VIACOM INC
Form POS AM
January 12, 2001

As filed with the Securities and Exchange Commission on January 12, 2001
Registration No. 333-50452

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VIACOM INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	4841	04-2949533
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number

1515 Broadway
New York, New York 10036
(212) 258-6000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Michael D. Fricklas, Esq.
Executive Vice President, General Counsel
and Secretary
Viacom Inc.
1515 Broadway
New York, NY 10036
(212) 258-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

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599 Lexington Avenue	Infinity Broadcasting Corporation	Meagher & Flom LLP
New York, NY 10022	40 West 57th Street	Four Times Square
(212) 848-4000	New York, NY 10019	New York, NY 10036
	(212) 975-4321	(212) 735-3000

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered (1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price (2)	Amount Registrat Fee (3
Class B Common Stock, par value $0.01 per share................	243,904,000	Not applicable	$12,823,500,000	$3,38

(1) Based on the maximum number of shares of Class B common stock, par value $.01 per share ("Viacom Class B Common Stock"), of Viacom Inc., a Delaware corporation ("Viacom") that may be required to be issued in connection with the merger (the "Merger") of Infinity Broadcasting Corporation, a Delaware corporation ("Infinity"), with and into a wholly owned Viacom subsidiary, calculated as the product of (a) 412,000,000, which is the sum of (i) the number of shares of Infinity Class A common stock, par value $0.01 per share ("Infinity Class A Common Stock"), outstanding on November 20, 2000, (ii) the number of shares of Infinity Class A Common Stock issuable pursuant to outstanding stock options through the date the Merger is expected to be consummated, and (iii) the number of shares of Infinity Class A Common Stock otherwise expected to be issued prior to the date the Merger is expected to be consummated multiplied by (b) the exchange ratio for the Merger of 0.592 of a share of Viacom Class B Common Stock for each outstanding share of Infinity Class A Common Stock.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the "Securities Act"), and computed pursuant to Rule 457(f)(1) and Rule 457(c) thereunder on the basis of the market value of the Infinity Class A Common Stock to be exchanged in the Merger, as the product of (a) $31.125 (the average of the high and low sales prices per share of Infinity Class A Common Stock as reported on the New York Stock Exchange on November 20, 2000) and (b) 412,000,000, which is the sum of (i) the number of shares of Infinity Class A Common Stock outstanding on November 20, 2000, (ii) the number of shares of Infinity Class A Common Stock issuable pursuant to outstanding stock options through the date the Merger is expected to be consummated, and (iii) the number of shares of Infinity Class A Common Stock otherwise expected to be issued prior to the date the Merger is expected to be consummated.

(3) The filing fee of $3,385,404 was previously paid by Viacom in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration

Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

[LOGO INFINITY BROADCASTING CORPORATION]

Infinity Broadcasting Corporation
40 West 57th Street
New York, New York 10019

Dear Infinity Stockholder:

As you no doubt have heard, Infinity Broadcasting Corporation and Viacom Inc. have agreed to merge. When the merger is completed, Viacom will issue 0.592 of a share of Viacom Class B common stock for each outstanding share of Infinity Class A common stock. On January 11, 2001, the last practicable trading day prior to the printing of this proxy statement/prospectus, 0.592 of a share of Viacom Class B common stock had a value of $32.45. The actual value you receive will depend on market prices at the time of the merger.

The exchange ratio and the merger agreement are the result of an offer made by Viacom in August 2000. Infinity's board formed a special committee consisting of its two independent directors, who were advised by financial advisors and lawyers selected by the special committee. The special committee performed due diligence and negotiated with Viacom regarding its offer. The special committee has determined that the merger is fair to, and in the best interests of, Infinity and its stockholders, other than Viacom and its affiliates, determined that the merger and the merger agreement should be approved and declared advisable, and recommended that the Infinity board approve and declare the advisability of, the merger agreement and the merger. The board of directors of Infinity approved the merger after receiving the unanimous recommendation of the special committee and recommends that Infinity stockholders vote "for" approval and adoption of the merger agreement and the merger.

In early January 2001, Viacom and Infinity, with the concurrence of the special committee of Infinity's board of directors, decided to seek approval of the merger by Infinity's minority stockholders after a recent Delaware Chancery Court decision involving corporations unrelated to Viacom or Infinity created uncertainty about whether Infinity's minority stockholders must approve the merger. Viacom entered into a voting agreement with William S. Levine and Arturo R. Moreno, Infinity's two largest stockholders other than Viacom, pursuant to which each of them agreed to vote his shares of Infinity Class A common stock in favor of the merger and the merger agreement. Infinity has scheduled a special meeting of its stockholders in order to seek approval of the merger by holders of 66 2/3% of its outstanding voting shares, other than those shares owned by Viacom or subject to the voting agreement between Viacom and Messrs. Levine and Moreno. You are cordially invited to attend the meeting at the Sheraton New York Hotel, 811 Seventh Avenue (at 52nd Street), New York, New York, on Wednesday, February 21, 2001, at 10:30 a.m., local time.

Viacom is a diversified entertainment company with preeminent positions in broadcast and cable television, radio, outdoor advertising and online. Viacom is a leader in the creation, promotion and distribution of entertainment, news, sports and music. In addition to Infinity, Viacom's well-known brands include CBS(R), MTV(R), Nickelodeon(R), VH1(R), Paramount Pictures(R), UPN, TNN: The

National Network(TM), CMT(R), Showtime(R), Blockbuster(R) and Simon & Schuster(R). Viacom also recently agreed to acquire the Black Entertainment Television(R) cable network.

Please review the attached proxy statement/prospectus carefully for information about the merger. I am sure you will conclude, as I have, that this merger allows Infinity public stockholders to benefit from and participate in the tremendous growth opportunities created by the full integration of the Viacom and Infinity organizations. The transaction enhances Viacom's powerful and diverse operations and creates a company that is financially even stronger and is even better positioned to deliver superior returns to stockholders. As a result of the transaction, Infinity's significant free cash flow will be directly available to Viacom, increasing its opportunity to make cash flow accretive acquisitions and to repurchase its stock.

Your vote is important. Please vote your shares as soon as possible so that your shares are represented at the special meeting. In order to ensure that your vote is represented at the special meeting, please complete, sign, date and return the enclosed proxy card in the enclosed envelope. You are, of course, welcome to attend the meeting and to vote your shares in person. If the merger is completed, you will be sent a notice that the merger has been completed and a letter of transmittal and instructions for the purpose of exchanging your share certificates.

Thank you for your support.

Sincerely,

/s/ Mel Karmazin

Mel Karmazin
Chairman, President and Chief Executive Officer

For a discussion of risk factors associated with the merger, see "Risk Factors" beginning on page 15.

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

This proxy statement/prospectus is dated January 12, 2001, and it and a form of proxy are first being mailed to stockholders on or about January 16, 2001.

[LOGO OF INFINITY BROADCASTING CORPORATION]

INFINITY BROADCASTING CORPORATION
40 West 57th Street
New York, New York 10019

NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS

To the Stockholders of Infinity:

A special meeting of stockholders of Infinity Broadcasting Corporation will be held on Wednesday, February 21, 2001 at 10:30 a.m., local time, at the Sheraton New York Hotel, 811 Seventh Avenue (at 52nd Street), New York, New York, to consider and vote on the following matters described in the accompanying proxy statement/prospectus:

1. The adoption of the Agreement and Plan of Merger, dated as of October 30, 2000, among Viacom Inc., a Delaware corporation, IBC Merger Corp., a Delaware corporation and a wholly owned subsidiary of Viacom Inc., and Infinity Broadcasting Corporation, a Delaware corporation, and the approval of the merger of Infinity Broadcasting Corporation with and into IBC Merger Corp. provided for therein; and

2. To transact any other business that may properly come before the special meeting.

A copy of the merger agreement governing the merger is attached as Annex A to the accompanying proxy statement/prospectus.

Only Infinity stockholders of record at the close of business on January 16, 2001 will be entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. The stock transfer books will not be closed.

A special committee of your board of directors, consisting of Infinity's two independent directors, has determined that the merger is fair to, and in the best interests of, Infinity and its stockholders other than Viacom and its affiliates, determined that the merger and the merger agreement should be approved and declared advisable, and recommended that the Infinity board approve and declare the advisability of, the merger agreement and the merger. Your board of directors approved the merger agreement after receiving the unanimous recommendation of the special committee and recommends that Infinity stockholders vote "for" approval and adoption of the merger agreement and the merger.

If you plan to attend the special meeting, please check the appropriate box on your proxy card and bring identification with you to the meeting. Stockholders who own shares through banks or brokers and who plan to attend must send a written notification, along with proof of ownership (such as a bank or brokerage firm account statement), to the Secretary's office, 40 West 57th Street, New York, N.Y. 10019. The names of those stockholders indicating they plan to attend, either by checking the box or notifying the Secretary's office, will be placed on an admission list held at the registration desk at the entrance to the meeting. Admission tickets will not be mailed in advance of the meeting.

