Viacom Inc.
Form S-4/A
September 18, 2006
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As filed with the Securities and Exchange Commission on September 15, 2006

Registration No. 333-136756

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No.1
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 | 20-3515052 |
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

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

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

Stephen T. Giove, Esq.
Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022

Approximate date of commencement of proposed sale to the public: Upon consummation of the Exchange Offer described herein.

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.

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 of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion dated September 15, 2006

VIACOM INC.

OFFER TO EXCHANGE

Unregistered Floating Rate Senior Notes due 2009
($750,000,000 aggregate principal amount issued June 16, 2006)
for
Floating Rate Senior Notes due 2009
that have been registered under the Securities Act of 1933

and

Unregistered 5.75% Senior Notes due 2011
($1,500,000,000 aggregate principal amount issued April 12, 2006)
for
5.75% Senior Notes due 2011
that have been registered under the Securities Act of 1933

and

Unregistered 6.25% Senior Notes due 2016
($1,500,000,000 aggregate principal amount issued April 12, 2006)
for
6.25% Senior Notes due 2016
that have been registered under the Securities Act of 1933

and

Unregistered 6.875% Senior Debentures due 2036
($1,750,000,000 aggregate principal amount issued April 12, 2006)
for
6.875% Senior Debentures due 2036
that have been registered under the Securities Act of 1933

TERMS OF EXCHANGE OFFER

- The exchange offer will expire at 5:00 p.m., New York City time, on , 2006, unless we extend the offer.
- Tenders of outstanding unregistered senior notes and debentures may be withdrawn at any time before 5:00 p.m. on the date of expiration of the exchange offer.
- All outstanding unregistered senior notes and debentures that are validly tendered and not validly withdrawn will be exchanged.
- The terms of the exchange senior notes and debentures to be issued are substantially similar to the unregistered senior notes and debentures, except for being registered under the Securities Act of 1933 (the ''Securities Act'') and not having any transfer restrictions, registration rights or rights to additional interest.
- The exchange of senior notes and debentures will not be a taxable exchange for U.S. federal income tax purposes.
- We will not receive any proceeds from the exchange offer.

Please see ''Risk Factors'' beginning on page 18 for a discussion of certain factors you should consider in connection with the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the senior securities to be distributed in the exchange offer, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2006

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since then. We are not making an offer of the senior notes and debentures in any jurisdiction where the offer is not permitted.

References to ‘‘Viacom,’’ ‘‘we,’’ ‘‘us’’ and ‘‘our’’ in this prospectus are references to Viacom Inc., a Delaware corporation, a consolidated subsidiaries, unless the context otherwise requires. References to ‘‘$’’ and ‘‘dollars’’ are to United States dollars.

Whenever we refer in this prospectus to the floating rate senior notes due 2009 issued on June 16, 2006, the 5.75% senior notes due 2011 issued on April 12, 2006, the 6.25% senior notes due 2016 issued on April 12, 2006 or the 6.875% senior debentures due 2036 issued on April 12, 2006, we will refer to them as the ‘‘unregistered 2009 senior notes,’’ the ‘‘unregistered 2011 senior notes,’’ the ‘‘unregistered 2016 senior notes’’ or the ‘‘unregistered 2036 senior debentures,’’ respectively, and collectively as the ‘‘unregistered senior notes and debentures.’’ Whenever we refer in this prospectus to the registered floating rate senior notes due 2009, the registered 5.75% senior notes due 2011, the registered 6.25% senior notes due 2016 or the registered 6.875% senior debentures due 2036, we will refer to them as the ‘‘exchange 2009 senior notes,’’ the ‘‘exchange 2011 senior notes,’’ the ‘‘exchange 2016 senior notes’’ or the ‘‘exchange 20 senior debentures,’’ respectively, and collectively as the ‘‘exchange senior notes and debentures.’’ The unregistered 2009 senior notes and the exchange 2009 senior notes are collectively referred to as the ‘‘2009 senior notes,’’ the unregistered 2011 senior notes and the exchange 2011 senior notes are collectively referred to as the ‘‘2011 senior notes,’’ the unregistered 2016 senior notes and the exchange 2016 senior notes are collectively referred to as the ‘‘2016 senior notes,’’ and the unregistered 2036 senior debentures and the exchange 2036 senior

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debentures are collectively referred to as the ‘‘2036 senior debentures.’’ The unregistered senior notes and debentures and the exchange senior notes and debentures are collectively referred to as the ‘‘senior notes and debentures.’’

Each holder of an unregistered senior note or debenture wishing to accept the exchange offer must deliver the unregistered senior notes or debentures to be exchanged, together with the letter of transmittal that accompanies this prospectus and any other required documentation, to the exchange agent identified in this prospectus. Alternatively, you may effect a tender of unregistered senior notes and debentures by book-entry transfer into the exchange agent’s account at Euroclear Bank S.A./N.A., as operator of the Euroclear System (‘‘Euroclear’’), Clearstream Banking, société anonyme, Luxembourg (‘‘Clearstream Luxembourg’’) or The Depository Trust Company (‘‘DTC’’). All deliveries are at the risk of the holder. You can find detailed instructions concerning delivery in the section called ‘‘The Exchange Offer’’ in this prospectus and in the accompanying letter of transmittal.

If you are a broker-dealer that receives exchange senior notes and debentures for your own account you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange senior notes and debentures. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an ‘‘underwriter’’ within the meaning of the Securities Act. You may use this prospectus, as we may amend or supplement it in the future, for your resales of exchange senior notes and debentures. We will make this prospectus available to any broker-dealer for use in connection with any such resale for a period of 180 days after the date of expiration of this exchange offer or such shorter period which will terminate when the broker-dealers have completed all resales subject to applicable prospectus delivery requirements.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains 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, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include words such as ‘‘believe,’’ ‘‘expect,’’ ‘‘anticipate,’’ ‘‘intend,’’ ‘‘plan,’’ ‘‘foresee,’’ ‘‘likely,’’ ‘‘will’’ or other similar w Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. More information about risks, uncertainties and other factors is included in Viacom’s filings with the SEC including, but not limited to, Viacom’s Form 10-K for the year ended December 31, 2005, Viacom’s Form 10-Q for the quarter ended March 31, 2006 and Viacom’s Form 10-Q for the quarter ended June 30, 2006. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. We cannot make any assurance that projected results or events will be achieved. The forward-looking statements included in this prospectus are only made as of the date of this prospectus and we do not have any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. The risk factors in the section entitled ‘‘Risk Factors’’ beginning on page 18, among others, could affect future results, causing these results to differ materially from those expressed in our forward-looking statements.

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SUMMARY

The Company

Separation from the Former Viacom Inc.

On December 31, 2005, we became a stand-alone public entity by separating from the former Viacom Inc. (‘‘Former Viacom’’). Prior to the separation, we were a wholly-owned subsidiary of Former Viacom. The separation was effected through a merger of Former Viacom and one of its wholly-owned subsidiaries, pursuant to which Former Viacom continued as the surviving entity and was renamed CBS Corporation and we were renamed Viacom Inc. In connection with the merger and the separation, each share of Former Viacom Class A common stock was converted into the right to receive 0.5 of a share of Viacom Class A common stock and 0.5 of a share of CBS Corporation Class A common stock. Similarly, each share of Former Viacom Class B common stock was converted into the right to receive 0.5 of a share of Viacom Class B common stock and 0.5 of a share of CBS Corporation Class B common stock. Holders of Viacom Class A and Class B common stock received cash in lieu of fractional shares.

In accordance with the terms of the Separation Agreement between CBS Corporation and Viacom, on December 29, 2005, we paid a preliminary special dividend of $5.4 billion to CBS Corporation, subject to certain adjustments. On March 14, 2006, CBS Corporation provided an initial statement that the dividend should be increased by a net amount of approximately $460 million. On April 28, 2006, we served CBS Corporation with a notice of disagreement. Based on an assessment of the amount and underlying components of the proposed additional dividend payment, we recorded a net amount of $170.2 million at March 31, 2006, which was paid to CBS Corporation on May 5, 2006. Under the Separation Agreement, after an opportunity for the parties to negotiate resolution of differences, any disputed amounts are subject to arbitration. Any further adjustment to the special dividend will be reflected as an adjustment to additional paid-in capital.

Overview

We are a leading worldwide multiplatform, pure play content company with operations in the following segments:

Cable Networks: The Cable Networks segment consists of the businesses of MTV Networks, including MTV: Music Television® (''MTV''), MTV2®, Nickelodeon®, Nick at Nite®, Noggin®, The N®, Nicktoons Network™, Turbo Nick™, VH1®, TV Land®, Spike TV®, CMT®: Country Music Television™, Logo™, Comedy Central®, Comedy Central's MotherLoad™, MTV Desi™, MTV Chi™, MTV Español®, mtvU™, mtvU Uber™, MTV Hits™, MTV Jams™, TEMPO™, MTV Overdrive™, MHD™, VH1 Classic™, VHUno™, VH1 Soul™, VH1 Country™, VH1's Vspot™, Game One™, VIVA™, TM Paramount Comedy™, Neopets™, GameTrailers.com™ and IFILM®, and the businesses of BET Networks, which include BET® (Black Entertainment Television) and BET J™; and other program services, including online programming services such as websites, broadband channels and wireless applications.

Entertainment: The Entertainment segment includes Paramount Pictures®, which produces and distributes feature motion pictures, Famous Music®, which engages in the music publishing business, and interests in 19 movie theaters.

Our revenues from the Cable Networks segment accounted for 64% of our consolidated revenues for the six months ended June 30, 2006 and for 70% of our consolidated revenues for 2005. Our revenues from the Entertainment segment accounted for 37% of our consolidated revenues for the six months ended June 30, 2006 and for 31% of our consolidated revenues for 2005. Elimination of intercompany revenues accounted for (1)% of our consolidated revenues for the six months ended June 30, 2006 and for (1)% of our consolidated revenues for 2005. Revenues from the Cable Networks



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segment are generated primarily from advertising sales, affiliate fees, home entertainment sales and licensing and merchandising of branded products. Revenues from the Entertainment segment are generated primarily from the licensing and sale of feature film rights in various media and territories.

