VIACOM INC
Form 11-K
June 28, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM 11-K

(Mark One)

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the year ended December 31, 2004 Commission file number 001-09553
OR

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
WESTINGHOUSE SAVINGS PROGRAM

(Full title of the plan)

VIACOM INC.

(Name of issuer of the securities held pursuant to the plan)

1515 Broadway
New York, New York 10036

(Address of principal executive offices)

WESTINGHOUSE SAVINGS PROGRAM
FINANCIAL STATEMENTS AND EXHIBIT
DECEMBER 31, 2004
INDEX

Report of Independent Registered Public Accounting Firm

To the Participants and
Administrator of the
Westinghouse Savings Program

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Westinghouse Savings Program (the "Plan") at December 31, 2003 and December 31, 2004 and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
June 17, 2005

WESTINGHOUSE SAVINGS PROGRAM
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(in thousands)

	At December 31, 2004	2003
Assets		
Investments	$ 1,768,896	$ 1,902,517
Investment in master trust investment accounts	152,161	121,331
Receivables:		
Interest and dividends	6,847	7,818
Due from broker for securities sold, net	820	—
Total assets	1,928,724	2,031,666
Liabilities		
Investment manager fees payable	185	192
Other liabilities	856	—
Net assets available for benefits	$ 1,927,683	$ 2,031,474

The accompanying notes are an integral part of these financial statements.

WESTINGHOUSE SAVINGS PROGRAM
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(in thousands)

	Year Ended December 31, 2004
Additions to net assets attributed to:	
Investment Income:	
Interest	$ 81,291
Dividends	3,259
Income from master trust investment accounts	13,344
Total additions	97,894
Deductions from net assets attributed to:	
Benefits paid to participants	(186,385)
Net depreciation in fair value of investments	(14,298)
Administrative expenses	(1,002)
Total deductions	(201,685)
Net decrease	(103,791)
Net assets available for benefits, beginning of year	2,031,474

Net assets available for benefits, end of year	$	1,927,683

The accompanying notes are an integral part of these financial statements.

WESTINGHOUSE SAVINGS PROGRAM
NOTES TO FINANCIAL STATEMENTS
(Tabular dollars in thousands)

NOTE 1 – PLAN DESCRIPTION

The following is a brief description of the Westinghouse Savings Program (the "Plan") and is provided for general information only. Participants should refer to the Plan document for more complete information regarding the Plan.

The Plan was established by CBS Corporation ("CBS") (formerly doing business as Westinghouse Electric Corporation). On May 4, 2000, CBS was merged with and into Viacom Inc. ("Viacom" or "the Company"). As a result of the merger, the Company became the sponsor of the Plan.

All participants of the Plan are retirees or terminated employees who are fully vested. No contributions can be made to the Plan and no new loans may be requested. All participant accounts are participant directed.

The Plan is subject to the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is administered by a retirement committee appointed by the Company's Board of Directors.

Mellon Bank, N.A. (the "Trustee") is the trustee and custodian of the Plan. Certain Plan investments are shares of funds managed by the Trustee or companies affiliated with the Trustee and therefore qualify as a party-in-interest transaction. In addition, certain Plan investments are shares of the Company and therefore qualify as a party-in-interest transaction.

Participant Accounts

Each participant's account is credited with the participant's share of the investment income and any realized or unrealized gains or losses of the Plan assets, net of certain plan expenses.

Plan participants have the option of investing their account balances among sixteen investment options. These investment options include master trust investment accounts ("Master Trust Investment Accounts" or "MTIAs"), commingled trust funds ("common collective trusts"), registered investment companies (mutual funds), Viacom Inc. Class B Common Stock and Blockbuster Inc. Class A and Class B Common Stock. Fourteen of these funds are available for new investments, while the two Blockbuster stock funds are closed.

Loans Outstanding

There are no loans outstanding as of December 31, 2004.

Distributions and Withdrawals

Participants in the Plan, or their beneficiaries, may receive their account balances either, in a lump sum, in installments over a period of up to 20 years, or through unlimited withdrawals at any time in the event of retirement. Participants must receive a required minimum distribution upon attainment of age 70½.

Plan Expenses

The fees for investment of Plan assets are charged to the Plan's investment funds. Certain administrative expenses, such as legal and accounting fees, may be paid by the Plan or may be paid by the Company. The Plan paid fess in the amount of $940,000, to Mellon Bank, a party-in-interest, for trustee, record keeping and accounting services provided during the year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accrual method of accounting is used for financial statement presentation.

Investment Valuation and Income Recognition

Viacom Inc. Class B Common Stock and Blockbuster Class A common stock and Class B common stock are reported at fair value based on quoted market prices on national security exchanges. Investments in registered investment companies are reported at fair value based on quoted market prices representing the net asset value of the units held by the Plan. The fair value of investments in commingled trust funds are determined by each fund's trustee based upon the fair value of the underlying securities. Guaranteed investment contracts and synthetic guaranteed investment contracts are fully benefit responsive and are therefore reported at contract value, which represents the aggregate amount of deposits thereto, plus interest at the contract rate, less withdrawals. Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value. Interest income is accrued as earned and dividend income is recorded on the ex-dividend date.