All stockholders are cordially invited to attend the special meeting in person. However, to ensure your representation at the special meeting, you are urged to complete, sign, date and return the enclosed proxy card in the enclosed envelope as promptly as possible.

By Order of the Board of Directors,

Angeline C. Straka
Secretary

New York, New York

January 12, 2001

YOUR VOTE IS IMPORTANT.
WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING,
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.

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Annex A Agreement and Plan of Merger

Annex B Opinion of Deutsche Bank Securities Inc., co-financial advisor to the special committee of Infinity's board of directors

Annex C Opinion of Bear, Stearns & Co. Inc., co-financial advisor to the special committee of Infinity's board of directors

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This proxy statement/prospectus incorporates documents and important business and financial information by reference that are not included as part of or delivered with this document. Each of Viacom and Infinity undertakes to provide, without charge, to each person, including any beneficial owner of Infinity common stock, to whom a copy of this proxy statement/prospectus has been delivered, upon written or oral request, a copy of any and all of the documents that have been incorporated into this document by reference, other than exhibits to those documents unless the exhibits are specifically incorporated into this document by reference. Requests for these documents should be directed, in the case of documents relating to Viacom or any of its subsidiaries, to Viacom Inc., 1515 Broadway, 52nd Floor, New York, New York 10036, Attention: Investor Relations, phone number: (212) 258-6700, and, in the case of documents relating to Infinity or any of its subsidiaries, to Infinity Broadcasting Corporation, 40 West 57th Street, New York, New York 10019, Attention: Secretary, phone number: (212) 975-4321. In order to ensure timely delivery of requested documents, requests should be made by February 13, 2001.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q. What transaction is being proposed?

A. Viacom is proposing to acquire all of the outstanding shares of Infinity that it does not currently own for 0.592 of a share of Viacom non-voting Class B common stock per Infinity share. The acquisition will be effected by the merger of Infinity with and into a wholly owned subsidiary of Viacom.

Q. Why are the two companies proposing to merge?

A. The merger allows Infinity stockholders to benefit from and participate in the tremendous growth opportunities created by the full integration of Viacom and Infinity. The transaction enhances Viacom's powerful and diverse operations and creates a company that is financially even stronger and is even better positioned to deliver superior returns to stockholders. To review the reasons for the merger in greater detail, see pages 36 through 39.

Q. How much of Infinity does Viacom currently own?

A. Viacom currently owns 100% of the outstanding shares of Infinity Class B common stock and none of the outstanding shares of Infinity Class A common stock. Each share of Infinity Class B common stock has five votes per share and each share of Infinity Class A common stock has one vote per share. Viacom's ownership of Infinity Class B common stock represents approximately 64.2% of the total outstanding shares of Infinity Class A and Class B common stock and approximately 90% of the combined voting power of the outstanding shares of Infinity Class A and Class B common stock.

Q. Why is Infinity scheduling a stockholders' meeting to vote on the merger?

A. Even though Viacom owns approximately 90% of the combined voting power of the outstanding shares of Infinity Class A and Class B common stock, Viacom and Infinity, with the concurrence of the special committee of Infinity's board of directors, decided to seek approval of the merger by Infinity's minority stockholders after a recent Delaware Chancery Court decision involving corporations unrelated to Viacom or Infinity created uncertainty about whether Delaware law requires such approval. To eliminate any uncertainty created by the decision, Viacom and Infinity agreed that Infinity would call a special meeting of its stockholders in order to seek approval of the merger by holders of 66 2/3% of its outstanding voting shares, other than those shares owned by Viacom or subject to the voting agreement between Viacom and Messrs. Levine and Moreno.

Q. Who can vote at the Infinity stockholders' meeting?

A. Holders of record of Infinity common stock at the close of business on January 16, 2001 are entitled to vote at the stockholders' meeting. As of the close of business on that day, there were approximately 391.0 million shares of Infinity Class A common stock outstanding and there were 700,000,000 shares of Infinity Class B common stock outstanding.

Q. What will I receive in the merger?

A. In the merger, you will be entitled to receive 0.592 of a share of Viacom non-voting Class B common stock in exchange for each share of Infinity Class A common stock you own at the time of the merger. Viacom will not issue fractional shares. Instead, you will receive a payment equal to the market value of the fractional share.

For example:

- If you currently own 1,000 shares of Infinity Class A common stock, then after the merger, you will be entitled to receive 592 shares of Viacom non-voting Class B common stock.

- If you currently own 100 shares of Infinity Class A common stock, then after the merger you will be entitled to receive 59 shares of Viacom non-voting Class B common stock and a check for the market value of the 0.2 fractional share of Viacom non-voting Class B common stock to which you would otherwise be entitled.

On January 11, 2001, the last practicable trading day prior to the printing of this proxy statement/prospectus, the closing price per share on the NYSE of Viacom Class B common stock was $54.81 and of Infinity Class A common stock was $32.31.

Each outstanding Infinity stock option will be converted into an option to purchase shares of Viacom non-voting Class B common stock. The number of shares subject to each option and the exercise price will be adjusted to reflect the exchange ratio of the merger. Stock option vesting schedules will not be affected by the merger.

For example:

- If you currently have options to purchase 1,000 shares of Infinity Class A common stock at an exercise price of $20.00 per share, then after the merger, you will have options to purchase 592 shares of Viacom non-voting Class B common stock at $33.78 per share.

Q. As an Infinity stockholder, how will the merger affect me?

A. After the merger, you will own shares of Viacom non-voting Class B common stock. The holders of Viacom Class A common stock have all the voting rights of Viacom's currently outstanding capital stock. A majority of the Viacom Class A common stock is held by National Amusements, Inc. which, in turn, is controlled by Sumner M. Redstone, the Chairman and Chief Executive Officer of Viacom.

Q. What happens if I do not vote?

A. Since the approval of holders of 66 2/3% of the outstanding shares of Infinity common stock not owned by Viacom or subject to the voting agreement between Viacom and Messrs. Levine and Moreno is being sought, a failure to vote has the same effect as a vote "against" the merger.

Q. What do I need to do now?

A. After you read and carefully consider the information contained in this proxy statement/prospectus, please fill out and sign your proxy card. Then, mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special stockholders' meeting. If you sign and send in your proxy but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger, unless you hold your shares in "street name", which is discussed below.

Q. If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A. You should instruct your broker to vote your shares by following the directions provided to you by your broker. If you do not instruct your broker, your shares will not be voted with respect to the merger.

Q. What do I do if I want to change my vote?

A. If you want to change your vote, you may do so in any of the following ways:

- send a later-dated, signed proxy card that is received by Infinity before the stockholders' meeting,
- attend the stockholders' meeting and vote in person (simply attending the meeting, however, will not revoke your proxy), or
- send a written notice that is received by Infinity before the stockholders' meeting informing Infinity that you have revoked your proxy.

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If you have instructed a broker to vote your shares, you must follow instructions from your broker to change your vote.

Q. Should I send in my stock certificates now?

A. No. After the merger is completed, an exchange agent appointed by Viacom will coordinate the exchange of your shares of Infinity Class A common stock for shares of Viacom non-voting Class B common stock. The exchange agent will send you a letter of transmittal and written instructions on how to exchange your stock certificates.

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

A. We are working to complete the merger as soon as possible, but we must first satisfy the conditions to completion of the merger set forth in the merger agreement. We expect to complete the merger during the first quarter of 2001.

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

A. The exchange of Infinity Class A common stock for Viacom non-voting Class B common stock is expected to be tax-free for federal income tax purposes. However, you will have to pay taxes on any payments you receive for fractional shares. We recommend that you read carefully the complete explanation of the tax consequences of the merger on pages 58 through 59.

Q. Who can help answer my questions?

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

Infinity Broadcasting Corporation
40 West 57th Street
New York, New York 10019
Attention: Secretary
Phone Number: (212) 975-4321

or

[LOGO] MACKENZIE PARTNERS, INC.

156 Fifth Avenue

New York, New York 10010

(212) 929-5500 (Call Collect)

E-mail: proxy@mackenziepartners.com

or

Call Toll Free (800) 322-2885

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus, and may not contain all of the information that is important to you. To understand the merger fully and for a complete description of the legal terms of the merger, you should read carefully this entire proxy statement/prospectus and the documents to which we have referred you. See "Where You Can Find More Information and Incorporation of Documents by Reference" on page 86. The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement carefully in its entirety as it is the legal document that governs the merger.