Recent acquisitions and dispositions. On August 9, 2006, we agreed to acquire Atom Entertainment, Inc., a portfolio of four online destinations for casual games, short films and animation, for cash consideration of approximately $200 million. The acquisition is subject to customary closing conditions and is expected to close in the third quarter. On June 1, 2006, we acquired an additional ten percent interest in Nickelodeon UK Limited (''Nick UK'') for $8.9 million. Previously, Nick UK was a fifty-fifty joint venture with BSkyB. With the additional interest, we obtained control of Nick UK and began consolidating its operations as of June 1, 2006. On May 9, 2006, we completed the acquisition of Xfire, Inc, a leading gaming and social networking service, for initial cash consideration of approximately $102 million. An additional $8 million is expected to be paid out over four years based upon continued service of the employees. On January 31, 2006, we completed our acquisition of DreamWorks L.L.C. (''DreamWorks''), a leading producer of live-action motion pictures, television programming and home entertainment products, for approximately $1.53 billion, net of cash acquired. We also entered into exclusive seven-year agreements for worldwide distribution rights and fulfillment services to films produced by DreamWorks Animation SKG, Inc. Among the assets acquired with the purchase of DreamWorks was a live-action film library consisting of 59 films released through September 16, 2005. On May 5, 2006, we sold a fifty-one percent controlling interest in the entity that owns the library to Soros Strategic Partners LP and Dune Entertainment II LLC, an affiliate of Dune Capital Management LP, for net proceeds of $675.3 million. We retained a minority interest in the entity that owns the library. In connection with the sale of the live-action film library, Soros entered into exclusive five-year agreements with Paramount Pictures and its international affiliates for distribution and fulfillment services of the live-action library by Paramount Pictures. In the event that Soros and Dune continue to control the entity that owns the film library after the fifth year, the distribution agreement with Paramount Pictures will automatically renew.

We compete with many different entities and media in various markets worldwide. Our primary competitors in the cable and entertainment businesses include Time Warner Inc., News Corporation, The Walt Disney Company, NBC Universal Inc., The E.W. Scripps Company and Discovery Holding Company.

We were organized as a Delaware corporation in 2005 and our principal offices are located at 1515 Broadway, New York, New York 10036. Our telephone number is (212) 258-6000 and our website address is www.viacom.com.

Recent Developments

On September 5, 2006, we announced that our Board of Directors elected Philippe P. Dauman as our President and Chief Executive Officer, effective September 5, 2006. Mr. Dauman succeeds Thomas E. Freston, who resigned his positions with Viacom, including as a member of the Board. As a result of his separation from employment, Mr. Freston's payments are currently expected to be generally consistent with the terms of his employment agreement, including, without limitation, the expense and payment of approximately $60 million in cash and the recognition of approximately $10 million in previously unrecognized compensation expense related to vesting of previously granted stock based compensation. Our Board of Directors also elected Thomas E. Dooley as Viacom's Senior Executive Vice President and Chief Administrative Officer. Messrs. Dauman and Dooley are currently members of our Board of Directors and will continue as directors. For more information, see ‘‘Management’’ beginning on page 76.

Competitive Strengths

We believe we possess a number of strengths that enable us to compete successfully:

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One of the largest collections of cable programming assets in the world, with leading global brands that are attractive advertiser vehicles.    We have one of the largest collections of cable programming assets in the world. Our leading program services reach 179 territories through more than 120 worldwide cable networks presented in 28 different languages and reach over 480 million subscriber households worldwide. In the United States, our leading networks program approximately 1,720 hours per week and, according to Nielsen Media Research®, reached approximately 150 million television viewers each week in the period from February 2006 to June 2006. Many of our brands, such as MTV, Nickelodeon and VH1, are known worldwide. MTV is one of the most widely distributed television brands and is regularly cited, most recently in 2006, as The World’s Most Valuable Media Brand by Interbrand Corp., an international brand consultancy. Nickelodeon, which as of June 2006 was available in approximately 300 million television households worldwide as a full channel or a branded program block, is the world’s most widely distributed children’s television brand and has been the top-rated cable network for children in the United States for the past 11 years.

MTV Networks and BET Networks develop brands that appeal to a wide range of targeted niche audiences, which also represent demographics sought after by advertisers. In the United States, MTV Networks and BET Networks delivered the most multichannel viewers in the 12 to 34-year-old demographic during 2006, through July 31, 2006, according to Nielsen Media Research. MTV: Music Television has been the top advertising-supported 24-hour basic cable network among 12- to 24-year-olds for 37 consecutive quarters, and Nickelodeon accounted for approximately 53% of all viewing of advertising-supported children’s television programming in the United States by children ages two to eleven during the 2005-2006 broadcast season from September 2005 through June 2006. Our broad distribution to specialized audiences and our focus on forging strong connections with our audiences make our networks an attractive vehicle for advertisers. Our strong in-house research teams focus on identifying emerging behaviors and trends among core audiences, which we believe is a key competitive advantage. These factors, combined with our integrated presence on a variety of digital and broadcast platforms, allow us to provide an efficient and reliable vehicle for advertisers to reach consumers.

A long-standing international presence with a global footprint.    We have a significant and growing presence worldwide. Established advertising, distribution and programming relationships in these markets, together with our infrastructure, provide a strong platform for new channel launches and complementary acquisitions. We have created over 120 worldwide cable networks that are seen in 179 territories. Since January 2006, we have launched more than seven channels and branded program blocks, including MTV in Canada, MTV base Africa branded program blocks in Uganda, Nick Jr2 in the United Kingdom, Nick at Nite branded program blocks in Latin America, Nickelodeon in New Zealand and Nickelodeon branded program blocks in Malaysia and the Philippines. Our global footprint also allows us to incubate technical and programming expertise in emerging markets where certain new media products have been deployed more extensively than in the U.S. markets. For example, we have launched programming applications for advanced mobile services in Japan and Europe, which we believe better prepares us to offer these services as the U.S. market develops.

A strong connection with audiences, a proven ability to create global hits and a valuable entertainment library.    Our focus on understanding our audiences through research enhances our ability to develop innovative and original programming. Our programming is broadly diversified, with popular shows and films that appeal to a variety of audiences, and with new shows and interactive programming continually being developed and debuted throughout the year. Our television programming includes popular shows and enduring characters, including The Real World, SpongeBob SquarePants, South Park, Dora the Explorer, The Daily Show with Jon Stewart, Laguna Beach, Blue's Clues and Rugrats. Our programming also includes events, such as the annual MTV Video Music Awards, Nickelodeon's Kids' Choice Awards, VH1 Save the Music, CMT Music Awards, MTV Movie Awards, CMT's Miss America Pageant, Spike TV Video Game Awards, Comedy Central Roast and the BET Awards. We have significant in-house creative capabilities and have helped launch the careers of some of the entertainment industry's leading entertainers, directors and producers. We believe that



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our strong creative track record, our willingness to experiment with new shows and concepts, the strength and breadth of our distribution infrastructure, our solid financial foundation and our well-known media brands help attract and retain creative talent. Our motion picture library includes rights to some of the best loved and most successful films, including Titanic, The Godfather trilogy, the Indiana Jones films, Forrest Gump and Braveheart. Following our sale of most of the DreamWorks live-action library, we retain distribution rights to these films for at least a five-year period, including Gladiator, American Beauty, War of the Worlds and Saving Private Ryan.

As a result of our creative output in television and in motion pictures, we have assembled a library with significant future revenue potential. Our library consists of over 1,000 motion picture titles, approximately 18,000 hours of television programming and varying rights for approximately 2,500 additional motion picture titles. Our library also contains titles that have not yet been fully exploited in the DVD or other digital media formats.

A secure distribution platform and a strong track record of obtaining new carriage. Our cable programming services are made available to consumers in the United States and internationally through affiliation agreements with distributors that generally are long-term, have staggered expiration dates and provide for built-in rate increases and protected distribution. Eight of our cable programming services are distributed in over 75 million homes in the United States, and four of our other services currently reach more than 35 million homes in the United States. The majority of our networks are available on broadly distributed programming tiers. We believe that our strong relationships with our affiliates, the quality and popularity of our networks and our ability to create programming that is appealing to viewers have enabled us to renew existing affiliation agreements, to obtain new distribution for existing networks and to launch new networks.

An established and growing multiplatform presence. We program and operate over 100 websites, including broadband sites, which collectively attracted over 30 million unique visitors in July of 2006, giving us the second most-visited entertainment website portfolio on the Internet during that period. We have a total of 28 broadband channels (eight in the U.S. and 20 internationally) in live deployment. Our complete line-up of broadband channels – including MTV Overdrive, mtvU's Uber, VH1's VSpot, Comedy Central's Motherload, TurboNick, CMT's Loaded, Revolution in Latin America and MTV BoomBox in Korea – is expected to stream more than 1 billion videos by the end of 2006. We continue to launch integrated broadband channels and content, online communities, wireless applications and video-on-demand offerings across our properties in many countries around the world. We are building wireless services for the majority of our core brands and are partnering with carriers such as Virgin Mobile USA, Verizon Wireless, Sprint, China Mobile, and DoCoMo in Japan to deliver ringtones, text updates and video programming. On August 9, 2006, MTV Networks agreed to acquire Atom Entertainment, Inc., a portfolio of several online destinations for casual games, short films and animation. Also, in the second quarter of 2006, MTV Networks acquired Xfire, a leading online gaming communication and community platform. In the fourth quarter of 2005, MTV Networks acquired IFILM and GameTrailers.com, each of which provides entertainment content via websites. We also acquired Neopets, the owner and operator of Neopets.com, a leading online destination and community for kids and young adults. MTV Networks has various rights in various territories to create and distribute content for mobile devices. For example, in June 2005, we entered into a global licensing agreement with Warner Music Group to create and distribute short form video content for mobile devices. In May 2006, we unveiled a beta version of MTV Networks' new digital music service, Urge™, which offers rich editorial, hand-crafted programming and innovative tools to help consumers connect with their favorite artists and discover new ones. Also, MTV Networks' vast array of popular music, comedy and kids programming from its MTV, MTV2, Comedy Central and Nickelodeon brands is now available for download via Apple's iTunes Music Store and AOL's new video service.

An attractive financial profile. In the six months ended June 30, 2006, we derived 37% of our revenues from advertising, 34% from feature film, 19% from affiliate fees, and 10% from ancillary revenues. In 2005, we derived 41% of our revenues from advertising, 30% from feature film, 19% from affiliate fees, and 10% from ancillary revenues. We have a large worldwide consumer products



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licensing business. Basic cable programming services receive revenue from both advertising and affiliate fees, which increases the predictability of these revenues. Further, many of our services, particularly our cable programming services, develop programming through in-house capabilities, resulting in lower overall production costs.

An experienced management team with a proven creative and financial track record. Our operations are led by a financially-disciplined management team that has the expertise and the vision to develop and successfully exploit its programming and other content. Our senior management has broad media experience and the senior management of our businesses consist of leaders in the media and entertainment industry, all of whom have established track records of success.

