FORM SC 14D1/A

Tender offer statement. [amend]

Filing Date: **1994-01-07**
SEC Accession No. 0000950112-94-000027

SUBJECT COMPANY

PARAMOUNT COMMUNICATIONS INC /DE/

CIK:**44482**| IRS No.: **741330475** | State of Incorp.:**DE** | Fiscal Year End: **0430**
Type: **SC 13D/A** | Act: **34** | File No.: **005-10760** | Film No.: **94500749**
SIC: **7812** Motion picture & video tape production

Business Address
15 COLUMBUS CIRCLE
NEW YORK NY 10023-7780
2123738000

PARAMOUNT COMMUNICATIONS INC /DE/

CIK:**44482**| IRS No.: **741330475** | State of Incorp.:**DE** | Fiscal Year End: **0430**
Type: **SC 14D1/A** | Act: **34** | File No.: **005-10760** | Film No.: **94500750**
SIC: **7812** Motion picture & video tape production

Business Address
15 COLUMBUS CIRCLE
NEW YORK NY 10023-7780
2123738000

FILED BY

VIACOM INC

CIK:**813828**| IRS No.: **042949533** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 14D1/A**
SIC: **4841** Cable & other pay television services

Mailing Address
200 ELM STREET
DEDHAM MA 02026

Business Address
200 ELM ST
DEDHAM MA 02026
6174611600

VIACOM INC

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
TENDER OFFER STATEMENT
(AMENDMENT NO. 20)
PURSUANT TO SECTION 14(D)(1) OF THE
SECURITIES EXCHANGE ACT OF 1934 AND
SCHEDULE 13D
(AMENDMENT NO. 21)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

PARAMOUNT COMMUNICATIONS INC.
(Name of Subject Company)

VIACOM INC.
NATIONAL AMUSEMENTS, INC.
SUMNER M. REDSTONE
BLOCKBUSTER ENTERTAINMENT CORPORATION
(Bidder)

COMMON STOCK, $1.00 PAR VALUE
(Title of Class of Securities)

699216 10 7
(CUSIP Number of Class of Securities)

PHILIPPE P. DAUMAN, ESQ.
VIACOM INC.
1515 BROADWAY
NEW YORK, NEW YORK 10036
TELEPHONE: (212) 258-6000
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications on Behalf of Bidder)

COPIES TO:

STEPHEN R. VOLK, ESQ.
SHEARMAN & STERLING
599 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022
TEL.: (212) 848-4000

ROGER S. AARON, ESQ.
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MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK, NEW YORK 10022

TEL.: (212) 735-3000

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
$6,468,828,870	$0

* For purposes of calculating fee only. This amount assumes the purchase of 61,607,894 shares of Common Stock of Paramont Communications Inc. at $105 in cash per share.

** The amount of the filing fee calculated in accordance with Regulation 240.0-11 of the Securities Exchange Act of 1934, as amended, equals 1/50 of one percent of the value of the shares to be purchased.

X Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: $1,808,667

Form or Registration No.: Schedule 14A

Filing Party: Viacom Inc.

Date Filed: September 29, 1993

This Amendment No. 20 to the Tender Offer Statement on Schedule 14D-1 and Amendment No. 21 to Schedule 13D (the "Statement") relates to the offer by Viacom Inc., a Delaware corporation ("Purchaser"), to purchase shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), at a price of $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase dated October 25, 1993 (the "Offer to Purchase"), a copy of which was attached as Exhibit (a)(1) to Amendment No. 1, filed with the Securities and Exchange Commission (the "Commission") on October 26, 1993, to the Tender

Offer Statement on Schedule 14D-1 filed with the Commission on October 25, 1993 (the "Schedule 14D-1"), as supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement") and the Second Supplement thereto dated January 7, 1994 (the "Second Supplement") and in the related Letters of Transmittal.

Capitalized terms used but not defined herein have the meanings assigned to such terms in the Offer to Purchase, the First Supplement, the Second Supplement and the Schedule 14D-1.

ITEM 1. SECURITY AND SUBJECT COMPANY.

Item 1(b) is hereby amended and supplemented by reference to the Introduction and Section 1 of the Second Supplement, which Introduction and Section are incorporated herein by reference.

Item 1(c) is hereby amended and supplemented by reference to Section 2 of the Second Supplement, which Section is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

Item 2 is hereby amended and supplemented by reference to Sections 9 and 10 and Schedule I of the Second Supplement, which Sections and Schedule are incorporated herein by reference.

Item 2(e) and (f) are also amended as follows:

During the last five years, neither Blockbuster nor, to the best of its knowledge, any of the persons listed in Schedule I of the Second Supplement has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

Item 3(b) is hereby amended and supplemented by reference to Section 4 of the Second Supplement, which Section is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 4 is hereby amended and supplemented by reference to Section 3 of the Second Supplement, which Section is incorporated herein by reference.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

Item 5 is hereby amended and supplemented by reference to the Introduction and Sections 4 and 7 of the Second Supplement, which Introduction and Sections are incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

Item 6 is hereby amended and supplemented by reference to Section 10 of the Second Supplement, which Section is incorporated herein by reference.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

Item 7 is hereby amended and supplemented by reference to the Introduction and Section 4 of the Second Supplement, which Introduction and Section are incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

Item 9 is hereby amended and supplemented by reference to Sections 9 and 10 of the Second Supplement, which Sections are incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

Item 10(a) is hereby amended and supplemented by reference to Section 10 of the Second Supplement, which Section is incorporated herein by reference.