The Companies

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

Viacom is a diversified entertainment company with operations in seven segments: Cable Networks, Television, Entertainment, Video, Publishing, Online and Infinity. The Cable Networks segment operates MTV: MUSIC TELEVISION(R), SHOWTIME(R), NICKELODEON(R)/NICK AT NITE(R), VH1 MUSIC FIRST(R), TV LAND(R), TNN: THE NATIONAL NETWORK(TM) (formerly, The Nashville Network) and COUNTRY MUSIC TELEVISION(TM), among other program services. The Television segment consists of the CBS(R) and UPN(R) television networks, Viacom's 39 broadcast television stations, and production and distribution of television programming through PARAMOUNT TELEVISION(R), VIACOM(R) PRODUCTIONS, SPELLING TELEVISION(R), BIG TICKET TELEVISION(R) and CBS(R) ENTERPRISES (including KING WORLD(R) PRODUCTIONS). The Entertainment segment produces and distributes theatrical motion pictures through PARAMOUNT PICTURES(R), operates movie theater and music publishing operations and, through PARAMOUNT PARKS(R), owns and operates five theme parks and a themed attraction in the United States and Canada. The Video segment consists of an approximately 82% equity interest in BLOCKBUSTER(R) INC., which operates and franchises video stores worldwide, primarily under the BLOCKBUSTER(R) brand. The remainder of Blockbuster's common stock was sold to the public in August 1999. The Publishing segment publishes and distributes consumer books and related multimedia products, under such imprints as SIMON & SCHUSTER(R), POCKET BOOKS(R), SCRIBNER(R) and THE FREE PRESS(TM). The Online segment provides online music and children's destinations featuring entertainment, information, community tools and e-commerce, through SonicNet.com and Internet sites currently related to MTV: MUSIC TELEVISION, NICKELODEON/NICK AT NITE, VH1 MUSIC FIRST and COUNTRY MUSIC TELEVISION. The Online segment also includes other Internet businesses, which consist primarily of the operation of the Internet site CBS.com and the investment in iWon, Inc. Viacom also has investments in other Internet based companies such as MarketWatch.com, Inc., SportsLine.com, Inc. and Hollywood.com, Inc. The Infinity segment currently consists of an approximately 64.2% equity interest in Infinity Broadcasting Corporation. On November 2, 2000, Viacom entered into an agreement with BET Holding II, Inc. to acquire The Black Entertainment

Television cable network.

Infinity Broadcasting Corporation
40 West 57th Street
New York, NY 10019
(212) 314-9200

Infinity is one of the largest radio broadcasting and outdoor advertising companies in the United States, as well as the largest outdoor advertising company in North America. Infinity's operations are focused on the out-of-home media business and are aligned in two segments: Radio and Outdoor. Infinity's 187 radio stations serve 41 markets, 37 of which are in the top 50 U.S. markets. Infinity manages and holds a minority equity investment in Westwood One. Westwood One is a leader in producing and distributing syndicated and network radio programming. Infinity's radio stations serve diverse target audiences through a broad range of programming formats such as rock, oldies, news/talk, adult contemporary, sports/talk and

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country, and Infinity has established leading franchises in news, sports and personality programming. Infinity believes that this diversity provides advertisers with the convenience to select stations to reach a targeted audience group or to select groups of stations to reach broad groups of consumers within and across markets.

Infinity's Outdoor segment sells advertising space on various media, including billboards, bulletins, buses, bus shelters and benches, trains, train platforms and terminals throughout commuter rail systems, mall posters and on phone kiosks. Infinity has outdoor advertising operations in more than 90 markets and all 50 of the largest metropolitan markets in the United States, 14 of the 15 largest metropolitan markets in Canada and all of the 45 largest metropolitan markets in Mexico. Infinity also owns outdoor advertising properties in Europe, with operations in the United Kingdom, The Netherlands, France, Italy and Ireland.

The Stockholders' Meeting

Date, Time, Location, Purpose

The special meeting of Infinity stockholders will be held on Wednesday, February 21, 2001 at 10:30 a.m., local time, at the Sheraton New York Hotel, 811 Seventh Avenue (at 52nd Street), New York, New York. At the special meeting, you will be asked to vote to adopt the merger agreement and to approve the merger contemplated by the merger agreement.

Stockholders Entitled to Vote

Only stockholders of record of Infinity common stock at the close of business on the record date of January 16, 2001 will be entitled to notice of and to vote at the special meeting. As of the close of business on the record date, there were approximately 391.0 million shares of Infinity Class A common stock outstanding and there were 700,000,000 shares of Infinity Class B common stock outstanding.

Vote Required

Under Delaware law, the merger agreement must be adopted by holders of a majority of the combined voting power of all outstanding shares of Infinity Class A and Class B common stock. CBS Broadcasting, Inc., a wholly owned subsidiary of Viacom, owns 100% of the Infinity Class B common stock, representing approximately 90% of the combined voting power of all outstanding

Infinity shares. Viacom has agreed in the merger agreement to cause all of these Infinity Class B common shares to be voted in favor of the merger agreement and the merger. Therefore, the stockholder approval required under this law is assured.

A recently decided Delaware Chancery Court decision involving corporations unrelated to Viacom or Infinity has created uncertainty about whether Delaware law also requires that the merger be approved by holders of 66 2/3% of all outstanding Infinity shares, other than those owned by Viacom or subject to the voting agreement between Viacom and Messrs. Levine and Moreno. Viacom and Infinity, with the concurrence of the special committee of Infinity's board of directors, have decided to seek such approval by Infinity's minority stockholders to eliminate any uncertainty created by the decision. If the merger is not so approved, Viacom and Infinity will consider their options and alternatives in light of then-prevailing circumstances, but they have agreed that the merger would not be closed in such case absent the concurrence of both Viacom and the special committee of Infinity's board of directors.

Share Ownership of Management

At the close of business on the record date, directors and executive officers of Infinity and their affiliates owned and were entitled to vote approximately 37.4 million shares of Infinity Class A common stock, collectively representing approximately 9.6% of the shares of Infinity Class A common stock outstanding and entitled to vote at the special meeting, and 700 million shares of Infinity Class B common stock which, together with the 37.4 million shares of Infinity Class A common stock, collectively represent 90.9% of the combined voting power of all Infinity shares outstanding and entitled to vote at the special meeting. Each director and executive officer of Infinity has indicated his or her present intention to vote, or cause to be voted, the shares of Infinity common stock owned by him or her "for" the adoption of the merger agreement and the approval of the merger.

Terms of the Merger

Infinity will merge with and into IBC Merger Corp., a wholly owned subsidiary of Viacom, with IBC Merger Corp. continuing as the surviving entity in the merger.

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Ownership of Viacom Following the Merger

We anticipate that current holders of Infinity Class A common stock will receive approximately 231 million shares of Viacom Class B common stock in the merger. Based on this number, immediately following the merger, the former Infinity stockholders (other than Viacom and its subsidiaries) are expected to hold approximately 14.4% of all outstanding shares of Viacom non-voting Class B common stock. The Viacom voting Class A common stock will continue to be controlled by National Amusements which, in turn, is controlled by Mr. Redstone.

Interests of Directors and Executive Officers of Infinity

You should be aware that a number of directors and executive officers of Infinity may have interests in the merger that are different from, or in addition to, yours. See page 67.

Fairness Opinions of Co-Financial Advisors to Infinity's Special Committee

In deciding to approve the merger, the special committee of Infinity's board of directors considered the opinions of the special committee's co-financial advisors, Deutsche Banc Alex. Brown and Bear, Stearns & Co. Inc., to the effect that, based upon and subject to the assumptions, qualifications and limitations set forth in those opinions, the exchange ratio of 0.592 of a share of Viacom Class B common stock to be issued by Viacom in the merger in exchange for each outstanding share of Infinity Class A common stock was fair, as of the date of those opinions, from a financial point of view, to the stockholders of Infinity, other than Viacom and its affiliates. The full text of these written opinions is attached as Annex B and Annex C, respectively, to this proxy statement/prospectus. We encourage you to read these opinions carefully.

The Merger

Conditions to the Merger

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

- the merger and the merger agreement have been approved by the requisite vote of Infinity's stockholders;
- no governmental authority or court prohibits the merger or makes the merger illegal;
- the registration statement of which this proxy statement/prospectus forms a part has been declared effective by the SEC and no stop order suspending its effectiveness is in effect;
- the shares of Viacom Class B common stock to be issued to stockholders of Infinity in the merger have been authorized for listing by the NYSE, subject to official notice of issuance;
- all Federal Communications Commission authorizations, consents, waivers, orders or approvals necessary to complete the merger have been obtained;
- each of Viacom and Infinity has certified to the other that its representations and warranties in the merger agreement are true and correct, except as would not have a material adverse effect, and that its obligations under the merger agreement have been complied with in all material respects; and
- each of Viacom and Infinity has obtained an opinion from its tax counsel that the merger will be tax-free.