Business Strategy

Our mission is to be the leading global, consumer-focused, branded entertainment company, with the most respected, most successful and best-in-class brands that live across television, motion pictures and digital media platforms. Our success is linked to our operating principles, which set us apart from other companies. First, we are focused on consumers: we believe that if we can connect with our key consumers, then everything else in our business will follow naturally. Second, we have a brand-centric philosophy; in a fragmented media market, we believe that strong brands are increasingly the most reliable navigation tools for the consumer. We continuously evolve and revitalize our brands to strengthen their audience connection and competitive position. Third, we foster a creative culture and seek creative excellence. Our success in developing original content, from MTV Networks to BET Networks to Paramount Pictures, is a result of an institutional commitment to creativity. Finally, we also bring a global perspective to everything we do. We believe that we can deliver superior returns to stockholders by capitalizing on these strengths and deepening our relationships with advertisers, distribution affiliates, creative talent and licensees.

More specifically, we plan to:

Enhance our position as a leading global entertainment content company, with prominent and respected brands in focused demographics.    Our brand-centric, multiplatform strategy and global footprint give us access to the highest growth areas of the advertising sector. Not only do we have a portfolio of brands that consumers demand, but we also have long-term deals with distributors that include built-in annual rate increases. We intend to continue investing in programming and new and existing brands to serve and grow our audiences, and expand our distribution and advertising revenue streams. In particular, we expect to target new demographic and interest groups and continue the development of existing services in order to retain and expand our audiences and the value of our brands. These initiatives will also continue to benefit from our core consumer research and creative strengths.

Enlarge our established global footprint.    Our global footprint continues to expand. We were the first media company to reach the 100 channel milestone when we launched our first channel in Africa early in 2005. We believe our established position as a multichannel network operator in many regions of the world provides us with significant growth opportunities by acquiring other networks, broadening our platforms, and growing our consumer products business. We expect to use our knowledge and experience in local markets around the world and our worldwide scale to develop and acquire new programming services. We also expect to strengthen our international position by building our own organizations to distribute theatrical and television rights to motion pictures in important foreign markets and by strengthening distribution of home entertainment products internationally.

Expand our growing multiplatform business and monetize the growth trend in digital media.    Our digital strategy mirrors our targeted demographic approach to cable and allows us to offer deeper and more engaging experiences around our areas of expertise and our target audiences. We believe media fragmentation plays to our strengths, and our intent is to take advantage of emerging technological and consumer trends by extending our brands and distributing our content into new forms of integrated digital distribution, such as broadband, wireless, online community,



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video-on-demand, high-definition programming and other businesses. We aim to achieve this through a combination of organic growth, investment in our existing and complementary businesses, strategic relationships, and focused acquisitions that fit with our current brands and core competencies. We believe our connection with our audiences, our marketing expertise and our ability to integrate new digital offerings and experiences on multiple platforms will support this expansion, which we expect to generate both increased revenue growth and stronger connections with our existing viewers. Our key television viewers are kids, teens and young adults, who are the early adopters and the heavy users and drivers of new media growth, and that is where we will continue to focus.

Successfully execute the turnaround of Paramount Pictures. We believe we have a significant opportunity to turn around Paramount Pictures and, with the acquisition of DreamWorks, have begun taking significant steps to do so. With a new management team in place at Paramount Pictures and key talent at DreamWorks, we intend to pursue projects more closely aligned with the tastes of target movie-going audiences and to take advantage of our significant marketing and creative capabilities. Our movies will benefit from the brand association demographics and marketing power of our over 120 worldwide cable networks. In addition, these networks provide access to up-and-coming talent as well as valuable consumer knowledge. Paramount Pictures intends to release films not only under the Paramount Pictures label and its specialty film arm (which is comprised of Paramount Vantage and Paramount Classics) but also under the DreamWorks label, and MTV, Nickelodeon and BET brands. We also plan to strengthen and upgrade our worldwide home entertainment operations, enhance our revenue opportunities by retaining a greater proportion of international rights for theatrically released films and begin the self-distribution of films theatrically in certain key international markets.

Build on our reputation as a great place to work. We have created and are committed to maintaining a diverse culture that attracts the best people, embraces original ideas, adapts quickly, promotes integrity, creativity and innovation, and values fun. We believe this diverse and creative culture will enable us to develop and to market equally diverse, creative and valuable television, motion picture and new media programming and will give us a significant strategic advantage, in the United States and around the world.



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Summary of the Exchange Offer

On June 16, 2006, we issued $750 million aggregate principal amount of unregistered floating rate senior notes due 2009. On April 12, 2006, we issued $1.5 billion aggregate principal amount of unregistered 5.75% senior notes due 2011, $1.5 billion aggregate principal amount of unregistered 6.25% senior notes due 2016 and $1.75 billion aggregate principal amount of unregistered 6.875% senior debentures due 2036. On each of June 16, 2006 and April 12, 2006, we and the initial purchasers of the unregistered senior notes and debentures entered into registration rights agreements in connection with such debt offerings in which we agreed that you, as a holder of unregistered senior notes and debentures, would be entitled to exchange your unregistered senior notes and debentures for exchange senior notes and debentures registered under the Securities Act but otherwise having substantially identical terms to the respective unregistered senior notes and debentures. This exchange offer is intended to satisfy these rights. After the exchange offer is completed, you will no longer be entitled to any registration rights with respect to your senior notes and debentures. The exchange senior notes and debentures will be our obligations and will be entitled to the benefits of the base indenture and supplemental indentures relating to the unregistered senior notes and debentures. The form and terms of the exchange senior notes and debentures are identical in all material respects to the form and terms of the respective unregistered senior notes and debentures, except:

- the exchange senior notes and debentures will have been registered under the Securities Act, and therefore will contain no restrictive legends;
- the exchange senior notes and debentures will not have registration rights; and
- the exchange senior notes and debentures will not have rights to additional interest conditioned upon a registration default.

For additional information on the terms of the exchange offer, see ‘‘The Exchange Offer.’’

The Exchange Offer

We are offering to exchange $1,000 principal amount of:

- floating rate senior notes due 2009 which have been registered under the Securities Act of 1933 for each $1,000 principal amount of our outstanding unregistered 2009 senior notes that were issued on June 16, 2006. As of the date of this prospectus, $750 million in aggregate principal amount of our unregistered 2009 senior notes are outstanding;
- 5.75% senior notes due 2011 which have been registered under the Securities Act of 1933 for each $1,000 principal amount of our outstanding unregistered 2011 senior notes that were issued on April 12, 2006. As of the date of this prospectus, $1.5 billion in aggregate principal amount of our unregistered 2011 senior notes are outstanding;
- 6.25% senior notes due 2016 which have been registered under the Securities Act of 1933 for each $1,000 principal amount of our outstanding unregistered 2016 senior notes that were issued on April 12, 2006. As of the date of this prospectus, $1.5 billion in aggregate principal amount of our unregistered 2016 senior notes are outstanding; and
- 6.875% senior debentures due 2036 which have been registered under the Securities Act of 1933 for each



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$1,000 principal amount of our outstanding unregistered 2036 senior debentures that were issued on April 12, 2006. As of the date of this prospectus, $1.75 billion in aggregate principal amount of our unregistered 2036 senior debentures are outstanding.

Expiration of Exchange Offer

The exchange offer will expire at 5:00 p.m., New York City time, on , 2006, unless we decide to extend the expiration date.

Conditions of the Exchange Offer

We will not be required to accept for exchange any unregistered senior notes or debentures, and we may amend or terminate the exchange offer if any of the following conditions or events occurs:

- the exchange offer, or the making of any exchange by a holder, violates applicable law or any applicable interpretation of the staff of the SEC;
- any action or proceeding shall have been instituted or threatened with respect to the exchange offer which, in our judgment, would impair our ability to proceed with the exchange offer; and
- any law, rule or regulation or applicable interpretation of the staff of the SEC has been issued or promulgated which, in our good faith determination, does not permit us to effect the exchange offer.

We will give oral or written notice of any non-acceptance, amendment or termination to the registered holders of the unregistered senior notes and debentures as promptly as practicable. We reserve the right to waive any conditions of the exchange offer.

Resale of Exchange Senior Notes and Debentures

Based on interpretative letters of the SEC staff to third parties unrelated to us, we believe that you can resell and transfer the exchange senior notes and debentures you receive pursuant to this exchange offer, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- any exchange senior notes and debentures to be received by you will be acquired in the ordinary course of your business;
- you are not engaged in, do not intend to engage in and have no arrangement or understanding with any person to participate in the distribution of the unregistered senior notes or debentures or exchange senior notes or debentures;
- you are not an ‘‘affiliate’’ (as defined in Rule 405 under the Securities Act) of Viacom or, if you are such



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an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

- if you are a broker-dealer, you have not entered into any arrangement or understanding with Viacom or any ‘‘affiliate’’ of Viacom (within the meaning of Rule 405 under the Securities Act) to distribute the exchange senior notes or debentures;
- if you are a broker-dealer, you will receive exchange senior notes and debentures for your own account in exchange for unregistered senior notes and debentures

that were acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus in connection with any resale of such exchange senior notes and debentures; and

- you are not acting on behalf of any person or entity that could not truthfully make these representations.

If you wish to accept the exchange offer, you must represent to us that these conditions have been met.

If our belief is inaccurate and you transfer any exchange senior notes or debentures without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration under the Securities Act, you may incur liability under the Securities Act. We do not assume or indemnify you against such liability, but we do not believe that any such liability should exist.

Accrued Interest on the Exchange Senior Notes and Debentures and Unregistered Senior Notes and Debentures

The exchange senior notes and debentures will accrue interest from the date interest was last paid on the relevant series of unregistered senior notes and debentures. If no interest was paid on your unregistered senior notes and debentures, your exchange senior notes and debentures will accrue interest from and including June 16, 2006, in the case of the exchange 2009 senior notes, or from and including April 12, 2006, in the case of the exchange 2011 senior notes, the exchange 2016 senior notes and the exchange 2036 senior debentures. We will pay interest on the exchange 2009 senior notes quarterly on March 16, June 16, September 16 and December 16 of each year. We will pay interest on the exchange 2011 senior notes, the exchange 2016 senior notes and the exchange 2036 senior debentures semi-annually on April 30 and October 30 of each year.

