VIACOM INC
Form DEF 14A
April 22, 2003

VIACOM INC.

**NOTICE OF 2003 ANNUAL MEETING
AND PROXY STATEMENT**

To Viacom Inc. Stockholders:

The Annual Meeting of Stockholders of Viacom Inc. (the "Company") will be held at the Equitable Center, 787 Seventh Avenue (at 51st Street), New York, New York at 10:00 a.m. on Wednesday, May 21, 2003. The principal business of the meeting will be consideration of the following matters:

1. The election of 17 directors;
2. The adoption of an Amended and Restated Certificate of Incorporation of Viacom Inc. which amends certain provisions relating to indemnification of directors, officers, employees and agents;
3. The approval of the Amended and Restated Viacom Inc. Senior Executive Short-Term Incentive Plan which amends certain provisions relating to the performance criteria and increases the maximum limit for bonuses payable under the plan;
4. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as independent auditors for Viacom Inc. for calendar year 2003; and
5. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

The close of business on March 24, 2003 has been fixed as the record date for determining the holders of shares of the Company's Class A Common Stock entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at the Company's corporate headquarters located at 1515 Broadway, New York, New York 10036-5794.

By order of the Board of Directors,

MICHAEL D. FRICKLAS
Secretary

April 21, 2003

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PROXY STATEMENT

A Proxy is being solicited by the Board of Directors of Viacom Inc. (the "Company" or "Viacom") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 21, 2003. Holders of shares of the Company's Class A Common Stock, $0.01 par value ("Class A Common Stock"), on the books of the Company at the close of business on March 24, 2003 are entitled to notice of and to vote at the Annual Meeting and any adjournments thereof. As of March 24, 2003, the Company had outstanding 134,927,417 shares of Class A Common Stock, each of such shares being entitled to one vote, and 1,620,258,015 shares of non-voting Class B Common Stock, $0.01 par value ("Class B

Common Stock" and, together with the Class A Common Stock, "Common Stock").

A Proxy may be revoked at any time prior to being voted by written notice to the Secretary of the Company, by submission (including telephonic or electronic submission) of a Proxy bearing a later date or by voting in person at the meeting. Each valid and timely Proxy not revoked will be voted at the Annual Meeting in accordance with the instructions thereon or if no instructions are specified thereon, then the Proxy will be voted as recommended by the Board of Directors. The affirmative vote of the holders of a majority of the aggregate voting power of Class A Common Stock having voting power present in person or represented by proxy is required for the election of directors, the approval of the Amended and Restated Viacom Inc. Senior Executive Short-Term Incentive Plan (the "Proposed Plan") and the ratification of the appointment of the independent auditors. The affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock is required for the adoption of the proposed Amended and Restated Certificate of Incorporation. A broker non-vote with respect to the election of directors, the approval of the Proposed Plan or the ratification of the appointment of the independent auditors will have no effect on such matters. A broker non-vote with respect to the adoption of the proposed Amended and Restated Certificate of Incorporation will have the effect of a vote against the adoption. An abstention with respect to any matter brought before the meeting will have the effect of a vote against such matter.

A Proxy for shares of Class A Common Stock held in the Company's or Blockbuster Inc.'s 401(k) plans may be revoked at any time prior to being voted by written notice to the Trustee of the respective plan or by submission (including telephonic or electronic submission) of a Proxy bearing a later date. Proxies for shares of Class A Common Stock held in the Company's or Blockbuster Inc.'s 401(k) plans that have not been voted will be voted in the same proportion as shares held in the respective plan that have been voted.

As of March 24, 2003, National Amusements, Inc. ("National Amusements") beneficially owned approximately 69% of the Class A Common Stock and approximately 11% of the outstanding Class A Common Stock and Class B Common Stock on a combined basis. Sumner M. Redstone, the controlling stockholder of National Amusements, is Chairman of the Board and Chief Executive Officer of the Company.

National Amusements has advised the Company that it intends to vote all of its shares of Class A Common Stock in favor of the election of the 17 nominated directors, the adoption of the proposed Amended and Restated Certificate of Incorporation, the approval of the Proposed Plan and the ratification of the appointment of the independent auditors. Such action by National Amusements will be sufficient to elect such directors, adopt the proposed Amended and Restated Certificate of Incorporation, approve the Proposed Plan and ratify the appointment of the independent auditors without any action on the part of any other holder of Class A Common Stock.

The complete mailing address of the principal executive offices of the Company is 1515 Broadway, New York, New York 10036-5794. The Company intends to commence its distribution of the Proxy Statement and the Proxy on or about April 21, 2003.

ITEM 1 ELECTION OF DIRECTORS

The election of 17 directors of the Company is proposed, each to hold office, in accordance with the Company's Restated Certificate of Incorporation and By-Laws, for one year and until his or her successor is elected and qualified. The Board of Directors proposes for election: George S. Abrams, David R. Andelman, Joseph A. Califano, Jr., William S. Cohen, Philippe P. Dauman, William H. Gray III, Alan C. Greenberg, Mel Karmazin, Jan Leschly, David T. McLaughlin, Shari Redstone, Sumner M. Redstone, Frederic V. Salerno, William Schwartz, Ivan Seidenberg, Patty Stonesifer and Robert D. Walter. All of the nominees other than Joseph A. Califano, William S. Cohen and Alan C. Greenberg are current members of the Company's Board of Directors. Three of the current directors, George H. Conrades, Ken Miller and Brent Redstone, are not standing for re-election at the 2003 Annual Meeting. Leslie Moonves resigned from the Board effective April 1, 2003. The size of the Board will be reduced to 17 members at the time of the Annual Meeting. The persons named in the enclosed or attached Proxy will vote the shares of Class A Common Stock covered by such Proxy for the election of the director nominees set forth below, unless instructed to the contrary. If, for any reason, any of said nominees becomes unavailable for election, the holders of the Proxies may exercise discretion to vote for substitutes proposed by the Board. Management has no reason to believe that the persons named will be unable to serve if elected or will decline to do so.

INFORMATION CONCERNING DIRECTOR NOMINEES

Set forth below is information concerning each nominee for director of the Company. All of the nominees are currently directors of the Company other than Joseph A. Califano, William S. Cohen and Alan C. Greenberg. A determination has been made by the Board of Directors that the nominees for director denoted with an asterisk (*) are independent of the Company and its management within the standards set forth in the Company's Corporate Governance Guidelines.