Termination of the Merger Agreement

The boards of directors of Viacom and Infinity can jointly agree to terminate the merger agreement at any time without completing the merger if such termination is also approved by the special committee of Infinity's board of directors. In addition, the merger agreement may be terminated:

- by either Viacom or Infinity, if the merger is not completed by April 30, 2001;
- by Viacom, if the special committee of Infinity's board of directors or Infinity's board of directors withdraws, modifies or changes its recommendation of the merger in a manner adverse to Viacom or resolves to do so;
- by either Viacom or Infinity, if a governmental authority has issued a final and nonappealable order prohibiting the merger; or

- by either Viacom or Infinity, if, in the case of Infinity, either Viacom or IBC Merger Corp., or, in the case of Viacom, Infinity, breaches in any material respect any of its representations or warranties in the merger agreement, or any of Viacom, IBC Merger Corp. or Infinity materially fails to comply with any of its obligations under the merger agreement, in each case, such that the conditions to closing relating to the representations and warranties or covenants would not be satisfied.

No Dissenters' Rights of Appraisal

Infinity stockholders do not have appraisal rights in connection with the merger.

Accounting Treatment

The merger will be accounted for at historical costs, with the exception of the minority interest which will be accounted for under the purchase method of accounting in accordance with generally accepted accounting principles. Accordingly, the cost to acquire the Infinity minority interest in excess of its carrying value will be allocated on a pro rata basis to the assets acquired and liabilities assumed based on their fair values, with any excess being allocated to goodwill and amortized over its estimated useful life.

Regulatory Approvals

The completion of the merger is conditioned on the prior approval of the Federal Communications Commission with respect to the transfer of certain FCC licenses. All such FCC approvals have been obtained.

Voting Agreement

Viacom has entered into a voting agreement with Infinity's two largest stockholders other than Viacom, Arturo R. Moreno and William S. Levine, pursuant to which each stockholder agreed to vote his shares of Infinity Class A common stock in favor of the merger and the merger agreement. As of the record date for the special meeting, an aggregate of approximately 77 million shares of Infinity Class A common stock were subject to the voting agreement between Viacom and Messrs. Levine and Moreno. At the special meeting, Infinity is seeking approval of the merger by holders of 66 2/3% of its outstanding voting shares, other than those owned by Viacom or subject to the voting agreement.

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Viacom Summary Historical Financial Data

The summary consolidated financial data presented below have been derived from, and should be read together with, Viacom's audited consolidated financial statements and the accompanying notes included in Viacom's Annual Report on Form 10-K for the year ended December 31, 1999 and the unaudited interim consolidated financial statements and the accompanying notes included in Viacom's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, each of which is incorporated by reference into this proxy statement/prospectus.

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

	Nine Months Ended September 30, 2000(a) (Unaudited)	Nine Months Ended September 30, 1999 (Unaudited)	Year Ended December 31, 1999	1998	1997	1996	1995
Revenues................	$ 13,900	$ 9,286	$12,859	$12,096	$10,685	$9,684	$8,700
Depreciation............	528	367	497	442	447	331	244
Amortization of intangibles............	932	249	348	336	325	323	316
Operating income........	722	881	1,247	752	685	1,197	1,247
Earnings (loss) from continuing operations..	(394)	239	372	(44)	374	152	88
Net earnings (loss).....	(847)	201	334	(122)	794	1,248	223
Net earnings (loss) attributable to common stock.................	(847)	189	322	(150)	734	1,188	163
Earnings (loss) per common share:							
Basic:							
Earnings (loss) from continuing operations...........	$ (.35)	$ .33	$ .52	$ (.10)	$ .44	$ .13	$ .04
Net earnings (loss)...	$ (.75)	$ .27	$ .46	$ (.21)	$ 1.04	$ 1.63	$ .22
Diluted:							
Earnings (loss) from continuing operations...........	$ (.35)	$ .32	$ .51	$ (.10)	$ .44	$ .13	$ .04
Net earnings (loss)...	$ (.75)	$ .27	$ .45	$ (.21)	$ 1.04	$ 1.62	$ .22
Weighted average shares outstanding:							
Basic.................	1,134	695	695	709	706	728	725
Diluted..............	1,134	709	710	709	709	735	750

Balance Sheet Data
(in millions)

	At September 30, 2000(a) (Unaudited)	At December 31, 1999	1998	1997	1996	1995
Intangibles, net........	$61,643	$11,479	$11,557	$14,700	$14,894	$16,153
Total assets............	82,423	24,486	23,613	28,289	28,834	28,991
Long-term debt, net of current portion........	12,639	5,698	3,813	7,423	9,856	10,712
Stockholders' equity....	48,195	11,132	12,050	13,384	12,587	12,094

(a) Includes financial information for CBS from the date of its merger with and into Viacom on May 4, 2000. Accordingly, operating results and financial position are not necessarily comparable on a year-to-year basis.

CBS Summary Historical Financial Data

The merger of CBS Corporation with and into Viacom was completed on May 4, 2000. Accordingly, relevant financial information for CBS is not reflected in the historical financial statements of Viacom for the periods set forth below. The summary unaudited consolidated financial data presented below have been derived from, and should be read together with, the audited consolidated financial statements of CBS and the accompanying notes included in CBS' Annual Report on Form 10-K for the year ended December 31, 1999 and the unaudited interim consolidated financial statements and the accompanying notes for the quarter ended March 31, 2000 included in Viacom's Current Report on Form 8-K/A filed July 17, 2000, each of which is incorporated by reference into this proxy statement/prospectus.

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

	Three Months Ended March 31,		Year Ended December 31,				
	2000	1999(a)	1999(a)	1998(a)	1997(a)	1996(a)	1995(a)
	(Unaudited)						
Revenues................	$2,406	$1,769	$7,373	$6,805	$5,367	$4,143	$1,074
Depreciation............	69	33	148	137	120	105	32
Amortization of intangibles............	228	116	521	434	325	174	25
Operating income........	222	123	956	482	253	54	160
Net earnings (loss).....	(38)	387	780	(21)	549	95	(10)
Net earnings (loss) per common share:							
Basic.................	$ (.05)	$ .56	$ 1.10	$ (.03)	$ .84	$ .12	$ (.25)
Diluted...............	$ (.05)	$ .55	$ 1.08	$ (.03)	$ .84	$ .12	$ (.25)
Weighted average shares outstanding:							
Basic.................	752	693	702	696	629	401	370
Diluted...............	752	708	721	696	629	401	370

Balance Sheet Data
(in millions)

	At March 31, 2000	At December 31, 1999(a)	1998(a)	1997(a)	1996(a)	1995(a)
	(Unaudited)					
Intangibles, net.........	$24,548	$24,917	$15,463	$12,727	$11,320	$ 6,638
Total assets(b)..........	33,093	33,738	22,058	20,604	21,116	18,548
Long-term debt, net of current portion(b)......	4,072	4,158	2,888	3,676	5,566	7,383

Stockholders' equity.....	15,790	16,147	9,054	8,080	5,731	1,453

(a) Includes financial information for the following acquired entities from their respective dates of acquisition: the outdoor advertising operations of Outdoor Systems, Inc. as of December 7, 1999; King World Productions, Inc. on November 15, 1999; the radio operations of American Radio on June 4, 1998; The Nashville Network and the remaining interest of Country Music Television on September 30, 1997; Infinity Media Corporation on December 31, 1996; and CBS Inc. on November 24, 1995. Accordingly, operating results are not necessarily comparable on a year-to-year basis.

(b) Financial information for all periods presented includes amounts for both continuing and discontinued operations.

Infinity Summary Historical Financial Data

On May 4, 2000, CBS Corporation, the former controlling stockholder of Infinity, merged with and into Viacom. As a result, Viacom beneficially owns 100% of the outstanding shares of Infinity Class B common stock. As of January 16, 2001, the record date, the Class B common stock held by Viacom represented approximately 64.2% of all of the outstanding shares of Infinity Class A and Class B common stock and approximately 90.0% of the combined voting power of the outstanding shares of Infinity Class A and Class B common stock. The summary consolidated financial data presented below has been derived from, and should be read together with, Infinity's audited consolidated financial statements and the accompanying notes included in Infinity's Annual Report on Form 10-K for the year ended December 31, 1999 and the unaudited interim consolidated financial statements and the accompanying notes included in Infinity's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, each of which is incorporated by reference into this proxy statement/prospectus.

