480.08 |
| S&P 500 | 100.00 | 116.50 | 153.30 | 148.52 | 193.58 | 208.31 |

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| | | | | | | |
|----------------|--------|--------|--------|--------|--------|----------|
| Peer Group** | 100.00 | 112.96 | 160.22 | 126.12 | 152.86 | 198.17 |
| ----- | | | | | | |
| December 31, | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
| ----- | | | | | | |
| Viacom Common* | 454.17 | 504.63 | 376.32 | 445.86 | 802.41 | 1,318.49 |
| ----- | | | | | | |
| S&P 500 | 232.32 | 319.31 | 394.41 | 526.15 | 676.52 | 818.86 |
| ----- | | | | | | |
| Peer Group** | 220.51 | 273.15 | 301.87 | 443.40 | 565.83 | 648.86 |
| ----- | | | | | | |

* Viacom Class B Common Stock is omitted as it did not trade as a public security prior to June 18, 1990.

** The Peer Group consists of the following companies: BHC Communications, Inc.; The Walt Disney Company; Gaylord Entertainment Co.; The News Corp. Ltd. (ADRs); AOL Time Warner Inc. (formerly Time Warner Inc.) and Tribune Company. The Seagram Company Ltd., which was part of the Peer Group, has been deleted because it was acquired by Vivendi S.A. in December 2000 and, as a result, this security was no longer publicly traded on December 31, 2000.

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EMPLOYMENT AND SEVERANCE AGREEMENTS

Mr. Redstone, the Chairman of the Board, Chief Executive Officer and controlling stockholder of the Company, did not receive compensation for his services as Chief Executive Officer for the period through the CBS Merger. The Company entered into an employment agreement with Mr. Redstone to serve as its Chairman and Chief Executive Officer after the CBS Merger. Under that agreement, Mr. Redstone received a salary of \$1 million per annum and annual bonus compensation, with an established target bonus of \$5 million for calendar year 2000, prorated to reflect the actual number of days that the agreement was in effect during the year 2000. The target bonus amount increases by 10% annually through 2003. Mr. Redstone also received deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days the agreement was in effect during the year 2000, thereafter to be increased annually by 10% of his salary and deferred compensation for the preceding year. Effective upon the CBS Merger, he received a grant of options to purchase 2 million shares of Class B Common Stock that vest in three equal annual installments.

The Company entered into an employment agreement with Mr. Karmazin to serve as its President and Chief Operating Officer after the CBS Merger until December 31, 2003. Under that agreement, Mr. Karmazin received a salary of \$1 million per annum and annual bonus compensation, with an established target bonus of \$5 million for calendar year 2000, prorated to reflect the actual number of days that the agreement was in effect during the year 2000. The target bonus amount increases by 10% annually through 2003. Mr. Karmazin also received deferred compensation of \$2 million during calendar year 2000, prorated to reflect the number of days the agreement was in effect during the year 2000, thereafter to be increased annually by 10% of his salary and deferred compensation for the preceding year. Effective upon the CBS Merger, he received a grant of options to purchase 2 million shares of Class B Common Stock that vest in three equal annual installments. Mr. Karmazin will be provided with \$5 million of life insurance during the employment term. In the event of the termination of Mr. Karmazin's employment without "cause" or voluntary termination for "good reason", as these terms are defined in his agreement, during the employment

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term, he will be entitled to receive salary, target bonus and deferred compensation for the balance of the employment term and his stock options (including options that would have vested during the employment term) shall remain exercisable for two years following the date of termination or, if later, until December 31, 2003 (but not beyond the expiration of such stock options).

The Company entered into a new employment agreement with Mr. Fricklas on May 1, 2000 that provides that he will be employed as Executive Vice President, General Counsel and Secretary of the Company until August 1, 2003, at a salary of \$800,000 per annum, with \$75,000 annual increases. Mr. Fricklas' target bonus is set at 60% of his base salary. Pursuant to his agreement, on May 25, 2001, he received a grant of options to purchase 100,000 shares of Class B Common Stock that vest in three equal annual installments. In the event of the termination of Mr. Fricklas' employment without "cause" or voluntary termination for "good reason", as these terms are defined in his agreement, during the employment term, he will be entitled to receive salary and target bonus for the balance of the employment term, subject to mitigation after the first twelve months, and his stock options (including options that would have vested during the employment term) shall remain exercisable for six months following the date of termination (but not beyond the expiration of such stock options).