Nominee for Director	Company Offices and Principal Occupation

Nominee for Director	Company Offices and Principal Occupation
George S. Abrams Age 71 Director since 1987	Attorney associated with the law firm of Winer and Abrams in Boston, Massachusetts since 1969. Mr. Abrams is a trustee of the Museum of Fine Arts in Boston, the Harvard University Art Museums and The European Fine Arts Foundation. Mr. Abrams is a director of National Amusements and Sonesta International Hotels Corporation.
David R. Andelman Age 63 Director since December 2000	Attorney associated with the law firm of Lourie & Cutler, P.C. in Boston, Massachusetts since 1964. Mr. Andelman serves as a director and treasurer of Lourie & Cutler, P.C. He is a director of National Amusements.
Joseph A. Califano, Jr.* Age 72 First Time Nominee for Director	Chairman of the Board and President of The National Center on Addiction and Substance Abuse at Columbia University in New York City since 1992. Mr. Califano has served as Adjunct Professor of Public Health at Columbia University's Medical School and School of Public Health since 1992 and is a member of the Institute of Medicine of the National Academy of Sciences. Mr. Califano was senior partner of the Washington, D.C. office of the law firm Dewey Ballantine from 1983 to 1992. Mr. Califano served as the United States Secretary of Health, Education and Welfare from 1977 to 1979, and he served as President Lyndon B. Johnson's Assistant for Domestic Affairs from 1965 to 1969. He is the author of nine books. Mr. Califano is a director of Automatic Data Processing, Inc.

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Nominee for Director	Company Offices and Principal Occupation
William S. Cohen* Age 62 First Time Nominee for Director	Chairman and Chief Executive Officer of The Cohen Group, a business consulting firm, since January 2001. Prior to that, Mr. Cohen served as the United States Secretary of Defense since January 1997. He served as a United States Senator from 1979 to 1997 and as a member of the United States House of Representatives from 1973 to 1979. He is a director of Cendant Corporation, Critical Path Software Inc., Head N.V., IDT Telecom, and NASDAQ.
Philippe P. Dauman Age 49 Director since 1987	Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm, since May 2000. Mr. Dauman served as Deputy Chairman of the Company from 1996 until May 2000 and Executive Vice President from 1994 until May 2000. From 1993 to 1998, Mr. Dauman also served as General Counsel and Secretary of the Company. Prior to that, he was a partner in the law firm of Shearman & Sterling in New York, which he joined in 1978. Mr. Dauman is a director of Blockbuster Inc. ("Blockbuster"), a majority-owned subsidiary of the Company, Genuity Inc., Lafarge North America Inc. and National Amusements.
William H. Gray III* Age 61 Director since May 2000	President and Chief Executive Officer of The College Fund/UNCF since 1991. From 1979 to 1991, Mr. Gray served as a member of the United States House of Representatives, Chairman of the Budget Committee and House Majority Whip. He is a director of Dell Corporation, Electronic Data Systems Corporation, Ezgov.com, J. P. Morgan Chase & Co., Pfizer Inc., Prudential Financial Company, Rockwell International Corporation and Visteon Corporation. Mr. Gray was a director of CBS Corporation until the merger of CBS Corporation with the Company in May 2000 (the "CBS Merger").
Alan C. Greenberg* Age 75 First Time Nominee for Director	Chairman of the Executive Committee of The Bear Stearns Companies Inc. ("Bear Stearns"). Mr. Greenberg served as Chairman of the Board of Bear Stearns from 1985 to 2001 and as its Chief Executive Officer from 1978 to 1993.

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Nominee for Director	Company Offices and Principal Occupation
Mel Karmazin Age 59 Director since May 2000	President and Chief Operating Officer of the Company since May 2000. Mr. Karmazin served as President and Chief Executive Officer of CBS Corporation from January 1999 until the CBS Merger. He was President and Chief Operating Officer of CBS Corporation from April 1998

Nominee for Director	Company Offices and Principal Occupation
	through December 1998. Mr. Karmazin joined CBS Corporation in December 1996 as Chairman and Chief Executive Officer of CBS Radio and served as Chairman and Chief Executive Officer of the CBS Station Group (Radio and Television) from May 1997 to April 1998. Prior to joining CBS Corporation, Mr. Karmazin served as President and Chief Executive Officer of Infinity Broadcasting Corporation ("Infinity") from 1981 until its acquisition by CBS Corporation in December 1996. Mr. Karmazin served as Chairman, President and Chief Executive Officer of Infinity from December 1998 until the merger of Infinity with the Company in February 2001 (the "Infinity Merger"). Mr. Karmazin is Vice Chairman of the Board of Trustees for The Museum of Television and Radio and is a director of Blockbuster, the New York Stock Exchange, Inc. ("NYSE") and Westwood One, Inc. Mr. Karmazin was a director of CBS Corporation at the time of the CBS Merger and was a director of Infinity until the Infinity Merger.
Jan Leschly* Age 62 Director since May 2000	Chairman and Chief Executive Officer of Care Capital L.L.C., a private equity firm, since May 2000. Mr. Leschly served as the Chief Executive Officer of SmithKline Beecham Corp. from 1994 until April 2000. He served as Chairman of SmithKline Beecham's Worldwide Pharmaceutical business from 1990 to 1994 and has been a director of SmithKline Beecham Corp. since 1990. Prior to that, Mr. Leschly was President and Chief Operating Officer of Squibb Corporation. Before joining Squibb Corporation in 1979, he served as Executive Vice President and President of the Pharmaceutical Division of Novo-Nordisk for eight years. Mr. Leschly serves on The International Advisory Board of DaimlerChrysler and is Chairman of the International Tennis Hall of Fame. He is a director of the American Express Co. and The Maersk Group and was a director of CBS Corporation at the time of the CBS Merger.
David T. McLaughlin* Age 71 Director since May 2000	Chairman of the Board of Orion Safety Products (formerly Standard Fusee Corporation) since 1988 and Chief Executive Officer from 1988 to December 31, 2000. Mr. McLaughlin served as Chairman of The Aspen Institute from 1987 to 1988 and was appointed President and Chief Executive Officer in 1988, a position he held until 1997. Upon his retirement from The Aspen Institute in 1997, he was named president emeritus. Mr. McLaughlin was President of Dartmouth College from 1981 to 1987. He served as Chairman and Chief Executive Officer of Toro Company from 1977 to 1981, after serving in various management positions at Toro Company since 1970. Mr. McLaughlin became Chairman of the Board of CBS Corporation in January 1999 and served as a director of CBS Corporation from 1979 until the CBS Merger. He served as a director of Infinity until the Infinity Merger. Mr. McLaughlin is Chairman of the American Red Cross.