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

	Nine Months Ended September 30,		Year Ended December 31,				
	2000	1999(a)	1999(a)	1998(a)	1997	1996(a)	1995(a)
	(Unaudited)						
Revenues................	$2,789	$1,690	$2,449	$1,893	$1,480	$554	$216
Depreciation............	129	25	43	27	20	12	4
Amortization of intangibles............	382	195	282	223	177	46	14
Operating income........	743	497	741	542	372	139	53
Net earnings............	283	259	377	235	178	72	28
Net earnings per common share:							
Basic.................	$ .26	$ .30	$ .44	$ .33	$ .25	$.10	$.04
Diluted...............	$ .26	$ .30	$ .43	$ .33	$ .25	$.10	$.04
Weighted average shares outstanding:							
Basic.................	1,088	852	867	706	700	700	700
Diluted...............	1,092	852	868	706	700	700	700

Balance Sheet Data
(in millions)

	At September 30, 2000	At December 31, 1999(a)	1998(a)(b)	1997	1996(a)	1995(a)
	(Unaudited)					
Intangibles, net........	$17,537	$15,928	$9,359	$6,433	$6,588	$1,655
Total assets............	21,400	19,327	10,798	7,074	7,262	1,878
Long-term debt, net of current portion........	3,638	1,906	524	2	150	--
Stockholders' equity....	15,682	15,591	8,858	6,397	6,419	1,660

(a) Includes financial information for the following acquired entities from their respective dates of acquisition: the outdoor advertising operations of Outdoor Systems, Inc. as of December 7, 1999; the radio operations of American Radio on June 4, 1998; Infinity Media Corporation on December 31, 1996; and the radio operations of CBS Inc. on November 24, 1995. Accordingly, operating results are not necessarily comparable on a year-to-year basis.

(b) In December 1998, Infinity completed an initial public offering of 155,250,000 shares of its Class A common stock.

Summary Unaudited Pro Forma Combined Financial Information

The following summary unaudited pro forma combined financial information is derived from and should be read together with the information provided in the section of this proxy statement/prospectus captioned "Unaudited Pro Forma Combined Condensed Financial Information" and the notes thereto. The summary unaudited pro forma combined condensed financial information is based upon the historical financial statements of Viacom, adjusted for the Viacom/Infinity merger, Viacom/CBS merger, and other transactions. The unaudited pro forma combined condensed statement of operations data for the nine months ended September 30, 2000 and the year ended December 31, 1999 is presented as if the Viacom/Infinity merger, the Viacom/CBS merger and other transactions had occurred on January 1, 1999. The unaudited pro forma combined balance sheet data at September 30, 2000 is presented as if the Viacom/Infinity merger had occurred on September 30, 2000.

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

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

	Nine Months Ended September 30, 2000	Year Ended December 31, 1999
Revenues	$17,354	$22,157
Operating income	707	1,304
Earnings (loss) from continuing operations before income taxes	(16)	461
Loss from continuing operations	(702)	(435)
Net loss from continuing operations attributable to common stock	(702)	(448)
Basic and diluted loss from continuing operations per share	(.40)	(.26)
Weighted average shares outstanding:		
Basic	1,739	1,737
Diluted	1,739	1,737

Unaudited Pro Forma Combined Balance Sheet Data
(in millions)

	At September 30, 2000
Intangibles, net	$69,385
Total assets	90,181
Total long-term debt, net of current portion	12,639
Stockholders' equity	61,605

Unaudited Comparative Per Share Data

The following tables present the Viacom and Infinity historical and pro forma combined and Infinity pro forma equivalent per share data as of and for the nine months ended September 30, 2000 and as of and for the twelve months ended December 31, 1999.

Nine Months Ended or at September 30, 2000	Viacom Historical	Infinity Historical	Pro Forma Combined	Infinity Pro Forma Equivalent(/3/)
Earnings (loss) per common share from continuing operations:(/1/)				
Basic	$ (.35)	$ .26	$ (.40)	$ (.24)
Diluted	(.35)	.26	(.40)	(.24)
Book value per common share:(/2/)	$32.10	$14.38	$35.55	$21.05
Cash dividends per common share	--	--	--	--

Twelve Months Ended or at December 31, 1999	Viacom Historical	Infinity Historical	Pro Forma Combined	Infinity Pro Forma Equivalent(/3/)
Earnings (loss) per common share from continuing operations:(/1/)				
Basic.................	$ .52	$ .44	$ (.26)	$ (.15)
Diluted...............	.51	.43	(.26)	(.15)
Book value per common share:(/2/)(/4/).......	$15.95	$14.53	N/A	N/A
Cash dividends per common share...........	--	--	--	--

(/1/) The weighted average common shares outstanding used in calculating pro forma combined basic and diluted loss from continuing operations per common share, as adjusted for all transactions, are calculated assuming that the estimated number of shares of Viacom common shares to be issued in the merger were outstanding from January 1, 1999. For both periods presented, the weighted average common shares outstanding used in calculating pro forma combined diluted loss from continuing operations per common share do not include the impact of Viacom stock options, as they are anti-dilutive.

(/2/) The book value per common share amounts for Viacom and Infinity were calculated by dividing shareholders' equity by the number of common shares outstanding at the end of the period. The common shares outstanding used in calculating pro forma combined book value per share include approximately 1.5 billion and approximately 698 million of Viacom common shares outstanding at September 30, 2000 and December 31, 1999, respectively, plus approximately 231 million shares representing the estimated number of Viacom common shares to be issued in the merger.

(/3/) Infinity pro forma equivalent amounts are calculated by multiplying the respective pro forma combined per common share amounts by the exchange ratio of 0.592.

(/4/) N/A--Not Applicable

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Comparative Market Prices and Dividends

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

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

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

	Viacom Class A Common Stock(/1/)		Viacom Class B Common Stock(/1/)	
	High	Low	High	Low
1999				
1st Quarter	$45 1/2	$35 5/16	$45 15/16	$35 3/8
2nd Quarter(/2/)	48 3/4	36 11/16	49 3/16	36 5/8
3rd Quarter	49 5/8	38 7/16	48 3/4	38 9/16
4th Quarter	60 7/16	40 5/16	60 7/16	39 13/16
2000				
1st Quarter	$63 5/16	$49 9/16	$63 1/4	$49 9/16
2nd Quarter	71 1/4	46 1/16	70 7/8	45 11/16
3rd Quarter	76 1/16	55	75 7/8	54 1/8
4th Quarter	59 13/16	44 9/16	59 7/8	44 5/16
2001				
1st Quarter (through January 11, 2001)	$56 7/8	$44 11/16	$56 15/16	$44 5/8

(/1/) Viacom has not declared any cash dividends on its Class A or Class B common stock and has no present intention of doing so.

(/2/) As of April 8, 1999, Viacom Class A and Class B common stock ceased trading on the American Stock Exchange and commenced trading on the NYSE.

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	Infinity Class A Common Stock(/1/)	
	High	Low
1999		
1st Quarter	$28 3/4	$23 1/2
2nd Quarter	33 1/2	24 3/16
3rd Quarter	30 3/16	24 15/16
4th Quarter	41 1/2	27 3/4
2000		
1st Quarter	$38 1/4	$30 1/4
2nd Quarter	37 1/8	27 1/4
3rd Quarter	39 11/16	30 3/8
4th Quarter	34 13/16	23 1/8
2001		
1st Quarter (through January 11, 2001	$33 7/8	$26 5/16

(/1/) Infinity has not declared any cash dividends on its Class A common stock since its initial public offering.

The following table sets forth the closing sales prices per share as reported on the New York Stock Exchange of Viacom Class A common stock, Viacom Class B common stock and Infinity Class A common stock on August 14, 2000 (the last trading day prior to the announcement by Viacom that it had made a proposal to Infinity regarding the merger), October 30, 2000 (the last trading day prior to the announcement of the execution of the merger agreement) and January 11, 2001 (the last practicable trading day prior to the printing of this proxy statement/prospectus), and the equivalent closing price per share of Infinity Class A common stock. The equivalent price per share of Infinity Class A common stock is equal to the closing price per share of Viacom Class B common stock on that date multiplied by 0.592, the number of shares of Viacom Class B common stock to be issued in the merger in exchange for each share of Infinity Class A common stock.

	Viacom Class A Historical	Viacom Class B Historical	Infinity Class A Historical	Infinity Class A Equivalent
August 14, 2000.........	$71.38	$71.00	$35.25	$42.03
October 30, 2000........	$55.50	$55.56	$30.50	$32.89
January 11, 2001........	$54.75	$54.81	$32.31	$32.45

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

RISK FACTORS

You should consider the following risks in deciding whether to vote in favor of adopting the merger agreement and approving the merger. These matters should be considered along with the other information included or incorporated by reference in this proxy statement/prospectus. We have separated the risks into two groups:

- risks relating to the merger; and

- risks relating to Viacom's business.