Items 10(b) and (e) are hereby amended and supplemented by reference to Sections 4 and 8 of the Second Supplement, which Sections are incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

Item 11 is hereby amended to add the following Exhibits:

99(a)(41) Form of Second Supplement to Offer to Purchase dated January 7, 1994

99(a)(42)	Form of Revised Letter of Transmittal
99(a)(43)	Form of Revised Notice of Guaranteed Delivery
99(a)(44)	Form of Revised Letter from Smith Barney Shearson Inc. to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
99(a)(45)	Form of Revised Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees to Clients
99(a)(46)	Form of Revised Letter to Participants in the Dividend Reinvestment Plan of the Company
99(a)(47)	Press Release issued by Purchaser on January 7, 1994
99(b)(7)	Amendment No. 1, dated January 4, 1994 to the Credit Agreement, dated as of November 19, 1993, among Purchaser, the banks listed on the signature pages thereof, The Bank of New York, as a Managing Agent, Citibank, N.A., as a Managing Agent and as the Administrator, and Morgan Guaranty Trust Company of New York, as a Managing Agent, the banks identified as Agents on the signature pages thereof, as Agents, and the banks identified as Co-Agents on the signature pages thereof, as Co-Agents.
99(c)(8)	Subscription Agreement, dated as of January 7, 1994, between Blockbuster and Purchaser
99(c)(9)	Agreement and Plan of Merger between Purchaser and Blockbuster, dated as of January 7, 1994.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

January 7, 1994

VIACOM INC.

By /s/ PHILIPPE P. DAUMAN

.....

Philippe P. Dauman

Senior Vice President, General
Counsel and Secretary

*

.....

Sumner M. Redstone,
Individually

NATIONAL AMUSEMENTS, INC.

By *

.....

Sumner M. Redstone
Chairman, Chief Executive
Officer and President

*By /s/ PHILIPPE P. DAUMAN

.....

Philippe P. Dauman
Attorney-in-Fact under Powers
of Attorney filed as Exhibit (a)(36)
to the Schedule 14D-1

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

January 7, 1994

BLOCKBUSTER ENTERTAINMENT CORPORATION

By /s/ STEVEN R. BERRARD

.....

Steven R. Berrard
President and
Chief Operating Officer

EXHIBIT INDEX

PAGE IN

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SECOND SUPPLEMENT TO THE OFFER TO PURCHASE DATED OCTOBER 25, 1993

VIACOM INC.
HAS INCREASED THE PRICE OF ITS OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF

PARAMOUNT COMMUNICATIONS INC.
TO
$105 NET PER SHARE

THE OFFER HAS BEEN EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, 61,607,894 SHARES, OR SUCH GREATER NUMBER OF SHARES AS EQUALS 50.1% OF THE SHARES OUTSTANDING PLUS THE SHARES ISSUABLE UPON THE EXERCISE OF THE THEN EXERCISABLE STOCK OPTIONS, AS OF THE EXPIRATION OF THE OFFER, BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS. SEE SECTION 5 OF THIS SECOND SUPPLEMENT.

IMPORTANT

ANY STOCKHOLDER DESIRING TO TENDER ALL OR ANY PORTION OF SUCH STOCKHOLDER'S SHARES OF COMMON STOCK, PAR VALUE $1.00 PER SHARE (THE "SHARES"), OF PARAMOUNT COMMUNICATIONS INC. SHOULD EITHER (1) COMPLETE AND SIGN THE (YELLOW) LETTER OF TRANSMITTAL WHICH ACCOMPANIED THE OFFER TO PURCHASE DATED OCTOBER 25, 1993 (THE "OFFER TO PURCHASE"), THE (GREEN) LETTER OF TRANSMITTAL WHICH ACCOMPANIED THE SUPPLEMENT TO THE OFFER TO PURCHASE DATED NOVEMBER 8, 1993 (THE "FIRST SUPPLEMENT") OR THE REVISED (ORANGE) LETTER OF TRANSMITTAL WHICH ACCOMPANIES THIS SUPPLEMENT (THE "SECOND SUPPLEMENT"; ALL SUCH LETTERS OF TRANSMITTAL REFERRED TO COLLECTIVELY AS THE "LETTERS OF TRANSMITTAL") (OR A FACSIMILE THEREOF) IN ACCORDANCE WITH THE INSTRUCTIONS IN THE LETTERS OF TRANSMITTAL AND MAIL OR DELIVER ONE OF THE LETTERS OF TRANSMITTAL (OR SUCH FACSIMILE) TOGETHER WITH THE CERTIFICATE(S) EVIDENCING TENDERED SHARES, AND ANY OTHER REQUIRED DOCUMENTS, TO THE DEPOSITARY OR TENDER SUCH SHARES PURSUANT TO THE PROCEDURE FOR BOOK-ENTRY TRANSFER SET FORTH IN SECTION 3 OF THE OFFER TO PURCHASE OR (2) REQUEST SUCH STOCKHOLDER'S BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE TO EFFECT THE TRANSACTION FOR SUCH STOCKHOLDER. ANY STOCKHOLDER WHOSE SHARES ARE REGISTERED IN THE NAME OF A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE MUST CONTACT SUCH BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE IF SUCH STOCKHOLDER DESIRES TO TENDER SUCH SHARES.