Holders of unregistered senior notes and debentures that are accepted for exchange will be deemed to have waived the right to receive any payment in respect of interest





accrued from the date of the last interest payment date that was made in respect of the relevant series of unregistered senior notes and debentures (or, if no interest was paid, from and including June 16, 2006, in the case of the unregistered 2009 senior notes, or from and including April 12, 2006, in the case of the unregistered 2011 senior notes, the unregistered 2016 senior notes and the unregistered 2036 senior debentures) until the date of the issuance of the exchange senior notes and debentures. Consequently, holders of exchange senior notes and

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| | debentures will receive the same interest payments that they would have received had they not accepted the exchange offer. |
| Procedures for Tendering Unregistered Senior Notes and Debentures | If you wish to participate in the exchange offer, you must transmit a properly completed and signed letter of transmittal, and all other documents required by the letter of transmittal, to the exchange agent at the address set forth in the letter of transmittal. These materials must be received by the exchange agent before 5:00 p.m., New York City time, on , 2006, the expiration date of the exchange offer. You must also provide:<br>• a confirmation of any book-entry transfer of unregistered senior notes and debentures tendered electronically into the exchange agent's account with DTC, Euroclear or Clearstream Luxembourg. You must comply with DTC's, Euroclear's or Clearstream Luxembourg's respective standard operating procedures for electronic tenders, by which you will agree to be bound in the letter of transmittal; or<br>• physical delivery of your unregistered senior notes and debentures to the exchange agent's address as set forth in the letter of transmittal.<br>The letter of transmittal must also contain the representations you must make to us as described under ''The Exchange Offer – Resale of Exchange Senior Notes and Debentures.'' |
| Special Procedures for Beneficial Owners | If you are a beneficial owner of unregistered senior notes and debentures that are held through a broker, dealer, commercial bank, trust company or other nominee and you wish to tender such unregistered senior notes and debentures, you should contact the person promptly and instruct the person to tender your unregistered senior notes and debentures on your behalf. |



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| Guaranteed Delivery Procedures for Unregistered Senior Notes and Debentures | If you cannot meet the expiration deadline, or you cannot deliver your unregistered senior notes and debentures, the letter of transmittal or any other required documentation, or comply with DTC's, Euroclear's or Clearstream Luxembourg's respective standard operating procedures for electronic tenders on time, you may tender your unregistered senior notes and debentures according to the guaranteed delivery procedures set forth under ''The Exchange Offer — Guaranteed Delivery Procedures.'' |
| Withdrawal Rights | You may withdraw the tender of your unregistered senior notes and debentures at any time prior to 5:00 p.m., New |

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| | York City time, on , 2006, the expiration date. |
| Consequences of Failure to Exchange | If you are eligible to participate in this exchange offer and you do not tender your unregistered senior notes and debentures as described in this prospectus, you will not have any further registration rights. In that case, your unregistered senior notes and debentures will continue to be subject to restrictions on transfer. As a result of the restrictions on transfer and the availability of exchange senior notes and debentures, the unregistered senior notes and debentures are likely to be much less liquid than before the exchange offer. The unregistered senior notes and debentures will, after the exchange offer, bear interest at the same rate as the respective exchange senior notes and debentures. |
| Certain U.S. Federal Income Tax Consequences | The exchange of the unregistered senior notes and debentures for exchange senior notes and debentures pursuant to the exchange offer will not be a taxable exchange for U.S. federal income tax purposes. |
| Use of Proceeds | We will not receive any proceeds from the issuance of exchange senior notes and debentures pursuant to the exchange offer. |
| Accounting Treatment | We will record the exchange senior notes and debentures at the same carrying value of the unregistered senior notes and debentures of the corresponding series reflected in our accounting records on the date the exchange offer is completed. Accordingly, we will not recognize any gain or loss for accounting purposes upon the exchange of exchange senior notes and debentures for unregistered senior notes and debentures. We will amortize certain expenses incurred in connection with the issuance of the exchange senior notes and debentures over their respective terms. |



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| Exchange Agent for Unregistered Senior Notes and Debentures | The Bank of New York, the trustee under the indenture for the unregistered senior notes and debentures, is serving as the exchange agent in connection with the exchange offer. The Bank of New York can be reached at 101 Barclay Street, 7 East, New York, New York 10286; its telephone number is (212) 815-3687 and its facsimile number is (212) 298-1915. |

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Summary Description of the Senior Notes and Debentures

The following is a brief summary of some of the terms of the senior notes and debentures. For a more complete description of the terms of the senior notes and debentures, see ''Description of the Senior Notes and Debentures'' on page 111 of this prospectus.

| | |
|---|---|
| Issuer | Viacom Inc. |
| Exchange Senior Notes and Debentures | • $750,000,000 aggregate principal amount of registered floating rate senior notes due 2009;<br>• $1,500,000,000 aggregate principal amount of registered 5.75% senior notes due 2011;<br>• $1,500,000,000 aggregate principal amount of registered 6.25% senior notes due 2016; and<br>• $1,750,000,000 aggregate principal amount of registered 6.875% senior debentures due 2036. |
| Maturity | The exchange senior notes due 2009 will mature on June 16, 2009.<br>The exchange senior notes due 2011 will mature on April 30, 2011.<br>The exchange senior notes due 2016 will mature on April 30, 2016.<br>The exchange senior debentures due 2036 will mature on April 30, 2036. |
| Interest | The exchange senior notes due 2009 will bear interest at a rate per year equal to three-month LIBOR plus 0.35% to be reset quarterly. Interest on the exchange senior notes due 2009 will be payable quarterly in arrears on March 16, June 16, September 16 and December 16 of each year.<br>The exchange senior notes due 2011 will bear interest at the rate of 5.75% per year; the exchange senior notes due 2016 will bear interest at the rate of 6.25% per year; and the exchange senior debentures due 2036 will bear interest at the rate of 6.875% per year. Interest on the exchange senior notes due 2011, the exchange senior notes due 2016 and the exchange senior debentures due 2036 will be payable semi-annually in arrears on April 30 and October 30 of each year.<br>Interest on the exchange senior notes and debentures will be paid beginning on the interest payment date immediately following the last interest payment date for which interest was paid on the relevant series of unregistered senior notes and debentures (or, if no interest was paid, beginning on the first interest payment date |

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| | following the issuance of such series of unregistered notes or debentures). |
| Ranking | The exchange senior notes and debentures will be unsecured senior obligations of Viacom Inc. and will rank equally with all of Viacom Inc.'s existing and future unsecured senior obligations, including its credit facilities. As of June 30, 2006, Viacom Inc. had approximately $7.32 billion of indebtedness outstanding under its credit facilities, the unregistered senior notes and debentures and its commercial paper program.<br>The exchange senior notes and debentures will be structurally subordinated to all obligations of our subsidiaries including claims with respect to trade payables. As of June 30, 2006, our direct and indirect subsidiaries had approximately $337.5 million of indebtedness outstanding. |
| Sinking fund | None. |
| Optional redemption | We may not redeem the exchange senior notes due 2009 at our option prior to their maturity date.<br>We may redeem some or all of the exchange senior notes due 2011, the exchange senior notes due 2016 and the exchange senior debentures due 2036 at any time and from time to time at their principal amount, plus the applicable premium, if any, and accrued interest. See ''Description of the Senior Notes and Debentures – Optional Redemption.'' |
| Certain covenants | We will issue the senior notes and debentures under an indenture that, among other things, limits our ability to:<br>• consolidate, merge or sell all or substantially all of our assets;<br>• create liens; and<br>• enter into sale and leaseback transactions.<br>All of these limitations are subject to a number of important qualifications and exceptions. See ''Description of the Senior Notes and Debentures.'' |
| Governing law | The senior notes and debentures and the indenture under which they will be issued will be governed by New York law. |
| Risk factors | See ''Risk Factors'' beginning on page 18 for a discussion of the factors you should consider carefully before deciding to invest in the senior notes and debentures. |

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Summary Selected Consolidated Financial Data

The following tables present our summary selected consolidated financial data. The summary selected consolidated financial data should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the notes thereto included in this prospectus and the related ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' beginning on page 33. The consolidated income statement data for the years ended December 31, 2005, 2004 and 2003 and the consolidated balance sheet data at December 31, 2005, 2004 and 2003 are derived from our audited consolidated financial statements. The unaudited consolidated income statement data for the six months ended June 30, 2006 and 2005 and the unaudited consolidated balance sheet data at June 30, 2006 are derived from our accounting records for those periods and have been prepared on a basis consistent with our audited consolidated financial statements, except we adopted the provisions of FAS 123R effective January 1, 2006.

The summary selected consolidated financial data may not necessarily reflect our results of operations and financial position in the future or what results of operations and financial position would have been had we been a separate, stand-alone company during the periods presented. For additional information, see ''Unaudited Pro Forma Condensed Consolidated Financial Information'' and the notes thereto beginning on page 31.

Consolidated Income Statement Data
(in millions, except per share amounts)

| | Six Months Ended June 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | 2006 | 2005 | 2005 | 2004 | 2003 |
| | (unaudited) | | | | |
| Revenues | $ 5,214.2 | $ 4,408.4 | $ 9,609.6 | $ 8,132.2 | $ 7,304.4 |
| Operating income | $ 1,286.7 | $ 1,210.4 | $ 2,366.4 | $ 2,282.8 | $ 2,001.8 |
| Net earnings from continuing operations | $ 733.2 | $ 724.6 | $ 1,303.9 | $ 1,392.9 | $ 1,147.4 |
| Net earnings from continuing operations per common share (basic and diluted) | $ 1.00 | $ 0.96 | $ 1.73 | $ 1.85 | $ 1.53 |
| Weighted average number of common shares outstanding: | | | | | |
| Basic common shares | 729.1 | 751.6 | 751.6 | 751.6 | 751.6 |
| Diluted common shares | 731.1 | 751.6 | 751.6 | 751.6 | 751.6 |

Consolidated Balance Sheet Data
(in millions)

| | At June 30, | At December 31, | | |
|---|---|---|---|---|
| | 2006 | 2005 | 2004 | 2003 |
| | (unaudited) | | | |
| Total assets | $ 20,048.1 | $ 19,115.6 | $ 18,440.8 | $ 22,304.4 |
| Financing obligations – non-current[(1)] | $ 7,601.6 | $ 5,702.1 | $ 291.7 | $ 163.4 |
| | $ 6,893.9 | $ 7,787.9 | $ 13,465.2 | $ 15,815.7 |

| | | | | |
|---|---|---|---|---|
| Total stockholders' equity/invested capital | | | | |
| Cash dividends declared per common share | $ — | $ — | $ — | $ — |

[(1)]Financing obligations – non-current includes long-term debt, long-term capital leases, commercial paper and notes payable to banks, to the extent these existed in the periods presented.