Risks Relating to the Merger

Fixed Exchange Ratio May Result in Lower Value of Merger Consideration

Upon completion of the merger, each share of Infinity Class A common stock will be exchanged for 0.592 of a share of Viacom non-voting Class B common stock. This exchange ratio is fixed and will not be adjusted as a result of any increase or decrease in the price of either Viacom non-voting Class B common stock or Infinity Class A common stock. Any change in the price of Viacom non-voting Class B common stock will affect the value of the consideration the Infinity stockholders receive in the merger. In addition, because the merger will be completed only after all the conditions to the merger are satisfied or waived, there is no way to be sure that the price of Viacom non-voting Class B common stock or Infinity Class A common stock at the time the merger is completed will be the same as their prices on the date of this proxy statement/prospectus or the date of the Infinity stockholders' meeting. Changes in the business, operations or prospects of Viacom or Infinity, regulatory considerations, general market and economic conditions and other factors may affect the prices of Viacom non-voting Class B common stock, Infinity Class A common stock or both. Many of those factors are beyond our control. You are encouraged to obtain current market quotations for both Viacom non-voting Class B common stock and Infinity Class A common stock.

Risks Relating to Viacom's Business

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

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

Viacom's Corporate Governance Structure Is Unusual and May Not Be a Successful Model for Managing Viacom

In connection with its merger with CBS in May 2000, Viacom agreed to a variety of unusual corporate governance arrangements. The resulting governance structure is unusual because, compared to other large U.S. corporations, the Chief Operating Officer of Viacom has more autonomy and this autonomy cannot easily be limited, unless a supermajority of the Viacom board of directors disagrees with the COO. There can be no assurance that these arrangements will prove to be a successful model for managing Viacom.

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

National Amusements, which is controlled by Mr. Redstone, owns approximately 68% of the voting power of all outstanding shares of Viacom stock. The former holders of Infinity Class A common stock, who currently hold approximately 10% of the combined voting power of all outstanding shares of Infinity common stock, after the merger will hold only Viacom non-voting Class B common stock. Mr. Redstone, through his control of National Amusements, will be able to determine the outcome of all Viacom corporate actions requiring stockholder approval except actions that under Delaware law require a class vote of the holders of Viacom Class B common stock.

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

Viacom has announced that, subject to approval of the Viacom board of directors, which will be based on an assessment of market conditions, it intends to split-off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of Viacom Class B common stock. The split-off is intended to establish Blockbuster as a stand-alone entity with objectives separate from those of Viacom's other businesses. Viacom believes that the split-off will resolve management, systemic, competitive and other problems that have arisen from the operation of various different businesses under a common parent corporation. For example, the split-off will resolve perceived conflicts of interest between Blockbuster and Paramount. These conflicts are perceived both by the movie studio competitors of Paramount and the video distribution competitors of Blockbuster. In addition, Viacom believes the split-off will allow Blockbuster to facilitate the expansion of Blockbuster's business by issuing its stock to make acquisitions. The split-off will also allow Blockbuster to provide incentives to its employees that are more closely linked to its performance. However, Viacom has previously said that it does not intend to commence the exchange offer unless the Blockbuster Class A common stock improves to a price range significantly above its current value. Viacom has received a private letter ruling from the Internal Revenue Service to the effect that such a split-off, if effected in accordance with the representations made in Viacom's request for the ruling, would be tax-free to Viacom and its stockholders. Viacom has no obligation to effect the split-off. Viacom cannot give any assurance as to whether or not or when the split-off will occur, as to the terms of the split-off if it does occur, or whether or not the split-off, if it does occur, will be tax-free.

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

If the split-off of Blockbuster occurs, any difference between the fair market value and net book value of Blockbuster at the time of the split-off will be recognized as a gain or loss for accounting purposes. Based on the October 31, 2000 closing price of Blockbuster common stock, a split-off would have resulted in a pre-tax pro forma loss from discontinued operations of approximately $3.8 billion.

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

Film and Television Production. A large number of motion picture exhibitors have recently experienced severe cash shortages, resulting in a number of bankruptcies. The weak financial conditions of these exhibitors could have an adverse effect on the terms of distribution and the available number of motion picture venues for exhibitions. The television and motion picture industry has experienced cycles of increased competition and increased costs of talent and other production costs. In addition, television and movie producers are indirectly affected by changes in viewership of broadcast and cable networks, the amount of broadcast time available on local stations for syndicated television programs and, for movies, the relative success of different forms of distribution, such as home video, pay television and network television, each of which have different profitability to producers. There can be no assurance that developments in these areas will not adversely affect the profitability of Viacom.

In seeking to limit the financial exposure of its motion pictures business, Viacom has pursued a strategy with respect to a number of films by entering into agreements to distribute such films produced and/or financed, in whole or in part, with other parties. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In some of these arrangements, the other parties control certain distribution and other ownership rights. If Viacom ceased to enter into such arrangements, the risk of financial exposure to its motion pictures business would increase.

Television and Cable Television Networks. Viacom directly competes for viewers in general, as well as for viewers in specific demographic categories, and for programming with other cable and broadcast television networks. The recently expanded availability of digital cable television and the introduction of direct-to-home satellite distribution has greatly increased the amount of channel capacity available for new networks, resulting in the launch of a number of new cable television networks by Viacom and its competitors. In addition, digital broadcast television, which has recently become available in major markets, may allow a single television station to broadcast several channels simultaneously. Increasing audience fragmentation could have an adverse effect on advertising revenue and subscription revenues. Broadcast television has experienced a decline in total audience viewership in recent years.

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

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

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

Acceptance of Viacom's Programming by the Public Is Difficult to Predict, Which Could Lead to Fluctuations in Revenues

Revenues derived from the production and distribution of a feature film, television series or radio show depend primarily upon the acceptance by the public, which is difficult to predict. The commercial success of a feature film, television series or radio show also depends upon the quality and acceptance of other competing films, television series or radio shows released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television series are generally key factors in generating revenues from other distribution channels, such as home video, free television and premium pay television. Viacom's ability to generate revenues from production and distribution could be adversely affected if its feature films, television series and radio shows are not favorably accepted by the public.

Viacom's Revenues Are Dependent upon the Maintenance of Affiliation Agreements

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

In particular, UPN's affiliation agreement with Chris-Craft expires on January 15, 2001. Chris-Craft has recently agreed to be acquired by The News Corporation Limited, one of Viacom's competitors. Chris-Craft operates UPN's affiliates in New York, Los Angeles, San Francisco, Baltimore, Minneapolis/St. Paul, Orlando, Phoenix and Portland. If Chris-Craft's stations were no longer to be affiliated with UPN, it could have a material adverse effect on UPN.

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

Changes in or Viacom's Noncompliance with Federal Communications Laws and Regulations May Have an Adverse Effect on Viacom's Business

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

Viacom presently holds television stations that reach approximately 41% of United States television households (as calculated for this purpose under rules and regulations of the FCC, which apply a 50% discount to the reach of UHF stations). These stations reach approximately 6% in excess of the 35% limit permitted by FCC regulations. In connection with FCC approval of the Viacom/CBS merger, Viacom was given one year to come into compliance with the limit.

Viacom was also provided with one year to come into compliance with the FCC's so-called "dual network" rule, which prohibits Viacom from owning and controlling both CBS and UPN (the United Paramount Network). On June 20, 2000, the FCC released a Notice of Proposed Rule Making, in which it proposed to modify the dual network rule, the effect of which would be to permit Viacom to own both CBS and UPN. Subsequent to September 30, 2000, Viacom entered into agreements relating to the sale of several radio stations, which, if consummated, will result in compliance with FCC requirements relating

to the common ownership of radio and television stations in the same market. Viacom also intends to comply with the 35% limit and the dual network rules. However, Viacom's failure to comply with any of these requirements in a timely manner could adversely affect Viacom's broadcasting business.

Viacom Has Environmental, Asbestos and Other Contingent Liabilities That Could Have a Significant Impact on Viacom

Viacom has contingent liabilities related to discontinued operations of its predecessors, including environmental liabilities. In some instances, Viacom has indemnified others against those liabilities, and in other instances, Viacom has received indemnities from third parties against those liabilities.

Under federal and state Superfund and other environmental laws, Viacom has been named as a potentially responsible party at numerous sites located throughout the country. At many of these sites, Viacom is either not a responsible party or its site involvement is very limited or de minimis. However, Viacom has varying degrees of clean-up responsibilities at a number of sites. Viacom believes that any liability incurred for cleanup at these sites will be satisfied over a number of years, and, in many cases, the costs will be shared with other potentially responsible parties. These sites include locations for which Viacom, as part of an agreement for sale, may have retained obligations for remediation of possible environmental contamination or may have continuing obligations under applicable environmental laws.

In addition, Viacom is a party to various lawsuits and has received claims relating to its continuing and discontinued operations. Some of these lawsuits and claims, including those related to asbestos liabilities, seek substantial monetary damages.

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

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

- the timing, impact and other uncertainties related to pending and future acquisitions and dispositions by Viacom;

- the ability of Viacom and Infinity to renew existing programming, licensing and distribution agreements and to enter into new agreements;

- the impact of new technologies, including the magnitude of equity losses and other uncertainties related to Viacom's Internet-based investments;

- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations; and

- interest rate fluctuations and other capital market conditions.