The Company entered into a new employment agreement with Mr. Roskin on May 1, 2000 that provides that he will be employed as Senior Vice President, Human Resources and Administration of the Company until August 1, 2003, at a salary of \$800,000 per annum, with \$75,000 annual increases. Mr. Roskin's target bonus is set at 60% of his base salary. Pursuant to his agreement, on May 25, 2001, he received a grant of options to purchase 100,000 shares of Class B Common Stock that vest in three equal annual installments. In the event of the termination of Mr. Roskin's employment without "cause" or voluntary termination for "good reason", as these terms are defined in his agreement, during the employment term, he will be entitled to receive salary and target bonus for the balance of the employment term, subject to mitigation after the first twelve months, and his stock options (including options that would have vested during the employment term) shall remain exercisable for six months following the date of termination (but not beyond the expiration of such stock options).

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Pursuant to a March 1999 agreement, in the event of the termination of Mr. Reynolds' employment without "cause" or voluntary termination for "good reason", as these terms are defined in the agreement, Mr. Reynolds will be entitled to receive separation pay in the amount of two times base salary and annual incentive target award opportunity, and his stock options will continue to vest and remain exercisable for two years following the date of termination (but not the expiration of such stock options).

During 2001, the Company and Mr. Moonves amended Mr. Moonves' employment agreement. The agreement provides that he will be employed as President and Chief Executive Officer, CBS Television, through July 16, 2004, and that he will receive a salary of \$3 million per annum and a guaranteed annual bonus of \$2.5 million per annum. In addition, Mr. Moonves is eligible to receive an annual incentive award of up to \$2 million, based on the achievement of certain financial and other goals established by the Compensation Committee of the Board. He also receives a monthly payment of \$1,500 to offset certain benefits from his former employer that he lost when he was retained by CBS Broadcasting in 1995. Pursuant to his agreement, on May 25, 2001, Mr. Moonves received a grant of options to purchase 750,000 shares of Class B Common Stock that vest in three equal annual installments. In the event of the termination of Mr. Moonves' employment other than for "cause" or for "good reason", as these terms are defined in his agreement, during the employment term, he will be entitled to receive salary and bonus payments for the balance of the employment term. In

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addition, any unvested stock options granted to Mr. Moonves before the CBS Merger will continue to vest in accordance with the terms of the stock option agreements under which they were granted and will remain exercisable for three years after the termination of his employment (but not beyond the expiration date of such stock options); any unvested portion of the options granted on May 25, 2001 will vest and remain exercisable for three years after the termination of his employment.

Messrs. Dauman and Dooley entered into employment agreements during 1998 which provided that they would each be employed as Deputy Chairman and Executive Vice President of the Company until December 31, 2003, at a salary of \$1 million per annum. The agreements provided that each executive would also receive deferred compensation, payable the year after he ceases to be an executive officer of the Company, in an amount equal to \$881,000 for 1999, \$1,069,000 for 2000 and no less than \$1,069,000 per year for 2001-2003. The target bonus for each executive for each calendar year during the employment term was set at 250% of his salary and deferred compensation for such year. Each executive was provided with \$5 million of life insurance during the employment term.

Pursuant to agreements entered into with the Company on September 6, 1999, Messrs. Dauman and Dooley resigned from the Company shortly before the CBS Merger. After their resignation, each received a one-time cash payment equal to the amount that would have been payable under their employment agreements through their original terms, or December 31, 2003, payouts of all deferred compensation accounts and the balance of their accounts under the Company's Excess 401(k) Plan, and a transaction bonus in the amount of \$5 million. The amounts of the payments that Messrs. Dauman and Dooley received are set forth in the Summary Executive Compensation Table above.

All equity-based compensation awards previously granted to Messrs. Dauman and Dooley vested on the effective date of their resignation and each stock option will continue to be exercisable in accordance with its terms until December 31, 2003, subject to their compliance with the provisions of their agreements. In addition, the Company provides each of Messrs. Dauman and Dooley with an office that is comparable in quality and size to the office the executive had prior to the termination of his employment at a location in midtown Manhattan, and a secretary until December 31, 2003, or until he obtains full time employment, if earlier.