Short-term money market obligations are carried at amortized cost which approximates fair value due to the short-term maturity of these investments.

Interest in Master Trust Investment Accounts

The Company and certain affiliated companies entered into a master trust agreement (the "Master Trust") to invest the assets of the Plan as well as affiliated companies' plans. Pursuant to the Master Trust, the Trustee has created four Master Trust Investment Accounts. Prior to June 2004, the MTIAs consisted of the Putnam Large Cap Growth Fund ("Putnam Fund") the Barclays Global Investors S&P 500 Index Fund, Mellon Bank EB SMAM Aggregate Bond Index Fund and The Boston Company Large Cap Value Fund. In June 2004, the Putnam Fund was replaced with the Wellington Growth Fund, a fund with investment objectives similar to the Putnam Fund. The Mellon Bank EB SMAM Aggregate Bond Index Fund and The Boston Company Large Cap Value Fund are each managed by a division or affiliate of the Trustee, a party-in-interest to the Plan. Each of these MTIAs is maintained exclusively for the Master Trust. Each participating plan has an undivided interest in the MTIAs.

The fair value of a unit of participation in all MTIAs is determined by the Trustee based on the quoted market prices of the underlying securities. Net investment assets and net earnings/losses on the MTIAs are allocated daily to the plans investing in the MTIAs based on each plan's proportionate interest. Income is distributed to participants based on their respective account balances.

Security Transactions

Purchases and sales of securities are recorded on the trade date. The historical average cost basis is used to determine gains or losses on security dispositions.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan to make estimates and assumptions, such as those regarding fair value of investments, that affect the reported amounts of assets and liabilities

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and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

NOTE 3 – RISKS AND UNCERTAINTIES

The Plan provides for various investment options. Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of such securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the related statement of changes in net assets available for benefits.

NOTE 4 – INVESTMENTS

(Tabular dollars in thousands)

The following table presents the Plan's investments:

	At December 31, 2004	At December 31, 2003
Common collective trusts	$ 82,391	$ 64,708
Common stock	99,334	132,881
Guaranteed investment contracts, at contract value	303,188	421,556
Registered investment companies	120,583	157,371
Synthetic guaranteed investment contracts, at contract value	1,163,400	1,126,001
Investments, at fair value	$ 1,768,896	$ 1,902,517

At December 31, 2004 and 2003, the fair value of the investments at contract value in the aggregate was approximately $1,534,212,869 and $1,700,597,153, respectively.

A synthetic guaranteed investment contract provides for guaranteed returns on principal over a specified period of time through benefit responsive wrapper contracts issued by a third party which are backed by underlying assets. The wrapper contracts provide market and cash flow risk protection to the Plan and provide for the execution of participant initiated transactions in the Plan at contract value. Included in the contract value of the synthetic guaranteed investment contracts is $11,879,301 and $36,618,017 at December 31, 2004 and 2003, respectively, attributable to wrapper contract providers representing the amounts by which the value of contracts is greater than (less than) the value of the underlying assets.

The following table presents the assets, by type, that support the Plan's synthetic guaranteed investment contracts:

	At December 31, 2004
Cash	$ 56,574
Common collective trust	727,587
Fixed income	393,748
Futures	(2,542)
Swaps	(88)
	$ 1,175,279

The average blended yield of all the investment contracts for the year ended December 31, 2004 was 5.15%. The weighted average crediting interest rates as of December 31, 2004 and 2003 was 5.21% and 5.54%, respectively.

The following table presents the values of investments representing 5% or more of the Plan's net assets:

	At December 31, 2004		2003
Investment contracts, at contract value:			
Monumental Life Insurance MDA00303TR	$	407,451	$	386,650
Union Bank of Switzerland No. 3071	$	335,293	$	318,118
CDC Financial Products, Inc. No 1222-01	$	262,574	$	249,046
CDC Financial Products, Inc. BR-222-06	$	110,011	$	103,835
Viacom Inc. Class B Common Stock, at fair value	$	99,254	$	132,881

During the year ended December 31, 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) as follows:

Commingled trusts	$	834
Registered investment companies		8,963
Viacom Inc. Class B Common Stock		(24,095)
Net depreciation	$	(14,298)

NOTE 5 – INCOME TAX STATUS

The Internal Revenue Service issued a determination letter dated December 18, 2001 that the Plan continues to satisfy the requirements of 401(a) of the Code and that the trust thereunder is exempt from federal income taxes under the provisions of Section 501(a) of the Code. The Plan has been amended since receiving the determination letter. However, the amendments have not been significant in nature and the Plan administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Code and as such does not require a new determination letter at this time.

NOTE 6 – TERMINATION PRIORITIES

Although the Company anticipates that the Plan will continue indefinitely, it reserves the right by action of its Board of Directors to amend or terminate the Plan provided that such action is in accordance with applicable law.

In the event that the Plan is terminated, the Plan provides that the net assets of the Plan be distributed to participants based on their respective account balances.

WESTINGHOUSE SAVINGS PROGRAM
NOTES TO FINANCIAL STATEMENTS
(Tabular dollars in thousands)

NOTE 7 – INVESTMENT IN MASTER TRUST INVESTMENT ACCOUNTS