These factors and the risk factors described in the previous section are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus, and under section 27A of the Securities Act and section 21E of the Exchange Act we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances. We cannot assure you that projected results or events will be achieved.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

General

The following unaudited pro forma combined condensed financial statements give effect to the purchase of the minority interest of Infinity Broadcasting Corporation by Viacom. The Infinity merger will be accounted for at historical cost, with the exception of the minority interest which will be accounted for under the purchase method of accounting. Accordingly, the cost to acquire the Infinity minority interest in excess of its carrying value will be allocated on a pro-rata basis to the assets acquired and liabilities assumed based on their fair values, with any excess being allocated to goodwill and amortized over its estimated useful life. The total purchase price of approximately $13.4 billion represents the issuance of approximately 231 million shares of Viacom non-voting Class B Common Stock, the estimated fair value of Viacom stock options issued in exchange for Infinity stock options and estimated transactions costs.

The pro forma balance sheet as of September 30, 2000 is presented as if the Infinity merger had occurred on September 30, 2000. The pro forma statements of operations for the nine months ended September 30, 2000 and for the year ended December 31, 1999 are presented as if the Viacom/CBS merger and other Viacom and CBS transactions described in the notes to the unaudited pro forma combined condensed financial statements had occurred no later than the beginning of each period presented. In the opinion of management, all adjustments and/or disclosures necessary for a fair presentation of the pro forma data have been made. These unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or the financial position that would have been achieved had the Infinity merger or the other Viacom and CBS transactions been consummated as of the dates indicated or of the results that may be obtained in the future.

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

- Viacom's consolidated financial statements and the notes thereto as of and for the year ended December 31, 1999 and Management's Discussion and Analysis included in Viacom's Annual Report on Form 10-K for the year ended December 31, 1999, which is incorporated by reference in this proxy statement/prospectus;

- Infinity's consolidated financial statements and the notes thereto as of and for the year ended December 31, 1999 and Management's Discussion and Analysis included in Infinity's Annual Report on Form 10-K for the year ended December 31, 1999, which is incorporated by reference in this proxy statement/prospectus;

- CBS' consolidated financial statements and the notes thereto as of and for the year ended December 31, 1999 and Management's Discussion and Analysis included in CBS' Annual Report on Form 10-K for the year ended December 31, 1999, which is incorporated by reference in this proxy statement/ prospectus;

- Viacom's unaudited consolidated financial statements and the notes thereto as of and for the nine-month period ended September 30, 2000 included in Viacom's Quarterly Report on Form 10-Q, which is incorporated by reference in this proxy statement/prospectus;

- Infinity's unaudited consolidated financial statements and the notes thereto as of and for the nine-month period ended September 30, 2000 included in Infinity's Quarterly Report on Form 10-Q, which is incorporated by reference in this proxy statement/prospectus; and

- Viacom's pro forma financial statements as of and for the three-month period ended March 31, 2000 and for the year ended December 31, 1999 included in Viacom's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on July 17, 2000, which is incorporated by reference in this proxy statement/prospectus.

VIACOM INC.

UNAUDITED PRO FORMA
COMBINED CONDENSED BALANCE SHEET
At September 30, 2000

(in millions)

	Viacom Historical	Infinity Merger (1)	Pro Forma Combined
ASSETS:			
Cash and cash equivalents....................	$ 993	$ --	$ 993
Receivables, net.............................	3,502	--	3,502
Other current assets.........................	3,025	15	3,040
Total current assets.........................	7,520	15	7,535
Property and equipment, net..................	6,537	--	6,537
Intangibles, net.............................	61,643	7,742	69,385
Other noncurrent assets......................	6,723	1	6,724
Total Assets.................................	$82,423	$ 7,758	$90,181
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Accounts payable, accrued expenses and other..	$ 6,821	$ 30	$ 6,851
Current portion of long-term debt............	238	--	238
Total current liabilities....................	7,059	30	7,089
Long-term debt...............................	12,639	--	12,639
Other noncurrent liabilities.................	7,521	--	7,521
Total Liabilities............................	27,219	30	27,249
Minority interest in equity of consolidated subsidiaries................................	7,009	(5,682)	1,327
Stockholders' Equity:			
Common stock.................................	16	2	18
Additional paid-in capital...................	49,975	13,165 227 16	63,383
Retained earnings............................	1,401	--	1,401
Accumulated other comprehensive loss..........	(126)	--	(126)
Less treasury stock, at cost.................	(3,071)	--	(3,071)
Total stockholders' equity...................	48,195	13,410	61,605
Total Liabilities and Stockholders' Equity....	$82,423	$ 7,758	$90,181

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

VIACOM INC.

UNAUDITED PRO FORMA
COMBINED CONDENSED STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2000

(in millions, except per share amounts)

Viacom/CBS

	Viacom Historical	Merger & Acquisitions (2)	Subtotal	Infinity Merger (1)	Pro Forma Combined
Revenues................	$ 13,900	$ 3,454	$ 17,354	$ --	$ 17,354
Operating and selling, general and administrative expenses...............	(11,019)	(2,683)	(13,702)	(11)	(13,713)
Merger-related charges..	(698)	--	(698)	--	(698)
Depreciation and amortization...........	(1,461)	(630)	(2,091)	(145)	(2,236)
Operating income (loss).................	722	141	863	(156)	707
Other income and expense, net...........	(15)	(2)	(17)	--	(17)
Interest expense, net...	(524)	(182)	(706)	--	(706)
Earnings (loss) from continuing operations before income taxes....	183	(43)	140	(156)	(16)
Provision for income taxes..................	(470)	(114)	(584)	4	(580)
Equity in loss of affiliated companies, net of tax............	(71)	(80)	(151)	--	(151)
Minority interest, net of tax.................	(36)	(12)	(48)	93	45
Loss from continuing operations.............	$ (394)	$ (249)	$ (643)	$ (59)	$ (702)
Loss from continuing operations per common share:					
Basic.................	$ (.35)		$ (.43)		$ (.40)
Diluted..............	$ (.35)		$ (.43)		$ (.40)
Weighted average shares outstanding:					
Basic.................	1,134		1,508	231 (/1/)	1,739
Diluted..............	1,134		1,508	231 (/1/)	1,739

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

VIACOM INC.

UNAUDITED PRO FORMA
COMBINED CONDENSED STATEMENT OF OPERATIONS
For the Year Ended December 31, 1999

(in millions, except per share amounts)

Viacom/CBS

	Viacom Historical	Merger & Acquisitions(2)	Subtotal	Infinity Merger(1)	Pro Forma Combined
Revenues................	$ 12,859	$ 9,298	$ 22,157	$ --	$ 22,157
Operating and selling, general and administrative expenses...............	(10,697)	(7,096)	(17,793)	(15)	(17,808)
Restructuring charge....	(70)	--	(70)	--	(70)
Residual costs of discontinued businesses............	--	(85)	(85)	--	(85)
Depreciation and amortization...........	(845)	(1,851)	(2,696)	(194)	(2,890)
Operating income (loss).................	1,247	266	1,513	(209)	1,304
Other income and expense, net...........	18	(14)	4	--	4
Interest expense, net...	(421)	(426)	(847)	--	(847)
Earnings (loss) from continuing operations before income taxes....	844	(174)	670	(209)	461
Provision for income taxes..................	(411)	(396)	(807)	6	(801)
Equity in loss of affiliated companies net of tax............	(61)	(10)	(71)	--	(71)
Minority interest, net of tax................	--	(76)	(76)	52	(24)
Earnings (loss) from continuing operations..	372	(656)	(284)	(151)	(435)
Cumulative convertible preferred stock dividend requirement and premium on repurchase of preferred stock..................	(13)	--	(13)	--	(13)
Earnings (loss) from continuing operations attributable to common stock..................	$ 359	$ (656)	$ (297)	$(151)	$ (448)
Earnings (loss) from continuing operations per common share:					
Basic.................	$ .52		$ (.20)		$ (.26)
Diluted..............	$ .51		$ (.20)		$ (.26)
Weighted average shares outstanding:					
Basic.................	695		1,506	231 (/1/)	1,737
Diluted..............	710		1,506	231 (/1/)	1,737

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

VIACOM INC.

NOTES TO UNAUDITED PRO FORMA COMBINED
CONDENSED FINANCIAL STATEMENTS

(tables in millions, except per share amounts)

(1) Acquisition of Infinity's Class A Common Stock

On October 30, 2000, Viacom and Infinity entered into a merger agreement under which Viacom agreed to acquire all of the issued and outstanding shares of Infinity common stock that it does not currently own, approximately 391 million shares of Infinity Class A common stock or 36% of Infinity's currently outstanding total equity. Pursuant to the merger agreement, Viacom will exchange 0.592 of a share of Viacom non-voting Class B common stock for each share of Infinity Class A common stock. For the purpose of the unaudited pro forma combined condensed financial statements, the $56.913 per share value of Viacom non-voting Class B common stock issued was calculated based on the average market price per share of the Viacom non-voting Class B common stock from October 27, 2000 through November 2, 2000.

