



VIACOM REPORTS RECORD FIRST QUARTER 2001 RESULTS

- **Reported Revenues Increase 90% to a Record \$5.75 Billion**
- **EBITDA Up 145% to a Record \$1.15 Billion, Up 15% on a Pro Forma Basis**
- **Pro Forma Free Cash Flow Totals \$648 Million, Up 20% on a Per Share Basis**

New York, New York, April 24, 2001 -- Viacom Inc. (NYSE: VIA and VIA.B) today reported record results for the first quarter ended March 31, 2001, led by gains in nearly every business unit including significant increases in its Cable Networks, Television and Entertainment segments.

For the first quarter of 2001, Viacom's reported revenues rose 90% to \$5.75 billion from \$3.03 billion in the same quarter last year, and reported EBITDA (earnings before interest, taxes, depreciation and amortization) increased 145% to \$1.15 billion, from \$470 million in the first quarter of 2000.

Reported free cash flow for the first quarter of 2001 was \$586 million, up 169% from \$218 million in the same quarter last year and after-tax cash flow of \$691 million climbed 114% over after-tax cash flow of \$323 million for the same quarter last year. The Company considers free cash flow to be an important measure of performance because it reflects the resources available to the Company after interest, taxes and capital expenditures that can be used to invest in the business, acquire additional assets, strengthen the balance sheet and repurchase stock.

Viacom's first quarter 2001 performance was led by the sharply higher results in the Cable Networks, Television and Entertainment segments. Cable Networks reported EBITDA increased 53% to \$359 million and Television reported EBITDA rose 168% to \$315 million. Cable Networks posted a 17% increase in pro forma EBITDA to \$365 million, versus \$312 million in the first quarter of 2000. Television pro forma EBITDA rose 14% to \$315 million, versus \$276 million in the same quarter last year. The Entertainment segment reported and pro forma EBITDA increased 17% to \$64 million, compared with \$55 million in the first quarter of 2000. Infinity outperformed the out-of-home market and also made major EBITDA contributions in the quarter, despite challenges created by the steep fall-off of advertising by Internet companies, which created an unusually robust advertising market during the first half of last year.

“Viacom’s results for the first quarter of 2001 highlight the Company’s ability to deliver sustained growth and are another demonstration that the internal growth and acquisition strategies put into effect with the original acquisition of Viacom continue to pay off in rich rewards for stockholders,” said Sumner M. Redstone, Chairman and Chief Executive Officer of Viacom. “The breadth of our high-growth, high-margin businesses, our leadership positions and strong brands enable us to produce superior short-term and long-term results, even while we continue to strengthen our balance sheet and enhance value for stockholders through our share repurchase programs.”

Mel Karmazin, President and Chief Operating Officer of Viacom, said, “We are pleased with our record first quarter financial results, particularly our ability to generate significant free cash flow growth at a rate well beyond any other company in our industry. Other notable accomplishments in the quarter included the swift integration of the BET acquisition, the breakthrough programming successes of the CBS Network, double-digit advertising increases at MTV, VH1 and BET, the successful relaunch of the TNN cable network, the box-office strength of the Paramount film lineup and the acquisition of the outstanding shares of Infinity. All these significant achievements will benefit the Company well into the future.

“With our powerful and highly integrated media assets that are in the forefront of the highest growth sectors and a management team completely focused on generating superior returns in any environment,” Mr. Karmazin added, “Viacom has all the attributes necessary to generate significant future growth for stockholders.”

On a pro forma basis, first quarter 2001 revenues of \$5.77 billion increased 6%, compared with revenues of \$5.44 billion for the first quarter of 2000; and first quarter 2001 EBITDA rose 15% to \$1.15 billion, versus EBITDA of \$1.0 billion for the same year-earlier period. The increase in EBITDA was driven by revenue growth coupled with cost savings attributable to the merger of Viacom with CBS and modest growth in operating costs. Pro forma free cash flow per share for the first quarter of 2001 climbed 20% to \$.36 per share, or \$648 million, compared with pro forma free cash flow of \$.30 per share, or \$542 million, in the first quarter last year. Pro forma after-tax cash flow for the first quarter of 2001 increased 8% to \$753 million, or \$.42 per share, compared with pro forma after-tax cash flow of \$699 million, or \$.38 per share, for the same year earlier period.