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Ratio of Earnings to Fixed Charges

| | Six Months Ended June 30, 2006 | Year Ended December 31, 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|
| Ratio of earnings to fixed charges[(1)] | 5.3x | 34.8x | 40.7x | 38.7x | 25.6x | 18.8x |

[(1)]For more information, see ''Ratio of Earnings to Fixed Charges'' on page 28.

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Summary Unaudited Pro Forma Condensed Consolidated Financial Information

The summary unaudited pro forma condensed consolidated financial information is derived from, and should be read in conjunction with, the information provided in ''Unaudited Pro Forma Condensed Consolidated Financial Information'' and the notes thereto beginning on page 31. The summary unaudited pro forma condensed consolidated financial information is based upon our historical financial statements included in this prospectus. This pro forma financial information is presented as if the separation, the issuance of the unregistered senior notes and debentures and the use of the net proceeds therefrom to repay a portion of amounts previously borrowed had occurred as of the beginning of the period presented. Management believes the assumptions and allocations are reasonable. However, the pro forma results do not necessarily represent what the actual results would have been had Viacom been a stand alone public company, nor are they necessarily indicative of future results.

Summary Unaudited Pro Forma Condensed Consolidated Income Statement Information
(in millions, except per share amounts)

| | Six Months Ended June 30, 2006 | Year Ended December 31, 2005 |
|---|---|---|
| Revenues | $ 5,214.2 | $ 9,609.6 |
| Operating income | $ 1,286.7 | $ 2,497.4 |
| Net earnings from continuing operations | $ 719.2 | $ 1,211.3 |
| Net earnings from continuing operations per common share: | | |
| Basic | $ 0.99 | $ 1.61 |
| Diluted | $ 0.98 | $ 1.61 |
| Weighted average number of common shares outstanding: | | |
| Basic | 729.1 | 751.6 |
| Diluted | 731.1 | 752.7 |

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## RISK FACTORS

You should consider carefully all of the information set forth in this prospectus and, in particular, the risk factors described below. In addition, the risks described below and elsewhere in this prospectus are not the only ones we are facing. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected. In any such case, we may not be able to pay interest or principal on the senior notes and debentures, and you could lose all or part of your investment.

### Risks Related to Our Company

#### Our Success Is Dependent upon Audience Acceptance of Our Programs and Films Which Is Difficult to Predict

Entertainment content and feature film production and distribution are inherently risky businesses because the revenues derived from the production and distribution of a cable program or feature film, and the licensing of rights to the intellectual property associated with a program or film, depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a cable program or feature film also depends upon the quality and acceptance of other competing programs and films 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, many of which are also difficult to predict. Audience sizes for our cable networks are also factors that are weighed when deciding on the advertising rates and the renegotiation of affiliate rates that we receive. Poor ratings in targeted demographics can lead to a reduction in pricing and advertising spending. Further, the theatrical success of a feature film may impact revenues from other distribution channels, such as home entertainment and premium pay television, and sales of licensed consumer products. Consequently, low public acceptance of our cable programs and feature films will have an adverse effect on our results of operations.

A Decline in Advertising Expenditures Could Cause Our Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

We derive substantial revenues from the sale of advertising on our cable networks. We have recently experienced a decline in international (particularly European) advertising revenues. A decline in advertising expenditures generally or in specific markets, including domestic and international markets, could significantly adversely affect our revenues and operating results in any given period. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. Disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of economic uncertainty. In addition, advertising expenditures may also be affected by increasing competition for the leisure time of audiences. Advertising expenditures by companies in certain sectors of the economy, including the children's toys and entertainment sectors, represent a sizeable portion of our advertising revenues. Any political, economic, social or technological change may result in a reduction of these sectors' advertising expenditures. For example, at least one company has announced its intention to shift its advertising focus away from children under 12 years of age in response to concerns about child obesity and unhealthy eating. Any reduction in advertising expenditures could have an adverse effect on our revenues and results of operations.

Our Businesses Operate in Highly Competitive Industries

Participants in the cable and motion picture industries depend primarily upon the sale of advertising, revenues generated by the distribution of feature films and affiliate fees to generate revenue. Competition for viewers, advertising and distribution is intense and comes from broadcast

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networks and specialty cable channels; movie studios and independent film producers and distributors; local, regional and national newspapers; online activities; video gaming; direct mail; and other communications and advertising media that operate in these markets. In particular, online search engines have seen significant advertising growth, a portion of which is derived from traditional cable network advertisers. In addition, there has been consolidation in the media industry and our competitors include market participants with interests in multiple media businesses which are often vertically integrated. Our ability to compete successfully depends on a number of factors, including our ability to provide high quality and popular cable programs and motion pictures and our ability to achieve high distribution levels. In addition, cable providers and DTH satellite operators have developed new techniques that allow them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating channels and potentially leading to the division of the television marketplace into more specialized niche audiences. More television options increase competition for viewers, and competitors targeting programming to narrowly defined audiences may gain an advantage over us for television advertising and subscription revenues. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

The Loss of Affiliation Agreements Could Cause Our Revenues to Decline in Any Given Period or in Specific Markets

We are dependent upon the maintenance of affiliation agreements with cable and DTH satellite operators for the distribution of our cable networks. Certain BET, BET J and MTV affiliation agreements have recently expired and are currently being negotiated. There can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to us. The loss of a significant number of these arrangements or the loss of carriage on the most widely penetrated programming tiers could reduce the distribution of our cable networks, which may adversely affect our advertising and affiliate fee revenues. In addition, further consolidation among cable and DTH satellite operators and increased vertical integration of such distributors into the cable or broadcast network business could adversely affect our ability to negotiate the launch of new networks or the ability to maintain existing distribution or obtain additional distribution for existing networks. In a more concentrated market, there can be no assurance that we will be able to obtain or maintain carriage of our programming services by distributors on commercially reasonable terms, or at all.

Box Office Receipts and DVD Sales Have Recently Been Declining, Which May Adversely Affect Our Prospects and Results of Operations

Several factors, including piracy, growing competition for consumer discretionary spending and low audience acceptance, may be contributing to a recent industry-wide decline in box office receipts and in declining or, in some cases, flattening DVD sales. According to Adams Media Research, domestic consumer spending on DVD and video increased by 5.4% in 2004 but decreased by 2.5% in 2005. Internationally, consumer spending on DVD and video increased by 14.9% in 2004 but decreased by 5.5% in 2005, according to Screen Digest. Our ability to sell our DVDs could also be affected by the influence of several large retailers, including, without limitation, Wal-Mart, whose decisions as to placement and removal of our DVDs could have a significant impact on our revenues from sales of DVDs. A continuing decline in attendance by moviegoers and in DVD sales could have a substantial adverse impact on our results of operations and growth prospects.

Our Revenues and Operating Results Are Subject to Cyclical and Seasonal Variations

Our revenues and operating results fluctuate due to the timing and availability of theatrical and home entertainment releases and of programming for syndication and cable exhibition and the timing of the beginning of the license periods for television exhibition of motion pictures. Our operating results also fluctuate due to the timing of the recognition of production costs and the possible later recognition of related revenues. In addition, the success of our individual titles may vary, causing our operating results to fluctuate.

Our business has experienced and is expected to continue to experience some seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people’s viewing and



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listening habits and attendance. Typically, our revenue from advertising increases in the fourth quarter and revenue from feature films increases in the summer. The effect of such seasonality makes it difficult to estimate future operating results based on the results of any specific quarter.

We Must Respond to and Capitalize on Rapid Changes in Technology, Services and Standards in Order to Remain Competitive and Exploit New Opportunities

Technology in the video, telecommunications and data services used in the entertainment industry is changing rapidly. Advances in technologies or alternative methods of product delivery and storage or certain changes in consumer behavior driven by these or other technologies and methods of delivery and storage could have a negative effect on our business. Examples of such advances in technologies include video-on-demand, new video formats and downloading from the Internet. For example, devices that allow users to view cable programs or motion pictures from a remote location or on a time-delayed basis and technologies which enable users to fast-forward or skip advertisements may cause changes in consumer behavior that could affect the attractiveness of our offerings to advertisers and could therefore adversely affect our revenues. We may not have the right, and may not be able to secure the right, to distribute some of our licensed content across these, or any other, new platforms.

In addition, the ability to capitalize on a variety of distribution platforms for our programming and films, including new technologies, is one of our key business strategies. The ability to anticipate and exploit these new and future sources of revenue from technological developments will affect our ability to continue to grow and increase our revenue and expand our business.

Increased Programming and Content Costs May Adversely Affect Our Profits

We produce programming and incur costs for all types of creative talent including actors, writers and producers, and for new show concepts. We also acquire programming, such as movies and television series, from television production companies and movie studios. An increase in the costs of programming may lead to decreased profitability.

An increase in licensing costs could also affect our profits. For example, we license music videos for exhibition on our cable channels and other programming or content services from record companies in exchange for cash and advertising time or for promotional consideration only. We have entered into global music video licensing agreements with certain major record companies and into global or regional license agreements with certain independent record companies. We also license various other music rights from record companies, music publishers, performing rights societies and others. There can be no assurance that we will be able to obtain license renewals or additional license agreements and, if so, on favorable terms. There can also be no assurance that we will be able to secure the rights to distribute the content of our licenses over new platforms on acceptable terms. If we fail to obtain such extensions, renewals or agreements on acceptable terms and consequently cannot obtain licensing rights for content needed in our operations, our revenue or costs may be adversely affected.

Our Cable Networks Are Included with CBS Corporation’s Programming under Certain of Our Affiliation Agreements, and New Affiliation Agreements May Be More Difficult to Negotiate

Former Viacom was party to affiliation agreements with cable and DTH satellite operators pursuant to which both our cable networks and CBS Corporation’s television programming were carried by these distributors. After these agreements expire, our cable networks will no longer be included with CBS Corporation’s programming. Certain BET, BET J and MTV affiliation agreements have recently expired. There can be no assurance that we will be able to negotiate new affiliation agreements with these distributors on terms as favorable as was previously possible.

Changes in U.S. or Foreign Communications Laws or Other Regulations May Have an Adverse Effect on Our Business

The multichannel video programming and distribution industries in the United States are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC. For example, federal legislation and FCC rules limit the amount and content of

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commercial material that may be shown on video programming channels during programming designed for children 12 years of age and younger. In November 2004, the FCC issued new rules that classify promotions on a channel for programs aired on that channel as commercial matter unless the programs being promoted are educational or informational as defined under FCC rules, and that limit the display during children’s programming of the Internet addresses of websites that contain or link to commercial material or that use characters from the program on which the website address is displayed to sell products or services. If retained without modification, these rules could have an adverse impact on our children’s programming channels, including Nickelodeon and Nick Jr., because they would force a reduction of promotional or advertising time during this programming and would limit our ability to promote our program-related websites that contain commercial material. Children’s advocacy groups and industry parties, including our company, have agreed to a proposal to modify these rules. The FCC has postponed implementation of the rule changes while it considers the proposal. The proposed rule modifications would mitigate the adverse impacts of the FCC’s rules on our company. However, there can be no assurance that the FCC will ultimately adopt these proposals.