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

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The agreements provide for a gross-up payment to be made to Messrs. Dauman and Dooley to eliminate the effects of any possible imposition under the Internal Revenue Code of the "golden parachute" excise tax on any payment or benefit they receive under their agreements or otherwise. Messrs. Dauman and Dooley will be bound by restrictive covenants, including a noncompetition covenant that applies for one year following the termination of their employment.

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RELATED TRANSACTION

In November 1995, the Company entered into an agreement with Gabelli Asset Management Company ("GAMCO") providing that GAMCO would manage certain assets in the Viacom Pension Plan. For the year ended December 31, 2000, the Company paid GAMCO approximately \$365,700 for such investment management services. GAMCO is expected to continue to provide such investment management services in the future. The Company entered into the arrangement with GAMCO prior to GAMCO's disclosure of its interest in the Company. The Company believes that the terms of the agreement with GAMCO are no less favorable to the Company than it could have obtained from an unaffiliated party.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission") and the NYSE. Executive officers, directors and greater than 10% stockholders are required by the Exchange Act to furnish the Company with copies of all Section 16(a) forms they file. Based upon the Company's compliance program, as well as a review of the copies of such forms furnished to the Company, or written representations that no Form 5's were required, the Company believes that during 2000, its executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except that Mr. Leslie Moonves, a director of the Company, inadvertently failed to file a report relating to the purchase of 110 shares of the Class B Common Stock. Mr. Moonves promptly reported the transaction upon discovering the omission.

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APPROVAL OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors recommends that the stockholders approve the appointment of PricewaterhouseCoopers LLP as independent accountants to serve until the Annual Meeting of Stockholders in 2002.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will be given an opportunity to make a statement if they so desire. They will also be available to respond to questions at the Annual Meeting.

In connection with the audit function for 2000, PricewaterhouseCoopers LLP also reviewed the Company's Annual Report on Form 10-K and its filings with the Commission and provided certain other accounting, tax and consulting services.

Audit Fees

The aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the Company's annual financial statements for the year ended December 31, 2000 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that year were \$2.7 million.

Financial Information Systems Design and Implementation Fees

During the year ended December 31, 2000, PricewaterhouseCoopers LLP did not render any professional services to the Company relating to financial information systems design and implementation.

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All Other Fees

The aggregate fees billed by PricewaterhouseCoopers LLP for services rendered to the Company, other than the services described above, were \$9.7 million.

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APPROVAL OF THE ADOPTION OF AN AMENDMENT TO VIACOM INC.'S RESTATED CERTIFICATE OF INCORPORATION INCREASING THE AUTHORIZED SHARES OF CLASS A COMMON STOCK AND CLASS B COMMON STOCK

The Board of Directors of the Company has approved and is submitting for stockholder approval an amendment to the Company's Restated Certificate of Incorporation to increase (i) the number of shares of Class A Common Stock authorized to be issued from 500 million to 750 million, and (ii) the number of shares of Class B Common Stock authorized to be issued from 3 billion to 10 billion. The text of the amendment is attached as Exhibit B. This summary of the amendment should be read in conjunction with the full text of such changes set forth in Exhibit B.

Purpose of the Amendment

The purpose of the amendment described above is to make available additional shares of Class A Common Stock and Class B Common Stock for possible future stock dividends and splits, financing and acquisition transactions or other corporate purposes.

The Board of Directors of the Company recommends a vote "FOR" the adoption of the foregoing amendment.

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OTHER MATTERS

As of the date of this Proxy Statement, Management does not intend to present and has not been informed that any other person intends to present any matter for action not specified in this Proxy Statement. If any other matters properly come before the Annual Meeting, it is intended that the holders of the Proxies will act in respect thereof in accordance with their best judgment.

In order for proposals by stockholders to be considered for inclusion in the Proxy and Proxy Statement relating to the 2002 Annual Meeting of Stockholders, such proposals must be received at the principal executive offices of the Company on or before December 18, 2001 and should be submitted to the attention of Michael D. Fricklas, Secretary.

By Order of the Board of Directors,

/s/ Michael D. Fricklas

MICHAEL D. FRICKLAS
Secretary

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THE COMPANY HAS SENT A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2000, INCLUDING FINANCIAL STATEMENTS AND SCHEDULES THERETO, TO EACH OF ITS STOCKHOLDERS OF RECORD ON APRIL 2, 2001 AND EACH BENEFICIAL STOCKHOLDER ON THAT DATE. IF YOU HAVE NOT RECEIVED YOUR COPY, THE COMPANY WILL PROVIDE A COPY WITHOUT CHARGE (A REASONABLE FEE WILL BE CHARGED FOR EXHIBITS), UPON RECEIPT OF WRITTEN REQUEST THEREFOR MAILED TO THE COMPANY'S OFFICES, ATTENTION SECRETARY.