Pro forma results reflect the Viacom/CBS merger, as well as other acquisitions and divestitures, including the acquisitions of BET and the minority interest of Infinity, as if they had occurred at the beginning of each period presented.

Principally as a result of significantly higher amortization of goodwill resulting from the merger with CBS, Viacom reported a net loss before cumulative effect of change in accounting principle of \$7 million, or zero cents per share, for the first quarter of 2001. This compares with net earnings before cumulative effect of change in accounting principle of \$68 million, or \$.10 per share, in the first quarter of 2000.

Business Outlook

The Company expects second quarter pro forma EBITDA to grow in the mid-single digits, versus last year. For the full year 2001, the Company believes its businesses are well positioned to dramatically outperform the industry and deliver 20% annual EBITDA growth to \$6.2 billion. Achieving this growth is dependent on several factors during the second half of the year. The most prominent factors are the results from the upcoming broadcast and cable upfront advertising markets, which the Company expects will show significant growth compared with the first half of the year, and the effect of labor conditions on the availability of programming for the new fall season. The Company believes the current downside risk resulting from these factors is 5% of its full-year EBITDA target.

Segment Results (First Quarter 2001 versus First Quarter 2000)

The table below presents first quarter 2001 and 2000 Revenues and EBITDA on a reported and pro forma basis.

(dollars in millions)	First Quarter					
	Reported			Pro Forma		
	2001	2000	B/(W)%	2001	2000	B/(W)%
Revenues:						
Cable Networks	\$ 982.4	\$ 771.1	27%	\$ 998.9	\$ 970.6	3%
Television	2,030.8	528.1	285	2,030.8	1,888.0	8
Infinity	835.6	—	n/m	834.9	871.4	(4)
Entertainment	595.2	522.6	14	595.2	522.6	14
Video	1,307.9	1,211.1	8	1,307.9	1,211.1	8
Publishing	121.9	112.8	8	121.9	112.8	8
Intercompany eliminations	(121.6)	(119.9)	(1)	(121.6)	(141.1)	14
Total Revenues	\$5,752.2	\$3,025.8	90%	\$5,768.0	\$5,435.4	6%
EBITDA:						
Cable Networks	\$ 359.4	\$ 235.5	53%	\$ 365.4	\$ 312.4	17%
Television	314.7	117.3	168	314.7	276.4	14
Infinity	323.1	—	n/m	321.7	338.5	(5)
Entertainment	63.8	54.7	17	63.8	54.7	17
Video	160.5	150.3	7	160.5	150.3	7
Publishing	2.2	(1.7)	n/m	2.2	(1.7)	n/m
Segment Total	1,223.7	556.1	120	1,228.3	1,130.6	9
Corporate expenses/eliminations	(51.3)	(86.5)	41	(51.3)	(99.6)	48
Residual costs of discontinued operations	(23.5)	—	n/m	(23.5)	(31.5)	25
Total EBITDA	\$1,148.9	\$ 469.6	145%	\$1,153.5	\$ 999.5	15%

n/m – not meaningful

Cable Networks (*MTV Networks (MTVN) including MTV, VH1, Nickelodeon, Nick at Nite, TV Land, TNN: The National Network and CMT; BET; and Showtime Networks Inc.*)

Cable Networks pro forma EBITDA of \$365 million increased 17%, on pro forma revenue growth of 3% to \$999 million. Higher pro forma revenues were led by double-digit revenue growth at MTV, VH1, BET, Showtime Networks and TV Land. Pro forma EBITDA increases principally reflect higher cable affiliate and DBS revenues and modest growth in operating costs. Subscriber growth continued in the quarter; Nickelodeon and TNN passed the 80 million-subscriber mark and VH1 now reaches over 76 million subscribers. For the 16th consecutive quarter, MTV was the No. 1 cable network for the core 12-24 year old audience while also experiencing four consecutive quarters of growth for 12-34 year-olds. MTV kicked off 2001 with a 20% ratings increase among the 12-34 year-old audience compared to first quarter 2000. Showtime subscriptions increased 26% over the prior year by approximately 6.2 million to 29.6 million subscriptions at March 31, 2001.