Nominee for Director	Company Offices and Principal Occupation
Shari Redstone Age 49 Director since 1994	President of National Amusements since January 2000. Prior to that, Ms. Redstone served as Executive Vice President of National Amusements since 1994. She practiced law from 1978 to 1993; her practice included corporate law, estate planning and criminal law. Ms. Redstone is a member of the Board of Directors and Executive Committee for the National Association of Theatre Owners, Co- Chairman and Co-Chief Executive Officer of MovieTickets.com, Inc., Chairman and Chief Executive Officer of CineBridge Ventures, Inc., Chairman and Chief Executive Officer of Rising Star Media, a member of the Board of Trustees at Dana Farber Cancer Institute and a member of the Board of Directors at Combined Jewish Philanthropies. She is also on the Board of Directors of the John F. Kennedy Library Foundation and a member of the Board of Overseers at Brandeis University and was formerly a member of the Board of Trustees at Tufts University. Ms. Redstone is a director of National Amusements.
Sumner M. Redstone Age 79 Director since 1986	Chairman of the Board of the Company since 1987 and Chief Executive Officer since 1996. Mr. Redstone has served as Chairman of the Board of National Amusements since 1986 and Chief Executive Officer of National Amusements since 1967. He also served as President of National Amusements from 1967 through 1999. He is a member of the Advisory Council for the Academy of Television Arts and Sciences Foundation and is on the Board of Trustees for

Nominee for Director	Company Offices and Principal Occupation
	The Museum of Television and Radio. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. Since 1982, Mr. Redstone has been a member of the faculty of Boston University Law School, where he has lectured on entertainment law, and since 1994, he has been a Visiting Professor at Brandeis University. He has also been a frequent lecturer at colleges, including Harvard Law School. Mr. Redstone graduated from Harvard University in 1944 and received a LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as Law Secretary with the United States Court of Appeals, and then as a Special Assistant to the United States Attorney General. He served as a director of Infinity until the Infinity Merger. Mr. Redstone is a director of Blockbuster.
Frederic V. Salerno* Age 59 Director since 1994	Vice Chairman and Chief Financial Officer of Verizon Communications Inc. ("Verizon"), formerly Bell Atlantic Corporation ("Bell Atlantic"), from June 2000 to October 2002. Prior to that, Mr. Salerno served as Vice Chairman and Chief Financial Officer of Bell Atlantic since August 1997. Prior to the merger of Bell Atlantic and NYNEX Corporation ("NYNEX"), he served as Vice Chairman Finance and Business Development of NYNEX from 1994 to 1997. Mr. Salerno was Vice Chairman of the Board of NYNEX and President of the NYNEX Worldwide Services Group from 1991 to 1994. Mr. Salerno is Chairman of the Board of Lynch Interactive Corp. and a director of Akamai Technologies, Inc., Avnet Inc., The Bear Stearns Companies, Inc., Consolidated Edison, Inc. and Dun & Bradstreet Corp.

Nominee for Director	Company Offices and Principal Occupation
William Schwartz* Age 69 Director since 1987	Counsel to Cadwalader, Wickersham & Taft since 1988. Mr. Schwartz also served as Vice President for Academic Affairs (the chief academic officer) of Yeshiva University from 1993 to July 1998 and has been University Professor of Law at Yeshiva University and the Cardozo School of Law since 1991. He was Dean of the Boston University School of Law from 1980 to 1988 and a professor of law at Boston University from 1955 to 1991. Mr. Schwartz was Chairman of the Board of UST Corporation and is a member of the Advisory Board of WCI Steel, Inc. He is an honorary member of the National College of Probate Judges. He served as Chairman of the Boston Mayor's Special Commission on Police Procedures and was formerly a member of the Legal Advisory Board of the NYSE.
Ivan Seidenberg* Age 56 Director since 1995	President and Chief Executive Officer of Verizon (formerly Bell Atlantic) since April 1, 2002. Mr. Seidenberg served as President and Co-Chief Executive Officer of Verizon from June 2000 until April 2002. Prior to that, Mr. Seidenberg served as Chairman of the Board of Bell Atlantic since December 1998 and Chief Executive Officer since June 1998. Prior to the merger of Bell Atlantic and NYNEX, he served as Chairman and Chief Executive Officer of NYNEX since 1995. Mr. Seidenberg is a director of Honeywell International Inc., Verizon and Wyeth.
Patty Stonesifer* Age 46 Director since May 2000	Co-Chair and President of the Bill and Melinda Gates Foundation (the "Foundation") since 1999. From 1997 to 1999, Ms. Stonesifer served as Chairwoman and President of the Gates Learning Foundation until it combined with the William H. Gates Foundation to form the Foundation. Prior to that, Ms. Stonesifer ran her own management consulting firm from 1996 to 1997. From 1988 to 1996, she held various senior management positions at Microsoft Corporation including Senior Vice President, Interactive Media Division, and Senior Vice President, Consumer Division. Ms. Stonesifer is a director of Amazon.com and she was a director of CBS Corporation at the time of the CBS Merger.
Robert D. Walter* Age 57 Director since May 2000	Founder, Director, Chairman and Chief Executive Officer of Cardinal Health, Inc. since 1971. He is a member of the Boards of Trustees of Battelle Memorial Institute and Ohio University. Mr. Walter is a director of American Express Co. and was a director of CBS Corporation at the time of the CBS Merger and a director of Infinity until the Infinity Merger.

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

The Board of Directors recommends a vote "FOR" the election of the nominees for director named above.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below, as of December 31, 2002 except as otherwise noted, is certain information concerning beneficial ownership of each equity security of the Company and Blockbuster by (i) each director and nominee, (ii) each of the executive officers whose individual compensation is disclosed in the tables that appear on subsequent pages, and (iii) current directors and executive officers of the Company as a group. Each person has sole voting and investment power over the shares reported except as noted. Also set forth below, as of December 31, 2002, is certain information concerning beneficial ownership by holders of 5% or more of the Class A Common Stock.