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EXHIBIT A

VIACOM INC.

AUDIT COMMITTEE CHARTER

The board of directors hereby constitutes and establishes an audit committee with authority, responsibility, and specific duties described below.

* * * * *

Composition

The audit committee shall be comprised of that number of directors as the board of directors shall determine from time to time, such number not to be less than three (3), each of which directors shall, in the opinion of the board of directors, meet all applicable requirements of the Audit Committee Policy of the New York Stock Exchange or other principal exchange on which the company's securities are listed, with respect to independence, financial literacy, accounting or related financial expertise, and any other matters required by such exchange. The members of the audit committee, including the chairman, shall be appointed annually by the board of directors. The committee will meet at least four times annually, or more frequently as circumstances dictate.

Authority

The audit committee is granted the authority to perform each of the specific duties enumerated in this committee charter and, upon the direction and approval of the board of directors, to direct an investigation into any activity of the company. The committee is empowered to retain persons having special competence as necessary to assist the committee in fulfilling its responsibility.

Responsibility

The audit committee is primarily responsible for overseeing the company's continued emphasis on internal financial controls, and assisting the board of directors in fulfilling its fiduciary responsibilities as they relate to the company's accounting policies and controls, financial reporting practices, the quality and integrity of the company's financial reports, and business ethics policies. The audit committee is to serve as a focal point for communications relating to financial accounting, reporting and controls among the non-committee directors, corporate management, internal auditors, and the company's independent accountants. The independent accountants are accountable to the audit committee and the board of directors.

Specific Duties

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The audit committee is to:

1. Recommend to the board of directors the selection, retention and, when necessary, the replacement of the independent accountants to audit the consolidated financial statements of the company.
2. Meet with the independent accountants, principal internal auditor and management to review the scope of the proposed audit for the current year and any non-audit services performed. Review the compensation paid the independent accountants for all services provided to ensure that the independence of the accountants has not been impaired. To assist in its evaluation of the independent accountants' independence and objectivity in all services provided, the committee shall request and review a statement from the independent accountants delineating all relationships between the accountants and the company. Discuss with the company's management its satisfaction with the quality of all services provided by the independent accountants.

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3. Review with the company's management, independent accountants, and principal internal auditor the adequacy and effectiveness of the company's systems of internal accounting, operating and financial reporting controls. Additionally, review any significant risks or exposures and audit findings or activities (including any significant pending or threatened litigation, or environmental or other material loss contingencies and the related financial statement impact) and management's response thereto.

Review the company's quarterly and annual results of operations regarding transactions, estimates, and judgments and the accounting and reporting practices applied hereto, prior to its release of earnings, and review the company's Form 10-Q's as deemed necessary by the committee. The committee will review the company's annual report on Form 10-K prior to filing such report.

4. Review with the company's management, independent accountants, and principal internal auditor the adequacy and effectiveness of the internal auditing function and recommend any changes in its authority, responsibility or duties.
5. Review expense accounts and perquisites with respect to officers, including their use of corporate assets, with the principal internal auditor based on internal audit's review of these areas.
6. Discuss the proposed internal audit plan for the coming year with the principal internal auditor and the independent accountants to ensure internal and external audit efforts have been coordinated and directed toward maximizing audit effectiveness.
7. Review a summary of internal audit findings and inquire whether appropriate corrective actions have been taken on significant audit findings. Also, review the current status of the annual internal audit plan and explanations for any significant deviations from the original plan.
8. Review matters relating to changes in accounting principles as well as important developments emanating from the accounting and auditing professions, the SEC, and other authorities.
9. Make itself available to meet independently with the independent

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accountants, principal internal auditor, and management in executive sessions. Among the items to be discussed in these meetings are the evaluation of the company's financial and other management and independent accountants, and whether there was full, free, and unrestricted access to all company records, property, personnel and business transactions during the audit(s). Additional items to be discussed include: the independent accountants' qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the company; the independent accountants' views about whether management's choices of accounting principles are conservative or aggressive from the perspective of income, asset, or liability recognition; and the independent accountants' reasoning for the appropriateness of the accounting principles adopted by management with respect to new transactions or events or significant and unusual accounting or tax issues.