The Company completed its acquisition of BET on January 23, 2001 for approximately \$3 billion consisting principally of Viacom Class B Common Stock and the assumption of debt. Pro forma results assume the acquisition of the CBS Cable Networks, TNN and CMT, and the acquisition of BET, had occurred on January 1, 2000.

Television (*CBS and UPN Television Networks and Stations; Television Production and Syndication*)

Television segment's pro forma revenues increased 8% to \$2.03 billion and pro forma EBITDA increased 14% to \$315 million, led by the CBS Network, which achieved double-digit revenue growth in primetime with increased ratings and pricing. Television's revenue growth was driven by strong first quarter programming on the CBS Network, including *Super Bowl XXXV*, *Survivor: The Australian Outback*, *CSI: Crime Scene Investigation*, the continued success of its Monday night line-up and the timing of the National Semifinals of the *NCAA Men's Basketball Championship Tournament*. In the quarter, the CBS Network moved into the No. 1 spot in households and viewers. Television revenues also increased reflecting strong television production and syndication of several successful shows, including *Frasier*, *Judge Judy* and *7th Heaven*. United Paramount Network also continues to deliver improved results.

Pro forma results assume that the CBS merger and the acquisition of the remaining 50% interest of UPN had occurred on January 1, 2000. Included in the pro forma results for first quarter 2000 are losses of approximately \$31 million for iWon.com, which was previously a minority-owned, consolidated subsidiary. In 2001, iWon.com is accounted for under the equity method.

Infinity (*Radio Stations, Outdoor Advertising Properties*)

Infinity's pro forma revenues of \$835 million and pro forma EBITDA of \$322 million decreased 4% and 5%, respectively, reflecting difficult comparisons with the first quarter of 2000, which benefited from an exceptionally strong advertising environment including very strong demand from Internet companies. Operating expenses, as a percentage of revenues, were essentially flat compared with the prior year. Infinity continues to maintain its strong margins and has gained market share by outpacing the out-of-home market.

On February 21, 2001, the Company completed its merger with Infinity, acquiring all of the issued and outstanding shares of Infinity common stock that it did not already own, or approximately 36%, for a total purchase price of approximately \$13.4 billion. Pro forma results assume the acquisition of Infinity had occurred on January 1, 2000 and also assume the completion of all acquisitions and related divestitures of radio and outdoor properties by Infinity had occurred at the beginning of each period presented.

Entertainment (*Paramount Pictures, Famous Players, Famous Music Publishing and Paramount Parks*)

Entertainment's revenues of \$595 million increased 14% and EBITDA of \$64 million increased 17% principally driven by higher domestic theatrical, foreign home video and network features revenues. Domestic theatrical revenues include Paramount's successful box office releases of *Save the Last Dance*, *Down to Earth* and *Enemy at the Gates* as well as the continuing contributions from *What Women Want*. Higher foreign home video revenues were led by continuing contributions from the successful international release of *Mission: Impossible 2*, while higher features network revenues include contributions from *Deep Impact* and *The Truman Show*. Theaters' EBITDA, benefiting from lower overhead, increased for the first quarter of 2001 despite flat attendance.

Video (*Blockbuster*)

Video revenues increased 8% to \$1.31 billion primarily driven by the increase in the number of company-operated stores and higher worldwide same store sales. Worldwide same store sales, including rental and retail product, increased 5.3%, and worldwide same store rental revenues increased 6.6%. Rental revenues increased 9% over the comparable prior year's quarter driven by significant growth in DVD rental activity. EBITDA increased 7% to \$161 million. Blockbuster ended the first quarter of 2001 with 7,723 company-owned and franchise stores, a net increase of 475 stores over the first quarter of 2000 of which 29 company-owned stores were added in the first quarter 2001. Viacom owns approximately 82% of Blockbuster (NYSE: BBI).