	Beneficial Ownership of Equity Securities			
Name	**Title of Equity Security**	**Number of Equity Shares**	**Option Shares(1)**	**Percent of Class**
George S. Abrams	Viacom Class A Common	17,234(2)		*
	Viacom Class B Common	17,980(2)	57,000	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
David R. Andelman	Viacom Class A Common	1,563(2)		*
	Viacom Class B Common	1,572(2)	16,000	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Richard J. Bressler	Viacom Class A Common			
	Viacom Class B Common	42(3)	250,000	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Joseph A. Califano	Viacom Class A Common			
	Viacom Class B Common	5,880(4)(5)		
	Blockbuster Class A Common			
	Blockbuster Class B Common			
William S. Cohen	Viacom Class A Common			
	Viacom Class B Common			
	Blockbuster Class A Common			
	Blockbuster Class B Common			
George H. Conrades	Viacom Class A Common	2,099(2)		*
	Viacom Class B Common	42,631(2)(6)(7)	35,654	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Philippe P. Dauman	Viacom Class A Common	2,121(3)(5)		*
	Viacom Class B Common	17,560(3)(5)	1,193,200	*
	Blockbuster Class A Common	1,328		*
	Blockbuster Class B Common			
Michael D. Fricklas	Viacom Class A Common	46(3)		*
	Viacom Class B Common	1,188(3)	330,416	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			

Beneficial Ownership of Equity Securities

	Beneficial Ownership of Equity Securities			
Name	**Title of Equity Security**	**Number of Equity Shares**	**Option Shares(1)**	**Percent of Class**
William H. Gray III	Viacom Class A Common			
	Viacom Class B Common	13,181(6)(7)	30,319	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Alan C. Greenberg	Viacom Class A Common			
	Viacom Class B Common	25,000(4)		
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Mel Karmazin	Viacom Class A Common			
	Viacom Class B Common	3,752,563(3)(5)(8)	7,183,324	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Jan Leschly	Viacom Class A Common	2,118(2)		*
	Viacom Class B Common	45,532(2)	23,412	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
David T. McLaughlin	Viacom Class A Common	9,500		*
	Viacom Class B Common	30,061(6)(7)	58,733	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Ken Miller	Viacom Class A Common	15,817(2)		*
	Viacom Class B Common	16,114(2)	47,000	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
National Amusements, Inc.	Viacom Class A Common	93,658,828(9)		68.8%
200 Elm Street	Viacom Class B Common	104,334,828(9)		6.4%
Dedham, MA 02026	Blockbuster Class A Common	144,466,800(10)		80.4%
	Blockbuster Class B Common	144,000,000(10)		100.0%
Brent D. Redstone	Viacom Class A Common	(11)		
	Viacom Class B Common	2,000(8)(11)		
	Blockbuster Class A Common	(11)		
	Blockbuster Class B Common	(11)		
Shari Redstone	Viacom Class A Common	(11)		
	Viacom Class B Common	3,000(8)(11)		
	Blockbuster Class A Common	(11)		
	Blockbuster Class B Common	(11)		

	Beneficial Ownership of Equity Securities			
Name	**Title of Equity Security**	**Number of Equity Shares**	**Option Shares(1)**	**Percent of Class**
Sumner M. Redstone	Viacom Class A Common	93,658,908(9)		68.8%
	Viacom Class B Common	104,344,908(9)	7,020,833	6.4%
	Blockbuster Class A Common	144,466,800(10)		80.4%
	Blockbuster Class B Common	144,000,000(10)		100.0%

Beneficial Ownership of Equity Securities

William A. Roskin	Viacom Class A Common	565(3)		*
	Viacom Class B Common	2,188(3)	422,416	*
	Blockbuster Class A Common	1,500		*
	Blockbuster Class B Common			
Frederic V. Salerno	Viacom Class A Common	3,987(2)		*
	Viacom Class B Common	14,003(2)	37,000(11)	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
William Schwartz	Viacom Class A Common	17,195(2)		*
	Viacom Class B Common	17,483(2)	47,000	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Ivan Seidenberg	Viacom Class A Common	3,749(2)		*
	Viacom Class B Common	3,766(2)	34,000(11)	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Patty Stonesifer	Viacom Class A Common	2,430(2)		*
	Viacom Class B Common	7,806(2)	19,905	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Robert D. Walter	Viacom Class A Common	2,017(2)		*
	Viacom Class B Common	80,982(2)(6)(7)	30,522	*
	Blockbuster Class A Common			
	Blockbuster Class B Common			
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	Viacom Class A Common	7,570,600(13)		5.6%
Mario J. Gabelli Gabelli Asset Management Inc. One Corporate Center Rye, NY 10580-1435	Viacom Class A Common	8,342,535(14)		6.1%
Current directors and executive officers as a group other than Mr. Sumner Redstone (24 persons)	Viacom Class A Common	81,186(2)(3)		*
	Viacom Class B Common	4,076,912(2-8)(12)	10,349,868	*
	Blockbuster Class A Common	3,028		*
	Blockbuster Class B Common			

* Represents less than 1% of the outstanding common stock of the class.

NOTES:

(1)

Reflects shares subject to options to purchase such shares which on December 31, 2002 were unexercised but were exercisable within a period of 60 days from that date. These shares are excluded from the column headed "Number of Equity Shares".

(2)

Includes the following Viacom Class A Common Stock units and Class B Common Stock units credited to the indicated directors as of January 1, 2003 pursuant to the Company's Non-Employee Directors' Deferred Compensation Plan: Messrs. Abrams, 17,234 Class A and 17,580 Class B; Andelman, 1,563 Class A and 1,572 Class B; Conrades, 2,099 Class A and 2,110 Class B; Leschly, 2,118 Class A and 2,130 Class B; Miller, 15,817 Class A and 16,114 Class B; Salerno, 3,987 Class A and 4,003 Class B; Schwartz, 17,195 Class A and 17,483 Class B; Seidenberg, 3,749 Class A and 3,766 Class B; and Walter, 2,017 Class A and 2,028 Class B; and Ms. Stonesifer, 2,430 Class A and 2,441 Class B. Pursuant to this plan, these common stock units are payable in cash following termination of service as a director.

(3)

Includes shares held through the Viacom 401(k) Plan as of December 31, 2002.

(4)

Reflects shares owned by first time director nominees as of March 25, 2003.