In addition, 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 that could, directly or indirectly, affect the operations and ownership of our U.S. media properties. For example, some policymakers support the extension of indecency rules applicable to over-the-air broadcasters to cover cable and satellite operators. If such an extension took place and was not found to be unconstitutional, our content could be subject to additional regulation. Similarly, changes in regulations imposed by governments in other jurisdictions in which we, or entities in which we have an interest, operate could adversely affect our business, results of operations and ability to expand these operations beyond their current scope.

Requirements that Cable Operators Create Family Friendly Tiers or Offer Programming on an A La Carte Basis May Decrease the Distribution of Our Networks to Cable Television Subscribers and Materially Affect Our Results of Operations

Certain policymakers maintain that cable operators should be required to offer programming to subscribers on a network-by-network, or à la carte, basis or to provide ‘‘family friendly’’ program tiers. Certain distributors have recently launched ‘‘family-friendly’’ tiers to their customers that may or may not include some or all of our networks. In addition, the FCC recently issued a report finding consumers would benefit if cable operators were required to offer programming on an à la carte basis. The unbundling or tiering of program services could materially reduce distribution of certain of our channels, thereby leading to reduced viewership and increased marketing expenses, and could affect our ability to compete for or attract the same level of advertising dollars. Any decline in subscribers could lead to a loss in our advertising sales and affiliate fees and a reduction in payments by cable and DTH satellite operators.

Piracy of Our Motion Pictures, Intellectual Property and Other Content, Including Digital and Internet Piracy, May Decrease Revenue Received from the Exploitation of Our Cable Television Programs and Films and Adversely Affect Our Business and Profitability

The success of our business depends in part on our ability to maintain the intellectual property rights to our products and services. Piracy of motion pictures, television programming, video content and DVDs as well as other intellectual property is prevalent in many parts of the world and is made easier by technological advances allowing conversion of motion pictures, television programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures and other content. The proliferation of unauthorized copies and piracy of these products may have an adverse effect on our business and profitability because these products reduce the revenue that we potentially could receive from the legitimate sale and distribution of our content. In addition, if piracy were to increase, it would have an adverse effect on business and profitability.

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### The Loss of Key Personnel, Including Talent, Could Disrupt the Management and Operations of Our Business and Adversely Affect Our Revenues

Our business depends upon the continued efforts, abilities and expertise of our senior management team and other key employees and entertainment personalities. We believe that the unique combination of skills and experience possessed by our key executives would be difficult to replace, and that the loss of our key executives could have a material adverse effect on us, including the impairment of our ability to execute our business strategy. Additionally, we employ or contract with several entertainment personalities with loyal audiences. These personalities are sometimes important to achieving current levels of viewership. There can be no assurance that these individuals will remain with us or will retain their current audiences. If we fail to retain these individuals or our entertainment personalities lose their current audiences, our revenues could be adversely affected.

### We Could Be Adversely Affected by Strikes and Other Union Activity

We and our suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. If we or our suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, higher costs in connection with these agreements or a significant labor dispute could adversely affect our business by causing delays in the production, the release date or by reducing the profit margins of our cable programs or feature films.

### Political and Economic Risks Associated with Our Businesses Could Harm Our Financial Condition

Our businesses operate and have customers worldwide. Inherent risks of doing business in international markets include, among other risks, changes in the economic environment, export restrictions, exchange controls, tariffs and other trade barriers and longer payment cycles. We may incur substantial expense as a result of the imposition of new restrictions or changes in the existing economic environment in the regions where we do business. Acts of terrorism or other hostilities, or other future financial, political, economic or other uncertainties, could lead to a reduction in advertising and other revenue, which could materially adversely affect our business, financial condition or results of operations.

### The Failure or Destruction of Satellites and Facilities that We Depend Upon to Distribute Our Programming Could Materially Adversely Affect Our Business and Results of Operations

We use satellite systems to transmit our cable networks to cable systems and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. Failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on our business and results of operations.

### We Could Suffer Losses Due to Asset Impairment Charges for Goodwill and Intangible Assets

In accordance with Statement of Financial Accounting Standards No. 142, ‘‘Goodwill and Other Intangible Assets,’’ which we refer to in this prospectus as ‘‘SFAS 142,’’ we will test goodwill and intangible assets for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A downward revision in the fair value of a reporting unit or intangible assets could result in an impairment under SFAS 142 and a non-cash charge would be required. Any significant shortfall, now or in the future, in the expected popularity of the feature films or other content we produce, could lead to a downward revision in the fair value of such assets. Any such charge could have a material effect on our reported net earnings.



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Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on Our Results of Operations

Certain of our revenues are earned and expenses are incurred in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, we are exposed to exchange rate fluctuations, which could have an adverse effect on our results of operations.

Our Liabilities Related to Lease Guarantees and Litigation Could Adversely Impact Our Financial Condition

We have both recognized and potential liabilities and costs related to discontinued operations and former businesses, including, among other things, potential liabilities to landlords if Blockbuster should default on certain store leases entered into prior to Blockbuster's initial public offering in 1999, and pending and threatened litigation. We cannot assure you that our reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due or at what point any of these liabilities may come due. Therefore, there can be no assurance that these liabilities will not have a material adverse effect on our financial condition.

If the Integration of DreamWorks into Our Business Does Not Yield Expected Benefits, or If Our Transition to a New Distribution Infrastructure in International Theatrical and Worldwide Television Markets Does Not Fully Succeed, Our Results of Operations Could Be Adversely Impacted

We acquired DreamWorks L.L.C. on January 31, 2006. If the integration of DreamWorks, including its motion pictures, employees and information systems, into our business is not fully successful or does not yield expected benefits to Paramount Pictures' business, our expected results of operations could be adversely impacted. We also are developing our television market sales capabilities, restructuring our international distribution operations and retaining a greater proportion of international rights to our film product. Any failure to fully succeed in developing our television market sales capabilities, restructuring our international distribution operations or capitalizing on the international rights we retain could adversely affect our results of operations.

NAI, Through Its Voting Control of Viacom, Is in a Position to Control Actions that Require Stockholder Approval and May Have Interests that Are Different than Yours

NAI, through its beneficial ownership of our Class A common stock, has voting control of Viacom. Mr. Sumner M. Redstone, the controlling stockholder, Chairman of the Board of Directors and Chief Executive Officer of NAI, serves as Executive Chairman of our Board of Directors and Founder, Ms. Shari Redstone, the President and a director of NAI, serves as non-executive Vice Chair of our Board of Directors, and Mr. Philippe P. Dauman, a director of NAI, serves as our President and Chief Executive Officer and as one of our directors. In addition, Mr. Abrams is a director of both NAI and Viacom. NAI is in a position to control the outcome of corporate actions that require stockholder approval, including the election of directors and transactions involving a change of control. The interests of NAI may not be the same as yours.

We Have a New Operating Structure and New Members of Management at Viacom Corporate and Paramount Pictures

On September 5, 2006, we announced the appointment of Mr. Dauman as President and Chief Executive Officer, replacing the then-current President and Chief Executive Officer, Mr. Freston, and the appointment of Mr. Dooley as Senior Executive Vice President and Chief Administrative Officer. In addition to this event, we are continuing to manage our separation from CBS Corporation, which involved the division of Former Viacom's businesses. In connection with the separation, many jointly-held assets and operating systems as well as personnel were allocated between the companies, in particular at Paramount Pictures and in Former Viacom's corporate offices, and new related party agreements were entered into to govern the ongoing business relationships between the companies following the separation. Due to these events, Viacom corporate and Paramount Pictures have senior management teams that include several executives who were hired relatively recently or who recently assumed all or a substantial part of their current responsibilities, including Mr. Dauman and Mr. Dooley.



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Risks Related to Our Separation from CBS Corporation

Our Historical and Pro Forma Financial Information May Not Be Indicative of Our Results as a Separate Company

The historical and pro forma financial information presented in this prospectus relating to periods prior to our separation from CBS Corporation may not necessarily reflect what our results of operations, financial condition and cash flows would have been had we been operating as a stand-alone entity during the periods presented or what our results of operations, financial condition and cash flows will be in the future. As a result, historical and pro forma financial information should not be relied upon as being indicative of our future results of operations, financial condition and cash flows.

Our Business and Other Businesses Which Are Controlled by Sumner Redstone, Including CBS Corporation, Are and Will Continue to Be Attributable to Each Other for Certain Regulatory Purposes

So long as we and CBS Corporation are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, such as NAI, NAIRI and Midway Games, Inc., which is also controlled by Mr. Redstone, may be attributable to the other companies for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, and certain rules regarding political campaign contributions in the United States, among others. The businesses of each company may continue to be attributable to the other companies for FCC purposes even after the companies cease to be commonly controlled, if the companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of any of these other companies may have the effect of limiting the activities or strategic business alternatives available to our company.

The Separation Agreement Between CBS Corporation and Us Prohibits Us from Engaging in Certain Types of Businesses

Under the terms of the Separation Agreement, we generally agreed that we will not own or acquire certain interests in specified types of media companies if such ownership would cause CBS Corporation to be in violation of U.S. federal laws limiting the ownership of broadcast licenses or if it would limit CBS Corporation's ability under these laws to acquire television or radio stations or television networks. Additionally, we may not make acquisitions, enter into agreements or accept or agree to any condition that purports to bind CBS Corporation or subjects CBS Corporation to restrictions it is not otherwise subject to by legal order without CBS Corporation's consent. We and CBS Corporation have agreed that prior to the earliest of (1) the fourth anniversary of the separation, (2) the date on which none of Mr. Redstone, NAI, NAIRI or any of their successors, assigns or transferees are deemed to have interests in both CBS Corporation and Viacom that are attributable under applicable U.S. federal laws and (3) the date on which the other company ceases to own the video programming vendors that it owns as of the separation, neither of them will own or acquire an interest in a cable television operator if such ownership would subject the other company to U.S. federal laws regulating contractual relationships between video programming vendors and video programming distributors that the other company is not then subject to. These restrictions could limit the strategic business alternatives available to us.