Publishing (*Simon & Schuster*)

Publishing reported higher revenues of \$122 million, an increase of 8%, and EBITDA of \$2 million, an increase of \$4 million, principally due to increased sales in the Pocket Books division. Publishing's best-selling titles in the first quarter included *Dreamcatcher* by Stephen King, *Before I Say Goodbye* by Mary Higgins Clark, *End of the Rainbow* by V.C. Andrews and *An Hour Before Daylight* by Jimmy Carter.

Corporate Expenses/Eliminations

Pro forma corporate expenses, excluding intersegment profit eliminations, decreased 46% to \$24 million. Included in the reported corporate expenses/eliminations of \$51 million for the first quarter of 2001 are intersegment profit eliminations of \$27 million.

Other Matters

On February 1, 2001, the Company announced a new \$2.0 billion stock repurchase program and through April 20, 2001, had repurchased approximately 4.7 million shares of the Company's Class B common stock for approximately \$225 million.

The United States Court of Appeals, DC Circuit, granted the Company's motion for interim relief from the FCC's national broadcast station ownership cap, which prohibits a company from owning stations that reach more than 35% of the nation's television households. As a result of the favorable ruling, the Company will not be required to divest broadcast stations in excess of that cap, pending the outcome of further proceedings in that court.

On April 19, 2001, The Federal Communications Commission voted to eliminate the dual network rule and will now permit a "Big Four" network to own UPN and/or The WB. The Company is now free to maintain ownership of CBS and UPN.

Viacom is the No. 1 platform in the world for advertisers, with preeminent positions in broadcast and cable television, radio, outdoor advertising, and online. With programming that appeals to audiences in every demographic category across virtually all media, the company is a leader in the creation, promotion, and distribution of entertainment, news, sports, and music. Viacom's well-known brands include CBS, MTV, Nickelodeon, VH1, BET, Paramount Pictures, Infinity, UPN, TNN: The National Network, CMT, Showtime, Blockbuster and Simon & Schuster. More information about Viacom and its businesses is available at <http://www.viacom.com>.

Cautionary Statement Concerning Forward-looking Statements

This document contains both historical and forward-looking statements. All statements, including Business Outlook, other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. The following important factors, among others, could affect future results, causing these results to differ materially from those expressed in our forward-looking statements: advertising market conditions, particularly in the upfront market; changes in the public acceptance of the Company's programming; labor conditions in the entertainment business; changes in technology and its effect on competition in the Company's markets; changes in the Federal Communications Laws and Regulations and the outcome of related court cases; and other economic, business, competitive and/or regulatory factors affecting the Company's businesses generally. The forward-looking statements included in this document are made only as of the date of this document and under section 27A of the Securities Act and section 21E of the Exchange Act, we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Contacts:**Press:**

Carl D. Folta
Senior Vice President, Corporate Relations
(212) 258-6352

Susan Duffy
Vice President, Corporate Relations
(212) 258-6347

Investors:

Martin Shea
Senior Vice President, Investor Relations
(212) 258-6515

James Bombassei
Vice President, Investor Relations
(212) 258-6377

VIACOM INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited; all amounts, except per share amounts, are in millions)

	Three months ended March 31,	
	2001	2000
Revenues	\$ 5,752.2	\$ 3,025.8
Operating income	\$ 403.7	\$ 240.4
Other income (expense):		
Interest expense, net	(245.5)	(113.0)
Other items, net	(9.8)	1.7
Earnings before income taxes	148.4	129.1
Provision for income taxes	(123.5)	(58.1)
Equity in loss of affiliated companies, net of tax	(27.1)	(6.1)
Minority interest, net of tax	(5.1)	3.1
Net earnings (loss) before cumulative effect of change in accounting principle	(7.3)	68.0
Cumulative effect of change in accounting principle, net of tax	—	(452.3)
Net loss	\$ (7.3)	\$ (384.3)
Earnings (loss) per common share:		
Basic:		
Net earnings (loss) before cumulative effect of change in accounting principle	\$ —	\$ 0.10
Net loss	\$ —	\$ (0.55)
Diluted:		
Net earnings (loss) before cumulative effect of change in accounting principle	\$ —	\$ 0.10
Net loss	\$ —	\$ (0.54)
Weighted average number of common shares:		
Basic	1,628.4	694.8
Diluted	1,628.4	711.5