(5)

The following shares, which are included in the Security Ownership table for the indicated directors are owned by family members: Messrs. Califano, 1,855 shares of Viacom Class B Common Stock, as to which he disclaims beneficial ownership; Dauman, 2,000 shares of Viacom Class A Common Stock and 4,000 shares of Viacom Class B Common Stock; and Karmazin, 271,546 shares of Viacom Class B Common Stock as to which he disclaims beneficial ownership.

(6)

Includes the following Viacom Class B Common Stock equivalents credited to the indicated directors pursuant to the CBS Deferred Compensation and Stock Plan for Directors: Messrs. Conrades 454; Gray 1,650; McLaughlin 3,482; and Walter 112. Pursuant to this plan, these common stock equivalents are payable in shares of Class B Common Stock following termination of service as a director.

(7)

Includes the following Viacom Class B Common Stock units credited to the indicated directors pursuant to the CBS Deferred Compensation and Stock Plan for Directors: Messrs. Conrades 7,229; Gray 7,054; McLaughlin 23,269; and Walter 3,278. Pursuant to this plan, these common stock units are payable in shares of Class B Common Stock, or cash, for all or part thereof following termination of service as a director.

(8)

Includes (a) for Mr. Karmazin, (i) 1,979,159 shares of Viacom Class B Common Stock as to which Mr. Karmazin has sole voting power but no investment power; and (ii) 100,397 shares of Viacom Class B Common Stock held by the Karmazin Foundation as to which Mr. Karmazin has sole voting and shared investment power, and 476,131 shares of Viacom Class B Common Stock held by the Karmazin Charitable Lead Annuity Trusts I and II Mr. Karmazin disclaims beneficial ownership of the shares reported in (ii), except, in the case of the Trusts, to the extent of his pecuniary interest; (b) for Brent Redstone, 2,000 shares of Viacom Class B Common Stock held in trusts for the benefit of his children of which he is a co-trustee; and (c) for Shari Redstone, 3,000 shares of Viacom Class B Common Stock held in trusts for the benefit of her children for which she is a co-trustee.

(9)

Except for 80 shares of Class A Common Stock and 10,080 shares of Class B Common Stock owned directly by Mr. Redstone, all shares are owned beneficially by National Amusements. Mr. Redstone is the beneficial owner of the controlling interest in National Amusements and, accordingly, beneficially owns all such shares.

(10)

Each share of Blockbuster Class B Common Stock is convertible at the option of the holder into one share of Blockbuster Class A Common Stock. The shares of Blockbuster Class A Common Stock held by National Amusements and Mr. Redstone consist of (a) 144,000,000 shares which they are deemed to own beneficially as a result of the conversion feature and (b) 466,800 shares held by the Company.

(11)

Brent Redstone and Shari Redstone are stockholders of National Amusements and each has a significant indirect beneficial interest in the Company shares owned by National Amusements and in the Blockbuster shares owned by the Company.

(12)

Includes options for 25,000 shares held by Mr. Salerno and options for 22,000 shares held by Mr. Seidenberg, for the benefit of Verizon, as successor to Bell Atlantic, since these options were granted while they represented Bell Atlantic (and previously NYNEX) which held Viacom Preferred Stock that was redeemed at the end of 1998.

(13)

This information is based on an amendment to a Schedule 13G filed with the Securities and Exchange Commission on February 4, 2003 by Capital Research and Management Company, an investment advisor, reporting beneficial ownership as of December 31, 2002 of 7,570,600 shares of Viacom Class A Common Stock, representing approximately 5.6% of the outstanding shares of such class. The Capital Schedule 13G reported that the shares are generally held for investment and that Capital Research and Management Company has sole investment power but does not have voting power over such shares.

(14)

This information is based on an amendment to a Schedule 13D filed with the Securities and Exchange Commission on February 5, 2003 by Mario J. Gabelli and various entities, including investment companies, which he directly or indirectly controls or for which he acts as chief investment officer, reporting as of December 31, 2002 an aggregate beneficial ownership of 8,342,535 shares of Class A Common Stock, representing approximately 6.13% of the outstanding shares of such class. The Gabelli Schedule 13D reported that the shares are generally held for investment and that the entities reporting beneficial ownership generally have sole investment and voting power over such shares.

10

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During 2002, the Board of Directors held six (6) meetings.

Set forth below is certain information concerning the current standing committees of the Board of Directors. The Board reviews the composition of the Board Committees at the time of the Annual Meeting.

Board Committees

Committee	**Members of Committee**	**Number of Meetings During 2002**
Audit Committee	Messrs. Conrades, McLaughlin*, Miller, Salerno**, Schwartz, Seidenberg and Walter and Ms. Stonesifer	5
Compensation Committee	Messrs. Gray, Leschly, Salerno, Schwartz** and Seidenberg and Ms. Stonesifer	6
Nominating Committee	Messrs. Abrams**, Andelman, Gray, Dauman, Karmazin, Leschly, McLaughlin, Miller and Sumner Redstone	0
Officers Nominating Committee	Mr. Karmazin	Not Applicable

* Non-Voting Member

** Chair

In October 2002, the Board established a Corporate Governance Advisory Panel (the "Panel") to review the governance policies and practices of the Viacom Board of Directors and its committees, and to make recommendations to the Board with respect thereto. The Panel is comprised of four members of the Board of Directors: David T. McLaughlin, Frederic V. Salerno, William Schwartz and Ivan Seidenberg, with Mr. Seidenberg serving as the Chair. The Panel met twice during 2002. The Panel will become a Board Committee on May 4, 2003. Based on the recommendation of the Panel as well as input from the respective Board committees, during 2003 the Board adopted Corporate Governance Guidelines and charters for the Audit, Corporate Governance, Compensation and Nominating Committees. These documents can be viewed in the Corporate Governance section of the Company's website at www.viacom.com/shareholder.tin; copies of these documents can be obtained by sending a written request to Viacom Inc., 1515 Broadway, New York, NY 10036-5794, Attention: Investor Relations. A copy of the new charter for the Audit Committee is attached hereto as Exhibit A.

The functions of the Audit Committee during 2002 included considering the appointment of the independent auditors for the Company, reviewing with the auditors the plan and scope of the audit and audit fees, reviewing the Company's financial statements, monitoring the adequacy of reporting and internal controls and meeting on a periodic basis separately with senior management of the Company, the Company's General Counsel, its internal auditors and its independent auditors with respect to these matters. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. The revised charter and the functions of the Audit Committee for 2003 are described below in the "Report of the Audit Committee." The Board has determined that all of the members of the Audit Committee are "independent" as defined by the rules of the NYSE and under proposed SEC regulations. The Board has also determined that at least one of the members of its Audit Committee qualifies as an "audit committee financial expert" under SEC regulations.