10. Discuss with the independent accountants any significant proposed adjustments and their recommendations for improving internal accounting controls or management systems. Also, inquire whether there was any disagreement with management which, if not resolved to the independent accountant's satisfaction, would have caused them to issue a qualified report on the company's financial statements. "Disagreements" for this purpose shall be those contemplated by Item 304 of SEC Regulation S-K or successor rule.
11. Submit minutes of all audit committee meetings to the board of directors of the company.

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12. Recommend to the board of directors any changes in the authority, responsibility or duties of the committee.
13. Annually review and reassess the adequacy of this charter and, as appropriate, recommend amendments to the board of directors.

In carrying out its responsibilities the audit committee must remain flexible in order to react to changing conditions and to assure the board of directors and stockholders that corporate accounting and reporting practices are functioning in accordance with all requirements and are of the highest quality.

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EXHIBIT B

Text of Amendment to Viacom Inc.'s
Restated Certificate of Incorporation
Increasing the Authorized Shares of
Class A Common Stock and Class B Common Stock

That Section (1) (a) of Article IV of the Restated Certificate of Incorporation be, and the same hereby is, amended in full to read:

"(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 10,775,000,000 shares. The classes

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and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

- (i) 750,000,000 shares of Class A Common Stock, \$0.01 par value ("Class A Common Stock").
- (ii) 10,000,000,000 shares of Class B Common Stock, \$0.01 par value ("Class B Common Stock").
- (iii) 25,000,000 shares of Preferred Stock, \$0.01 par value ("Preferred Stock")."

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VIACOM INC.
 1515 Broadway
 New York, New York 10036

Annual Meeting Proxy Card

P The undersigned hereby appoints SUMNER M. REDSTONE, MEL KARMAZIN and
 R MICHAEL D. FRICKLAS, and each of them, as proxies with full power of
 O substitution, to represent and to vote on behalf of the undersigned all
 X of the shares of Class A Common Stock of Viacom Inc. which the
 Y undersigned is entitled to vote at the Annual Meeting of Stockholders
 to be held at the Equitable Center, 787 Seventh Avenue (at 51st
 Street), New York, New York at 10:00 a.m. on Wednesday, May 23, 2001,
 and at any adjournments or postponements thereof, upon the matters set
 forth on the reverse side as more fully described in the Notice of 2001
 Annual Meeting and Proxy Statement.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF VIACOM INC. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER.

You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations.

The proxies are directed to vote as specified on the reverse hereof and in their discretion on all other matters. The Board of Directors recommends a vote FOR Proposals (1) - (3). Unless otherwise specified, the vote represented by this proxy will be cast FOR Proposals (1) - (3).

VIACOM INC.
 P.O. Box 11033
 New York, NY 10203-0033

(Continued, and to be signed and dated on the reverse side.)

1. Election of Directors FOR all nominees WITHHOLD AUTHORITY to vote

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listed below

for all nominees listed below

Nominees: George S. Abrams, David R. Andelman, George H. Conrades, Philippe P. Dauman, William H. Leschly, David T. McLaughlin, Ken Miller, Leslie Moonves, Brent D. Redstone, Shari Redstone, Sumn Salerno, William Schwartz, Ivan Seidenberg, Patty Stonesifer, Robert D. Walter

(INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), write name(s) of such below.)

*Exceptions_____

2. Approval of the adoption of an amendment to the Viacom Inc. Restated Certificate of Incorporation.

FOR AGAINST ABSTAIN

3. Appointment of PricewaterhouseCoopers LLP to serve as independent accountants for Viacom Inc. until the 2002 Annual Meeting of Stockholders.

FOR AGAINST ABSTAIN

IF YOU PLAN TO ATTEND THE PLEASE CHECK THIS BOX AND TICKET WILL BE SENT TO YOU

Please sign exactly as you When shares are held by jo sign. When signing as att administrator, trustee or full title as such. If a in full corporate name by authorized officer. If a in partnership name by aut

DATED _____

SIGNED _____

(Please sign, date and return this proxy in the enclosed postage prepaid envelope.)

Change of Address and/or Comments, Mark Here