The total purchase price and preliminary allocation are summarized below:

Total Infinity common shares outstanding not currently owned by Viacom (as of October 30, 2000)	391
Exchange ratio	0.592
Viacom non-voting Class B common stock to be issued	231
Purchase Price:	
Value of Viacom non-voting Class B common stock issued (231 shares at $56.913 per share):	
Common stock, $.01 par value	$ 2
Additional paid-in capital	13,165
Estimated fair value of Infinity stock options	227
Estimated transaction costs	30
Total purchase price	$13,424

Preliminary purchase price allocation:	
Total purchase price	$13,424
Infinity minority interest	(5,682)
Excess purchase price over tangible net assets acquired	$ 7,742

For the purpose of these unaudited pro forma combined condensed financial statements, amortization of the excess purchase price over tangible net assets acquired of approximately $7.7 billion, is computed on a straight-line basis using a useful life of 40 years. Accordingly, the adjustment to amortization expense for the nine months ended September 30, 2000 and for the twelve months ended December 31, 1999 is $145 million and $194 million, respectively.

The adjustments to other current assets of $15 million and other noncurrent assets of $1 million on the pro forma balance sheet reflect the recognition of the unearned compensation attributable to Viacom stock options granted in exchange for unvested Infinity stock options. Accordingly, amortization of unearned compensation of $11 million and $15 million is recorded on the pro forma statement of operations for the nine months ended September 30, 2000 and the twelve months ended December 31, 1999, respectively. The adjustment to eliminate minority interest in earnings for the nine months ended September 30, 2000 and twelve months ended December 31, 1999 of $93 million and $52 million, respectively, reflects the assumption that the Viacom/Infinity merger occurred at the beginning of each period presented. The adjustments to the provision for income taxes, excluding non-deductible goodwill amortization, is calculated at a 40 percent marginal tax rate, for both periods presented.

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VIACOM INC.

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

(tables in millions, except per share amounts)

(2) Viacom/CBS Merger and Acquisitions

The following tables present the operating results of (a) CBS (prior to the merger with Viacom on May 4, 2000), (b) other acquisitions as discussed below; and (c) pro forma adjustments as if all transactions had occurred no later than the beginning of each period presented:

Nine Months ended September 30, 2000	CBS(a)	Other Acquisitions(b)	Adjustments(c)	Viacom/CBS Merger & Acquisitions
Revenues................	$ 3,258	$ 196	$ --	$ 3,454
Operating and selling, general and administrative expenses...............	(2,512)	(193)	22	(2,683)
Depreciation and amortization...........	(399)	(12)	(219)	(630)
Operating income (loss).................	347	(9)	(197)	141
Other income and expense, net...........	(2)	--	--	(2)
Interest expense, net...	(103)	(6)	(73)	(182)
Earnings (loss) from continuing operations before income taxes....	242	(15)	(270)	(43)
Benefit (provision) for income taxes...........	(161)	18	29	(114)
Equity in earnings (loss) of affiliated				

companies, net of tax..	(97)	17	--	(80)
Minority interest, net of tax................	(22)	--	10	(12)
Earnings (loss) from continuing operations..	$ (38)	$ 20	$(231)	(249)

Year Ended December 31, 1999	CBS Pro Forma Combined(a)	Other Acquisitions(b)	Adjustments(c)	Viacom/CBS Merger & Acquisitions
Revenues................	$ 8,810	$ 488	$ --	$ 9,298
Operating and selling, general and administrative expenses..............	(6,428)	(602)	(66)	(7,096)
Residual costs of discontinued businesses............	(175)	--	90	(85)
Depreciation and amortization...........	(1,178)	(31)	(642)	(1,851)
Operating income (loss)................	1,029	(145)	(618)	266
Other income and expense, net...........	(15)	1	--	(14)
Interest expense, net...	(286)	(9)	(131)	(426)
Earnings (loss) from continuing operations before income taxes....	728	(153)	(749)	(174)
Benefit (provision) for income taxes..........	(528)	75	57	(396)
Equity in earnings (loss) of affiliated companies, net of tax..	(73)	63	--	(10)
Minority interest.......	(99)	5	18	(76)
Earnings (loss) from continuing operations..	$ 28	$ (10)	$(674)	(656)

(a) On May 4, 2000, CBS merged with and into Viacom. The Viacom/CBS Merger was accounted for under the purchase method of accounting. CBS' results of operations are included in Viacom's reported consolidated results of operations from the effective date of the Viacom/CBS merger.

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VIACOM INC.

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

(tables in millions, except per share amounts)

CBS' operating results from January 1, 2000 to May 3, 2000 are based on its historical operations during that period. CBS' pro forma combined operating results for the year ended December 31, 1999 are derived from its historical operations adjusted for the following acquisitions:

- On December 7, 1999, Infinity Broadcasting acquired Outdoor Systems, Inc.
- On November 15, 1999, CBS acquired King World Productions, Inc.
- On October 12, 1999, CBS acquired KTVT, a CBS affiliate television station in Dallas-Forth Worth, Texas.
- On August 31, 1999, CBS acquired KEYE, a CBS affiliate television station in Austin, Texas.

(b) Other Acquisitions, for the nine months ended September 30, 2000 and the year ended December 31, 1999, reflect the following events as if they occurred at the beginning of each period presented:

- During June 2000, Infinity acquired two international outdoor advertising businesses for approximately $490 million.
- During July 2000, Infinity acquired Waterman Broadcasting Corporation of Texas in exchange for approximately 2.7 million shares of Infinity Class A common stock valued at approximately $88 million.
- During August 2000, Infinity acquired 18 radio stations from Clear Channel Communications, Inc. for $1.4 billion.
- During March 2000, Viacom acquired the remaining 50% interest in UPN for $5 million.
- During August 1999, Blockbuster Inc., a subsidiary of Viacom, completed the initial public offering of 31 million shares of its Class A common stock at $15 per share.

(c) Pro forma adjustments for the Viacom/CBS merger and other acquisitions as described in Note (b), for the nine months ended September 30, 2000 and the year ended December 31, 1999, reflect the following:

- The elimination of CBS residual costs of discontinued businesses resulting from the accrual of such obligations in conjunction with the Viacom/CBS merger.
- Incremental amortization expense of excess purchase price over net assets acquired.
- Adjustment to interest expense, net, related to the incremental interest income not earned as a result of the use of cash for the settlement of CBS options and severance payments.
- Income tax expense on the pro forma adjustments, excluding non-deductible goodwill amortization, at a 40 percent marginal rate.

In June 2000, Viacom elected early adoption of Statement of Position 00-2, "Accounting by Producers and Distributors of Films." SOP 00-2 established new film accounting standards, including changes in revenue recognition and accounting for advertising, development and overhead costs. The unaudited pro forma combined condensed statements of operations for the nine months ended September 30, 2000 and for the year ended December 31, 1999 are presented as if the adoption had occurred at the beginning of each period presented.

VIACOM INC.

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

(tables in millions, except per share amounts)

(3) Pro Forma EBITDA

The following table sets forth pro forma EBITDA for the nine months ended September 30, 2000 and the year ended December 31, 1999. EBITDA is defined as operating income (loss) before depreciation and amortization. While many in the financial community consider EBITDA to be an important measure of comparative operating performance, it should be considered in addition to, not as a substitute for or superior to, operating income, net earnings, cash flow and other measures of financial performance prepared in accordance with generally accepted accounting principles.

	For the nine months ended September 30, 2000	For the year ended December 31, 1999
Pro Forma EBITDA................................	$2,943	$4,194

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

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

- Certain acquisitions and dispositions made by Viacom or CBS that were not considered material for the periods presented.
- Acquisition by Viacom of Black Entertainment Television cable network. Viacom and BET Holding II, Inc. executed a definitive agreement as of November 2, 2000. The acquisition is expected to close during the first quarter of 2001.
- Viacom had previously announced that, subject to the approval of its board of directors, which will be based on an assessment of market conditions, it intends to split off Blockbuster by offering to exchange all of its shares of Blockbuster for shares of Viacom's non-voting Class B common stock. However, Viacom has said that it does not intend to commence the offer unless the Blockbuster Class A common stock improves to a price range significantly above its current value. The aggregate market value of the shares of Blockbuster common stock based on the October 31, 2000 closing price of $8.875 per share of Blockbuster common stock was approximately $1.6 billion. The net book value of Viacom's investment in Blockbuster at September 30, 2000, after giving effect to the initial public offering, was approximately $5.0 billion. Based on the October 31, 2000 closing stock price of Blockbuster, a split-off would have resulted in a pre-tax pro forma loss on discontinued operations of approximately $3.8 billion. Viacom cannot give any assurance as to whether or not or when the split-off will occur or as to the terms of the split