The functions of the Compensation Committee include reviewing the Company's general compensation strategy and reviewing and approving executive compensation (except with respect to

matters entrusted to the Officers Nominating Committee as described below). The Committee administers the Company's annual bonus compensation plan, long-term compensation plans and individual stock option grants, as well as its benefit plans. In addition, the Committee administers the bonus plan (the "Senior Executive STIP") for executives subject to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), determining the executive officers who participate in the plan, establishing performance targets and determining specific bonuses for the participants.

During the three year period following the CBS Merger, which ends on May 4, 2003, the Officers Nominating Committee has the power, subject to the powers of the Compensation Committee, to hire, elect, terminate, change positions, allocate responsibilities and determine non-equity compensation of officers and employees, other than the Chairman, the Chief Executive Officer and Chief Operating Officer. The

Officers Nominating Committee does not, however, have the power to fill the position of Chief Financial Officer, Controller or General Counsel without approval by a majority of the Board of Directors, although the Officers Nominating Committee has the power to terminate the employment of the persons holding those positions. Any action taken by the Officers Nominating Committee may be overturned by a vote of at least 14 directors.

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

DIRECTORS' COMPENSATION

Directors of the Company who are not officers or employees of the Company or National Amusements or members of their immediate family ("Outside Directors") are entitled to receive the directors' fees and are eligible to participate in the Company's stock option plans described below. Messrs. Abrams, Andelman, Conrades, Dauman, Gray, Leschly, McLaughlin, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer were Outside Directors for the entire 2002 calendar year.

Directors' Fees. Outside Directors received the following fees for 2002: (i) a quarterly retainer of $12,500; (ii) a per meeting attendance fee of $1,500 for each Board meeting; (iii) a per meeting attendance fee of $1,500 for each meeting of the Audit Committee and the Compensation Committee; and (iv) a $7,500 annual retainer fee for the Chair of the Audit Committee (currently Mr. Salerno), for the Chair of the Compensation Committee (currently Mr. Schwartz) and for the Chair of the Nominating Committee (currently Mr. Abrams). The members of the Corporate Governance Advisory Panel received a per meeting attendance fee of $1,500 and the Chair of the Corporate Governance Advisory Panel (currently Mr. Seidenberg) received a $7,500 annual retainer fee.

Deferred Compensation Plan. Messrs. Abrams, Andelman, Conrades, Leschly, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer have deferred payment of their retainer and attendance fees, pursuant to the Company's unfunded Non-Employee Directors Deferred Compensation Plan; these amounts are deemed invested in the number of stock units equal to the number of shares of Common Stock such amounts would have purchased when deferred. Payment will be made in cash in a lump sum or in three or five annual installments starting seven months after their retirement, with the value of the stock units determined by reference to the fair market values of the Class A Common Stock and Class B Common Stock at the time of retirement and, in the case of installment payments, credited with interest. For 2002, the stock unit accounts of Messrs. Abrams, Andelman, Conrades, Leschly, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer were credited with 753, 675, 726, 739, 761, 954, 949, 845, 724 and 864 Class A Common Stock units and 753, 675, 726, 740, 761, 954, 949, 845, 725 and 863 Class B Common Stock units, respectively.

Outside Directors' Stock Option Grants. Each Outside Director receives an annual grant of non-qualified stock options to purchase 3,000 shares of Class B Common Stock. Each Outside Director

also receives a grant of non-qualified stock options to purchase 10,000 shares of Class B Common Stock when such person becomes an Outside Director. Outside Directors elected before May 1993 received a grant of non-qualified stock options to purchase 10,000 shares of Class B Common Stock at that time. Each Outside Director who had served as an Outside Director since 1989 also received a one-time grant in November 1994 of stock options to purchase 20,000 shares of Class B Common Stock. The per share exercise price of each grant has been the closing price of a share of Class B Common Stock on the American Stock Exchange or the NYSE on the date of grant. On January 31, 2002, Messrs. Abrams, Andelman, Conrades, Dauman, Gray, Leschly, McLaughlin, Miller, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer each received an annual grant to purchase 3,000 shares of Class B Common Stock, with a per share exercise price of $39.99 (the closing price of a share of Class B Common Stock on the NYSE on the date of grant).

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

INDEPENDENCE OF DIRECTORS

In January 2003, the Board of Directors adopted Corporate Governance Guidelines (the "Guidelines"), addressing, among other things, guidelines to assist the Board in determining the independence of the Company's directors. The full text of the Guidelines can be viewed in the

Corporate Governance section of the Company's website at www.viacom.com/shareholder.tin and a copy of the Guidelines can be obtained by sending a written request to Viacom Inc., 1515 Broadway, New York, NY 10036-5794, Attention: Investor Relations.

Pursuant to the Guidelines, the Board and the Corporate Governance Advisory Panel reviewed the independence of the director nominees in March 2003. During this review, transactions and relationships between each director nominee or any member of his or her immediate family and the Company were considered, including, among others, those reported below under "Compensation Committee Interlocks and Insider Participation" and "Related Transactions". The purpose of this review was to determine whether each director nominee met the applicable criteria for independence under the NYSE rules and the Guidelines.

As a result of this review, a determination was made that eleven of the seventeen directors nominated for election at the annual meeting are independent of the Company and its management. The eleven independent director nominees are: Messrs. Califano, Cohen, Gray, Greenberg, Leschly, McLaughlin, Salerno, Schwartz, Seidenberg and Walter and Ms. Stonesifer.

AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

Report of the Audit Committee

The charter of the Audit Committee of the Board of Directors, as revised in January 2003, specifies that the purpose of the Committee is to oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and to assist the Board's oversight of:

- the quality and integrity of the Company's financial statements and related disclosure;
- the Company's compliance with legal and regulatory requirements;
- the independent auditors' qualifications and independence; and
- the performance of the Company's internal audit function and independent auditors.

The full text of the Committee's revised charter is attached hereto as Exhibit A.

The Committee's authorities and duties include:

- direct responsibility for the appointment, retention, termination, compensation and oversight of the work of the independent auditor employed by the Company, which reports directly to the Committee, and sole authority to pre-approve all services to be provided by the independent auditor;
- review and discussion of the Company's annual audited financial statements and quarterly financial statements with the Company's management and its independent auditor;
- review of the internal audit function's organization, plans and results and of the qualifications and performance of the independent auditors;

review with management the effectiveness of the Company's internal controls; and

review with management any material legal matters and the effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities.