The Tax Matters Agreement and the Tax Rules Applicable to the Separation May Restrict Our Ability to Engage in Certain Corporate Transactions

In connection with the separation, we entered into a Tax Matters Agreement, effective upon the consummation of the separation. The Tax Matters Agreement provides, among other things, that, depending on the event, we may have to indemnify CBS Corporation for some or all of the taxes resulting from the merger and the distribution of our common stock in the merger if the merger and distribution do not qualify as a tax-free distribution under Sections 355 and 368 of the Code. In addition, the current U.S. federal income tax law creates a presumption that the distribution of our common stock in the merger would be taxable to CBS Corporation, but not to its stockholders, if we engage in, or enter into an agreement to engage in, a transaction that would result in a 50% or greater change, by vote or value, in our stock ownership during the four-year period that begins two years



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before the date of the separation, unless it is established that the transaction was not undertaken pursuant to a plan or series of transactions related to the separation. The Treasury Regulations currently in effect generally provide that whether such distribution is part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury Regulations. In addition, the Treasury Regulations provide several ''safe harbors'' for acquisition transactions that are not considered to be part of a plan. The indemnification obligations set forth in the Tax Matters Agreement and the above-described provisions of the tax law may prevent us from entering into transactions which might be advantageous to our stockholders, such as issuing equity securities to satisfy financing needs or acquiring businesses or assets with equity securities, and may make us less attractive to a potential acquiror and reduce the possibility that an acquiror will propose or seek to effect certain transactions with us.

We Rely on CBS Corporation's Performance under Various Agreements among the Companies

In connection with the separation, we entered into various agreements, including the Separation Agreement, the Tax Matters Agreement and a Transition Services Agreement pursuant to which we will provide certain specified services to CBS Corporation following the separation, and certain related party arrangements pursuant to which we will provide services and products to CBS Corporation from and after the separation. The Separation Agreement sets forth the distribution of assets, liabilities, rights and obligations of Viacom and CBS Corporation following the separation, and includes indemnification obligations for such liabilities and obligations. In addition, pursuant to the Tax Matters Agreement, certain income tax liabilities and related responsibilities are allocated between, and indemnification obligations have been assumed by, each of us and CBS Corporation. Each company will rely on the other company to satisfy its performance and payment obligations under these agreements. Certain of the liabilities to be assumed or indemnified by us or CBS Corporation under these agreements are legal or contractual liabilities of the other company. If CBS Corporation were to breach or be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification obligations, we could suffer operational difficulties or significant losses.

Certain Members of Management, Directors and Stockholders May Face Actual or Potential Conflicts of Interest

The management and directors of Viacom and CBS Corporation own both our common stock and CBS Corporation common stock, and both Viacom and CBS Corporation are controlled by NAI. Mr. Redstone, the controlling stockholder, Chairman of the Board of Directors and Chief Executive Officer of NAI, serves as our Executive Chairman of our Board of Directors and Founder and Executive Chairman of the Board of Directors and Founder of CBS Corporation. Ms. Redstone, the President and a director of NAI, serves as non-executive Vice Chair of the Board of Directors of both Viacom and CBS Corporation. Mr. Dauman, a director of NAI, serves as our President and Chief Executive Officer and as one of our directors. Mr. Abrams is a director of NAI and serves as a director of Viacom. This ownership overlap and these common directors could create, or appear to create, potential conflicts of interest when Viacom's and CBS Corporation's management, directors and controlling stockholder face decisions that could have different implications for Viacom and CBS Corporation. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Viacom and CBS Corporation regarding the terms of the agreements governing the separation and the relationship between Viacom and CBS Corporation thereafter. Potential conflicts of interest could also arise if we and CBS Corporation enter into any commercial arrangements with each other in the future. Each of Mr. Redstone and Ms. Redstone may also face conflicts of interest with regard to the allocation of his or her time between us and CBS Corporation.

Our certificate of incorporation and the CBS Corporation certificate of incorporation each contains provisions related to corporate opportunities that may be of interest to us and to CBS Corporation. Our certificate of incorporation provides that in the event that a director, officer or controlling stockholder of ours who is also a director, officer or controlling stockholder of CBS Corporation acquires knowledge of a potential corporate opportunity for both Viacom and CBS Corporation, such director, officer or controlling stockholder may present such opportunity to us or CBS Corporation or both, as such director, officer or controlling stockholder deems appropriate in his



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or her sole discretion, and that by doing so such person will have satisfied his or her fiduciary duties to us and our stockholders. In addition, our certificate of incorporation provides that we renounce any interest in any such opportunity presented to CBS Corporation. These provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

Risks Related to the Exchange Senior Notes and Debentures

The Exchange Senior Notes and Debentures Will Be Structurally Subordinated to All Obligations of Our Subsidiaries

The exchange senior notes and debentures will not be guaranteed by our subsidiaries, and therefore they will be structurally subordinated to all existing and future indebtedness and other obligations of our subsidiaries, including claims with respect to trade payables. As of June 30, 2006, our direct and indirect subsidiaries had approximately $337.5 million of indebtedness outstanding. The indenture for the exchange senior notes and debentures will not prohibit or limit any of our subsidiaries from incurring any indebtedness or other obligations. In the event of a bankruptcy, liquidation or dissolution of a subsidiary, following payment by the subsidiary of its liabilities, the subsidiary may not have sufficient assets to make payments to us.

An Active Trading Market for the Exchange Senior Notes and Debentures May Not Develop or Be Sustained

The exchange senior notes and debentures are new securities for which there currently is no market. We have not listed and do not intend to list the exchange senior notes and debentures on any U.S. national securities exchange or quotation system. We cannot assure you that any market for the exchange senior notes and debentures will develop or be sustained. If an active market is not developed or sustained, the market price and liquidity of the exchange senior notes and debentures may be adversely affected.

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## CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2006 on a historical basis. This table should also be read together with our unaudited consolidated historical financial statements and the notes thereto included in this prospectus. We will not receive any proceeds from this exchange offer.

| | At June 30, 2006 (unaudited) |
|---|---|
| (in millions) | |
| Cash and cash equivalents | $ 312.1 |
| Debt: | |
| Notes payable to banks | 560.0 |
| Senior notes due 2009, LIBOR + 0.35% | 750.0 |
| Senior notes due 2011, 5.75% | 1,491.3 |
| Senior notes due 2016, 6.25% | 1,493.6 |
| Senior debentures due 2036, 6.875% | 1,732.7 |
| Commercial paper | 1,295.9 |
| Capital leases | 337.5 |
| Total debt | 7,661.0 |
| Stockholders’ Equity: | |
| Class A Common Stock, par value $0.001 per share, 375 shares authorized: 61.6 shares outstanding | 0.1 |
| Class B Common Stock, par value $0.001 per share, 5,000 shares authorized: 690.6 shares outstanding | 0.7 |
| Additional paid-in capital | 7,693.0 |
| Treasury stock | (1,602.3) |
| Retained earnings | 754.5 |
| Accumulated other comprehensive income | 47.9 |
| Total Stockholders’ Equity | 6,893.9 |
| Total Capitalization | $ 14,554.9 |

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RATIO OF EARNINGS TO FIXED CHARGES

Set forth below is information concerning our ratio of earnings to fixed charges. For purposes of determining the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes plus distributed income of equity investees and fixed charges. Fixed charges are defined as interest expense and one-third of gross rent expense relating to operating leases which is deemed to be representative of interest. For the six months ended June 30, 2006, fixed charges include interest expense on indebtedness outstanding during that period. For periods ending December 31, 2005 and prior, indebtedness, other than certain capital lease obligations, was not transferred to Viacom as it remained at CBS Corporation. Accordingly, debt service cost is not reflected in periods prior to the six months ended June 30, 2006.

| | Six Months Ended June 30, | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
| Ratio of Earnings to Fixed Charges(1) | 5.3x | 34.8x | 40.7x | 38.7x | 25.6x | 18.8x |

(1) Interest expense increased for the first six months of 2006 principally due to higher average debt outstanding and higher interest rates. The higher debt outstanding resulted principally from funding the special dividend payment made to CBS Corporation in connection with the separation from Former Viacom in December 2005, the purchase of DreamWorks on January 31, 2006, and the purchase of common stock under the Company's stock repurchase program which began in January 2006. Interest expense will increase substantially for the remainder of 2006 versus 2005 as this higher level of debt is expected to be outstanding for the entire year.



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USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the exchange senior notes and debentures contemplated by this prospectus, we will receive unregistered senior notes and debentures from you in like principal amount. The unregistered senior notes and debentures surrendered in exchange for the exchange senior notes and debentures will be retired and canceled and cannot be reissued. Accordingly, issuance of the exchange senior notes and debentures will not result in any change to our indebtedness.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data. The selected consolidated financial data should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and the notes thereto and the related ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' beginning on page 33. The consolidated income statement data for the years ended December 31, 2005, 2004, 2003 and 2002 and the consolidated balance sheet data at December 31, 2005, 2004 and 2003 are derived from our audited consolidated financial statements. The unaudited consolidated income statement data for the six months ended June 30, 2006 and 2005 and for the year ended December 31, 2001 and the unaudited consolidated balance sheet data at June 30, 2006 and December 31, 2002 and 2001 are derived from our accounting records for those periods and have been prepared on a basis consistent with our audited consolidated financial statements, except we adopted the provisions of FAS 123R effective January 1, 2006.

The selected consolidated financial data may not necessarily reflect our results of operations and financial position in the future or what results of operations and financial position would have been had we been a separate, stand-alone company during the periods presented. For additional information, see ''Unaudited Pro Forma Condensed Consolidated Financial Information'' and the notes thereto beginning on page 31.

Consolidated Income Statement Data
(in millions, except per share amounts)

| | Six Months Ended June 30, | | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2005 | 2004 | 2003 | 2002 | 2001 |
| | (unaudited) | | | | | | (unaudited) |
| Revenues | $5,214.2 | $4,408.4 | $9,609.6 | $8,132.2 | $7,304.4 | $6,050.7 | $5,497.6 |
| Operating income | $1,286.7 | $1,210.4 | $2,366.4 | $2,282.8 | $2,001.8 | $1,737.6 | $1,092.1 |
| Net earnings from continuing operations | $ 733.2 | $ 724.6 | $1,303.9 | $1,392.9 | $1,147.4 | $ 993.9 | $ 438.5 |
| Net earnings from continuing operations per common share (basic and diluted) | $ 1.00 | $ 0.96 | $ 1.73 | $ 1.85 | $ 1.53 | $ 1.32 | $ 0.58 |
| Weighted average number of common shares outstanding: | | | | | | | |
| Basic common shares | 729.1 | 751.6 | 751.6 | 751.6 | 751.6 | 751.6 | 751.6 |
| Diluted common shares | 731.1 | 751.6 | 751.6 | 751.6 | 751.6 | 751.6 | 751.6 |

Consolidated Balance Sheet Data
(in millions)

| | At June 30, | At December 31, | | | | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | (unaudited) | | | | (unaudited) | (unaudited) |
| Total assets | $20,048.1 | $19,115.6 | $18,440.8 | $22,304.4 | $21,993.0 | $23,007.8 |
| Financing obligations – non-current[(1)] | $ 7,601.6 | $ 5,702.1 | $ 291.7 | $ 163.4 | $ 139.9 | $ 156.8 |
| Total stockholders' equity/invested capital | $ 6,893.9 | $ 7,787.9 | $13,465.2 | $15,815.7 | $15,248.6 | $16,275.6 |
| Cash dividends declared per common share | $ — | $ — | $ — | $ — | $ — | $ — |

(1)Financing obligations – non-current includes long-term debt, long-term capital leases, commercial paper and notes payable to banks, to the extent these existed in the periods presented.



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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This unaudited pro forma condensed consolidated financial information and the notes thereto should be read together with our consolidated financial statements and the notes thereto included in this prospectus and the related ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' beginning on page 33. This pro forma financial information is presented as if the separation, the issuance of the unregistered senior notes and debentures and the use of the net proceeds therefrom to repay a portion of the amounts previously borrowed, had occurred as of the beginning of the period presented. Management believes the assumptions and allocations are reasonable. However, the pro forma results do not necessarily represent what the actual results would have been had Viacom been a stand alone public company; nor are they necessarily indicative of future results.

Unaudited Pro Forma Condensed Consolidated Income Statement Information
Year ended December 31, 2005
(In millions, except per share amounts)

| | Historical | Pro Forma Adjustments | Pro Forma |
|---|---|---|---|
| Revenues | $ 9,609.6 | $ — | $ 9,609.6 |
| Expenses: | | | |
| Operating | 4,737.4 | — | 4,737.4 |
| Selling, general and administrative[(1)(2)] | 2,246.8 | (151.9) | 2,094.9 |
| Depreciation and amortization[(2)] | 259.0 | 20.9 | 279.9 |
| Total expenses | 7,243.2 | (131.0) | 7,112.2 |
| Operating income | 2,366.4 | 131.0 | 2,497.4 |
| Interest expense[(3)] | (23.0) | (344.6) | (367.6) |
| Interest income | 3.9 | — | 3.9 |
| Other items, net | (29.0) | — | (29.0) |
| Earnings from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest | 2,318.3 | (213.6) | 2,104.7 |
| Provision for income taxes[(4)] | (1,020.0) | 121.0 | (899.0) |

| | | | |
|---|---|---|---|
| Equity in earnings of affiliated companies, net of tax | 9.4 | — | 9.4 |
| Minority interest, net of tax | (3.8) | | (3.8) |
| Net earnings from continuing operations | 1,303.9 | (92.6) | 1,211.3 |
| Net earnings from continuing operations per common share[(5)] | | | |
| Basic | $ 1.73 | — | $ 1.61 |
| Diluted | $ 1.73 | — | $ 1.61 |
| Weighted average number of common shares outstanding | | | |
| Basic | 751.6 | — | 751.6 |
| Diluted | 751.6 | 1.1 | 752.7 |

(1)Pro forma adjustment eliminates the impact of separation-related costs of $163.5 million.

(2)Pro forma adjustments of $32.5 million (including $11.6 million adjustment to selling, general and administrative and $20.9 million adjustment to depreciation and amortization) necessary to increase Paramount Pictures and Corporate overhead expenses to reflect our cost base as a stand-alone public company.

(3)The pro forma adjustment to interest expense has been determined by adding (i) the annual interest charge of $302.7 million for the 2011 senior notes, the 2016 senior notes and the 2036 senior debentures as if such senior notes and debentures were outstanding as of January 1, 2005 and (ii) the annual interest charge of $41.9 million for $716 million of the 2009 senior notes, based on an annual interest rate of 5.69%, being LIBOR plus 0.35%, which was utilized to repay the remaining $716 million of the $5.4 billion of debt incurred to pay the special dividend to Former Viacom under the terms of the Separation Agreement as if such 2009 senior notes were



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outstanding as of January 1, 2005. For each 1/8 percentage point change in the annual interest rate on the 2009 senior notes, the effect on net income is $0.5 million.

(4)Pro forma adjustment to the provision for income taxes calculated using blended statutory rates in effect for 2005.

(5)Basic Earnings per Share (‘‘EPS’’) is computed by dividing net earnings by the number of shares of common stock issued and outstanding at the date of the separation as if such shares were outstanding for the full year. Diluted EPS is computed by dividing net earnings by the number of shares issued and outstanding at the date of separation adjusted to give effect to all potentially dilutive common shares weighted for the full year-ended December 31, 2005.

Unaudited Pro Forma Condensed Consolidated Income Statement Information

Six Months ended June 30, 2006

(In millions, except per share amounts)

| | Historical | Pro Forma Adjustments | Pro Forma |
|---|---|---|---|
| Revenues | $ 5,214.2 | $ — | $ 5,214.2 |
| Expenses: | | | |
| Operating | 2,745.2 | — | 2,745.2 |
| Selling, general and administrative | 1,018.0 | — | 1,018.0 |
| Depreciation and amortization | 164.3 | — | 164.3 |

| | | | |
|---|---|---|---|
| Total expenses | 3,927.5 | — | 3,927.5 |
| Operating income | 1,286.7 | — | 1,286.7 |
| Interest expense, net(1) | (199.4) | (23.2) | (222.6) |
| Other items, net | 2.2 | — | 2.2 |
| Earnings from continuing operations before income taxes, equity in earnings of affiliated companies and minority interest | 1,089.5 | (23.2) | 1,066.3 |
| Provision for income taxes(2) | (359.9) | 9.2 | (350.7) |
| Equity in earnings of affiliated companies, net of tax | 5.8 | — | 5.8 |
| Minority interest, net of tax | (2.2) | — | (2.2) |
| Net earnings from continuing operations | 733.2 | (14.0) | 719.2 |
| Net earnings from continuing operations per common share: | | | |
| Basic | $ 1.00 | $ — | $ 0.99 |
| Diluted | $ 1.00 | $ — | $ 0.98 |
| Weighted average number of common shares outstanding: | | | |
| Basic | 729.1 | — | 729.1 |
| Diluted | 731.1 | — | 731.1 |

(1)Pro forma adjustments to interest expense, net have been determined by adding (i) the interest charge of $87.4 million for the 2011 senior notes, the 2016 senior notes and the 2036 senior debentures as if such senior notes and debentures were outstanding as of January 1, 2006 until April 11, 2006 plus (ii) the interest charge of $19.8 million for the 2009 senior notes, based on an annual interest rate of 5.69%, being LIBOR plus 0.35%, as if such 2009 senior notes were outstanding as of January 1, 2006 until June 15, 2006 less (iii) the interest expense savings of $84.0 million (calculated based on actual interest rates in effect for the six months ended June 30, 2006) resulting from utilizing the net proceeds from the issuance of the unregistered senior notes and debentures to repay a portion of the $6.0 billion term facility due in 2007 as if such amounts were repaid as of January 1, 2006. For each 1/8 percentage point change in the annual interest rate on the 2009 senior notes the effect on six months ended June 30, 2006 net income is $0.2 million.

(2)Pro forma adjustments to the provision for income taxes calculated using the blended statutory tax rate of 39.6% for the six months ended June 30, 2006.



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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management’s discussion and analysis of results of operations and financial condition should be read in conjunction with the consolidated financial statements and related notes included in this prospectus. Descriptions of all documents included as exhibits to the registration statement that includes this prospectus are qualified in their entirety by reference to the full text of such documents so included. References in this section to ‘‘Viacom,’’ ‘‘Company,’’ ‘‘we,’’ ‘‘us’’ a ‘‘our’’ refer to Viacom Inc. and its consolidated subsidiaries through which its various businesses are conducted, unless the context requires otherwise. Certain amounts have been reclassified to conform to the 2005 presentation.

Overview

The Separation

On December 31, 2005 we became a stand-alone public entity by separating from Former Viacom. Prior to the separation, we were a wholly-owned subsidiary of Former Viacom. The separation was effected through a merger of Former Viacom and one of its wholly-owned subsidiaries, pursuant to which Former Viacom continued as the surviving entity and was renamed CBS Corporation and we were renamed Viacom Inc. In connection with the merger and the separation, each share of Former Viacom Class A common stock was converted into the right to receive 0.5 of a share of Viacom Class A common stock and 0.5 of a share of CBS Corporation Class A common stock. Similarly, each share of Former Viacom Class B common stock was converted into the right to receive 0.5 of a share of Viacom Class B common stock and 0.5 of a share of CBS Corporation Class B common stock. Holders of Viacom Class A and Class B common stock received cash in lieu of fractional shares.

In accordance with the terms of the Separation Agreement between CBS Corporation and Viacom, on December 29, 2005, we paid a preliminary special dividend of $5.4 billion to CBS Corporation, subject to certain adjustments. On March 14, 2006, CBS Corporation provided an initial statement that the dividend should be increased by a net amount of approximately $460 million. On April 28, 2006, we served CBS Corporation with a notice of disagreement. Based on an assessment of the amount and underlying components of the proposed additional dividend payment we recorded a net amount of $170.2 million at March 31, 2006 which was paid to CBS Corporation on May 5, 2006. Under the Separation Agreement, after an opportunity for the parties to negotiate resolution of differences, any disputed amounts are subject to arbitration. Any further adjustment to the special dividend will be reflected as an adjustment to additional paid-in capital.

The Separation Agreement further provided that the Company is responsible for the first $195.0 million in costs directly related to the separation. Amounts incurred in excess of $195.0 million will be funded equally between the Company and CBS Corporation. Included as a component in selling, general and administrative expenses in the Company’s Consolidated Income Statement for the year ended December 31, 2005 is $163.5 million of transaction costs reflected as period expenses. Such amounts principally included investment banking and other professional fees.

In connection with the separation, Viacom and CBS Corporation also entered into certain other agreements in order to govern certain of the ongoing relationships between Viacom and CBS Corporation after the separation. These agreements include a Transition Services Agreement and a Tax Matters Agreement. Related party arrangements are more fully described below and in the notes to the consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements of the Company are presented on a carve-out basis for periods prior to and including December 31, 2005, and reflect the consolidated historical results of operations, financial position and ca