As part of its oversight of the Company's financial statements, the Audit Committee has reviewed and discussed with management and the Company's independent auditors, PricewaterhouseCoopers LLP, the Company's audited consolidated financial statements for the year ended December 31, 2002, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations". Management advised the Audit Committee that the Company's financial statements were prepared in accordance with generally accepted accounting principles, and reviewed significant accounting issues with the Audit Committee. These reviews included discussions with PricewaterhouseCoopers LLP of the matters required to be discussed pursuant to *Statement on Auditing Standards No. 61*, *Communication with Audit Committees*. The Audit Committee has also received the written disclosures and the letter from PricewaterhouseCoopers LLP required by *Independence Standards Board Standard No. 1*, *Independence Discussions with Audit Committees*, and has discussed with PricewaterhouseCoopers LLP that firm's independence from the Company. The Audit Committee has also monitored the scope and adequacy of the Company's internal auditing program and reviewed internal audit staffing levels.

Based on the Audit Committee's review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements for 2002, be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Members of the Audit Committee

George H. Conrades
David T. McLaughlin*
Ken Miller
Frederic V. Salerno, Chair
William Schwartz
Ivan Seidenberg
Patty Stonesifer
Robert D. Walter

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* Non-Voting Member

Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers LLP for the audit of the Company's 2002 annual financial statements, and fees billed for other services rendered by PricewaterhouseCoopers LLP for the year ended December 31, 2002.

Audit fees	$	3,909,000
Financial information systems design and implementation fees	$	0
All other fees:		
Statutory and contractual audit services	$	2,382,000
Assurance services for business interruption claim		3,030,000
Acquisition assurance services		191,000
Other assurance related services		511,000
Benefit audits		200,000
SEC reporting		39,000
Tax services		2,967,000

Consulting services		5,732,000
Total all other fees	$	15,052,000

Effective October 1, 2002, PricewaterhouseCoopers LLP sold its management consulting business, including the business unit providing these services, to IBM; as a result, management consulting services are no longer being provided by PricewaterhouseCoopers LLP. The consulting fees shown above, under item "Consulting services" totaling $5,732,000, reflect payments made during the year with respect to services contracted for and commenced prior to October 1, 2002.

During the year ended December 31, 2002, PricewaterhouseCoopers LLP did not render any professional services to the Company relating to financial information systems design and implementation. All non-audit services were reviewed with the Audit Committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. On an ongoing basis, all services provided by PricewaterhouseCoopers LLP are pre-approved by the Audit Committee.

EXECUTIVE COMPENSATION

The following Report of the Compensation Committee and the performance graph included elsewhere in this proxy statement do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report or the performance graph by reference therein.

Report of the Compensation Committee on Executive Compensation

The Compensation Committee of the Board of Directors has furnished the following report on executive compensation for calendar year 2002.

All members of the Committee were "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986 (the "Code") and were "independent" within the meaning of the Company's Corporate Governance Guidelines. During 2002, the Compensation Committee reviewed and approved the Company's executive compensation for any executive whose compensation was, or could be, subject to Section 162(m) of the Code, and for any executive whose salary and target bonus compensation equaled or exceeded $1 million per annum. Independent compensation consultants have advised the Committee from time to time with respect to the Company's incentive compensation plans since 1987.

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

- set levels of annual salary and bonus compensation that will attract and retain superior executives in the highly competitive environment of global media companies;
- provide annual bonus compensation for executive officers that varies with the Company's financial performance and reflects the executive officer's individual contribution to that performance;
- provide long-term compensation that is tied to the Company's stock price so as to focus the attention of the executive officers on managing the Company from the perspective of an owner with an equity stake;
- emphasize performance-based compensation, through annual bonus compensation and long-term compensation, over fixed compensation; and
- encourage performance in non-financial matters of importance to the Company, such as promoting diversity in the workplace, positioning the Company for longer-term success, promoting the development of management and maintaining and enhancing the Company's compliance with legal requirements.

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

Compliance with Internal Revenue Code Section 162(m)

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

Compensation for the Company's executive officers is comprised of base salary, annual bonus compensation, long-term compensation in the form of stock options and deferred compensation for any executive officer whose annual base salary exceeds $1 million. The annual bonus plan for most of the Company's executive officers (the "Senior Executive STIP") and the Company's stock option plans (the "LTMIP") were designed to comply with the Section 162(m) exception for performance-based compensation. The Senior Executive STIP provides objective performance-based annual bonuses, subject to a maximum limit of eight (8) times the executive's annual salary compensation, consisting of base salary plus any deferred compensation. Long-term compensation for the Company's executive officers has been provided through grants of LTMIP stock options. It is expected that long-term compensation for future years will continue to be provided through grants of LTMIP stock options. The stockholders of the Company have approved the Senior Executive STIP and the LTMIP.

Annual Salary Compensation

Annual salary compensation levels for executive officers are designed to be consistent with competitive practice and level of responsibility. Annual salary compensation for 2002 consisted of base salary and, for the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, deferred compensation.

Annual Bonus Compensation

Annual bonus compensation for 2002 for the named executive officers was provided under the Senior Executive STIP. In accordance with the Senior Executive STIP and as permitted by Section 162(m) of the Code, the Committee established performance criteria and target awards for these executive officers. The performance criteria related to the attainment of a specified level of operating income for the Company as a whole. For this purpose, the Senior Executive STIP used the EBITDA definition of revenues less operating expenses (other than depreciation, amortization and non-recurring charges) to define "operating income".

The level of the Senior Executive STIP annual bonuses for 2002 for the Company's executive officers was based on the determination of the Committee that the performance criteria established for 2002 had been achieved. The Committee considered a number of factors, including the role played by the executive officers in achieving record operating results in an extraordinarily difficult environment, and awarded the annual bonuses set forth in the Summary Executive Compensation Table.

Long-Term Compensation

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

Grants of LTMIP stock options for Class B Common Stock are awarded to the Company's executive officers on an annual basis. These stock options vest over a four-year period and have a ten-year term from the date of grant. The exercise price of these stock options is set at the fair market value of the Class B Common Stock on the date of grant.

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

The Company entered into employment agreements with Mr. Redstone to serve as its Chairman and Chief Executive Officer and with Mr. Karmazin to serve as its President and Chief Operating Officer after the CBS Merger. The terms of those agreements are described below under "Employment and Severance Agreements".

Messrs. Redstone and Karmazin each received a grant of LTMIP options in May 2002 to purchase 600,000 shares of Class B Common Stock that vest in four equal annual installments. These stock options have a ten-year term from the date of grant. The exercise price of these stock options was set at the fair market value of the Class B Common Stock on the date of grant.

The level of the Senior Executive STIP annual bonuses for 2002 for Messrs. Redstone and Karmazin was based on the determination of the Compensation Committee that the performance criteria established for 2002 had been achieved. The Committee considered a number of factors, including the role played by Messrs. Redstone and Karmazin in achieving record operating results in an extraordinarily difficult environment, and awarded the annual bonuses set forth in the Summary Executive Compensation Table.

Members of the Compensation Committee

William H. Gray III
Jan Leschly
Frederic V. Salerno
William Schwartz, Chair
Ivan Seidenberg
Patty Stonesifer

Compensation Committee Interlocks and Insider Participation

Messrs. Gray, Leschly, Salerno, Schwartz and Seidenberg and Ms. Stonesifer were members of the Compensation Committee for the entire 2002 calendar year.

Mr. Schwartz is counsel to Cadwalader, Wickersham & Taft ("Cadwalader"). During 2002, Cadwalader provided legal services to the Company. Mr. Schwartz has not performed any legal services with respect to the matters on which Cadwalader provided legal services to the Company and is not a member of the department or group within Cadwalader that provided those legal services. Mr. Schwartz does not participate in the profits of Cadwalader and did not receive any compensation from Cadwalader related to such legal services.

Summary Executive Compensation Table

The following table sets forth information concerning total compensation for 2002 for the Chief Executive Officer and the four most highly compensated executive officers of the Company who served in such capacities during 2002.

		Annual Compensation			Long-Term Compensation Awards	
Name and Principal Position at End of 2002	**Year**	**Salary(1)**	**Bonus**	**Other Annual Compensation**	**Securities Underlying Options**	**All Other Compensation**
Sumner M. Redstone	2002	$ 3,629,986	$ 16,500,000	$ 117,533(2)	600,000	$ 42,990(3)
Chairman and Chief	2001	3,300,000	12,000,000	243,021	750,000	57,500
*Executive Officer**	2000	2,021,862	15,000,000	80,030	2,000,000	33,014
Mel Karmazin	2002	3,629,986	16,500,000		600,000	67,679(3)
President and Chief	2001	3,300,000	12,000,000		750,000	88,972

		Annual Compensation			Long-Term Compensation Awards	
*Operating Officer***	2000	2,021,862	15,000,000		2,000,000	50,112
Richard J. Bressler	2002	1,075,000	5,500,000		400,000	24,689(3)
*Senior Executive Vice President and Chief Financial Officer****	2001	767,694	5,000,000		1,000,000	18,972
Michael D. Fricklas	2002	960,000	1,200,000		85,000	18,750(3)
Executive Vice President,	2001	848,750	800,000		75,000	18,750
General Counsel and Secretary	2000	747,115	1,000,000		100,000	18,750
William A. Roskin	2002	960,000	1,000,000		85,000	18,750(3)
Senior Vice President,	2001	848,750	750,000		75,000	18,750
Human Resources and Administration	2000	747,115	900,000		100,000	18,750

*
Mr. Redstone waived payment of cash compensation for his services as Chief Executive Officer until the CBS Merger on May 4, 2000.

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

***
Mr. Bressler joined the Company in March 2001 and became Senior Executive Vice President and Chief Financial Officer of the Company on May 1, 2001.

NOTES:

(1)
Annual compensation for the named executives includes the following amounts of compensation deferred under the Company's 401(k) and excess 401(k) plans and for Messrs. Redstone, Karmazin and Bressler pursuant to their employment agreements: for Mr. Redstone for 2002 in the amount of $2,629,987, for 2001 in the amount of $2,300,000 and for 2000 in the amount of $1,360,323; for Mr. Karmazin for 2002 in the amount of $2,779,986, for 2001 in the amount of $2,398,077 and for 2000 in the amount of $1,360,323; for Mr. Bressler for 2002 in the amount of $224,999; for Mr. Fricklas for 2002 in the amount of $221,200, for 2001 in the amount of $268,000 and for 2000 in the amount of $152,753; and for Mr. Roskin for 2002 in the amount of $256,500, for 2001 in the amount of $274,875 and for 2000 in the amount of $209,567.

(2)
In accordance with the rules of the Commission, no amount representing perquisites or other personal benefits, securities or property has been set forth for any executive for whom the total amount is less than $50,000. Other Annual Compensation for 2002 for Mr. Redstone includes amounts relating to the Company's incremental cost for non-business use of Company aircraft of $104,333.

(3)
The Company maintains a program of life and disability insurance which is generally available to all salaried employees on the same basis. In addition, during 2002, the Company maintained for Messrs. Karmazin and Bressler certain supplemental life insurance benefits. All Other Compensation includes (a) premiums paid by the Company for this supplemental coverage for 2002 for each of Messrs. Karmazin and Bressler of $5,940; (b) the Company's matching contributions under the Company's 401(k) plans for Mr. Karmazin of $1,833, for Mr. Bressler of $1,833, for Mr. Fricklas of $5,000 and for Mr. Roskin of $1,833; (c) credits for the Company's matching contributions under the Company's excess 401(k) plans for 2002 for Mr. Karmazin of $16,916, for Mr. Bressler of $16,916, for Mr. Fricklas of $13,750 and for Mr. Roskin of $16,916; and (d) credits for the Company's matching contributions for compensation deferred pursuant to their employment agreements for 2002 for each of Messrs. Redstone and Karmazin of $42,990.

Option Grants in Fiscal 2002

The following table sets forth certain information with respect to executive stock options to purchase shares of Class B Common Stock awarded during 2002 to the named executives. The table includes a column designated "Grant Date Present Value." The calculation in that column is based on the Black-Scholes option pricing model adapted for use in valuing executive stock options. There is no way to anticipate what the actual growth rate of the Class B Common Stock will be.

	Individual Grants			
Name	**Number of Shares of Class B Common Stock Underlying Options**	**% of Total Options Granted to Employees in Fiscal 2002**	**Exercise Price ($/Share)**	**Expiration Date**