A stockholder who desires to tender Shares and whose certificates evidencing such Shares are not immediately available, or who cannot comply with the procedure for book-entry transfer on a timely basis, may tender such Shares by following the procedure for guaranteed delivery set forth in Section 3 of the Offer to Purchase.

Questions or requests for assistance may be directed to the Information Agent or to the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Second Supplement. Additional copies of the Offer to Purchase, the First Supplement, this Second Supplement, the revised (Orange) Letter of Transmittal and the revised (Yellow) Notice of Guaranteed Delivery may also be obtained from the Information Agent or from brokers, dealers, commercial banks or trust companies.

The Dealer Manager for the Offer is:
SMITH BARNEY SHEARSON INC.

January 7, 1994

To the Holders of Common Stock of
PARAMOUNT COMMUNICATIONS INC.:

INTRODUCTION

The following information amends and supplements the Offer to Purchase dated October 25, 1993 (the "Offer to Purchase") and the Supplement thereto dated November 8, 1993 (the "First Supplement") of Viacom Inc., a Delaware corporation ("Purchaser"). Pursuant to this Second Supplement, Purchaser is now offering to purchase 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the Expiration Date (as defined below), at a price of $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by the First Supplement and this Second Supplement (together with the First Supplement, the "Supplements"), and in the related Letters of Transmittal (which together constitute the "Offer").

Except as otherwise set forth in this Second Supplement, the terms and conditions previously set forth in the Offer to Purchase and the First Supplement remain applicable in all respects to the Offer, and this Second Supplement should be read in conjunction with the Offer to Purchase and the First Supplement. Unless the context requires otherwise, terms not defined herein have the meanings ascribed to them in the Offer to Purchase and the First Supplement.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, 61,607,894 SHARES, OR SUCH GREATER NUMBER OF SHARES AS EQUALS 50.1% OF THE SHARES OUTSTANDING PLUS THE SHARES ISSUABLE UPON THE EXERCISE OF THE THEN EXERCISABLE STOCK OPTIONS, AS OF THE EXPIRATION DATE, BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS. SEE SECTION 5 OF THIS SECOND SUPPLEMENT, WHICH SETS FORTH IN FULL THE CONDITIONS OF THE OFFER.

In the event the Offer is consummated, Purchaser intends to effectuate a second-step merger pursuant to which each Share that is issued and outstanding prior to the Effective Time (as defined below) of such merger would be converted into the right to receive (i) .93065 shares of Viacom Class B Common Stock, par value $.01 per share, of Purchaser (the "Viacom Class B Common Stock") and (ii) .30408 shares of a new series of Viacom cumulative convertible exchangeable preferred stock, par value $.01 per share, of Purchaser (the "Viacom Merger Preferred Stock") (collectively, the "Merger Consideration"). The Viacom Merger Preferred Stock will bear dividends at a rate of 5% per annum, will be convertible into Viacom Class B Common Stock at a conversion price of $70, will have a liquidation preference of $50 per share, will be redeemable by Purchaser at declining redemption premiums after the fifth anniversary of the Effective Time, and will be exchangeable at the option of Purchaser into Purchaser's 5% Convertible Subordinated Debentures after the third anniversary of the Effective Time.

The Offer was initially made pursuant to an Amended and Restated Agreement and Plan of Merger dated as of October 24, 1993 (the "October 24 Merger Agreement"), as amended on November 6, 1993 (as so amended, the "Merger Agreement"), between Purchaser and the Company. The October 24 Merger Agreement amended and restated in its entirety an Agreement and Plan of Merger dated as of September 12, 1993 between Purchaser and the Company. On December 22, 1993, the Company terminated the Merger Agreement pursuant to a notice of termination. Also on December 22, 1993, the Company and Purchaser entered into an Exemption Agreement (the "Exemption Agreement") which provides, among other things, that in the event that (1) the Company's Board of Directors intends to recommend to the stockholders of the Company the acceptance of the Offer or (2) such number of Shares that would satisfy the Minimum Condition shall have been validly tendered and not withdrawn in the Offer at the Expiration Date and, as of such Expiration Date, Purchaser has waived all conditions to the Offer (other than the Rights Condition, the Supermajority Condition, the Section 203 Condition and the Injunction Condition (each as defined in Section 5 of this Second Supplement) and the Minimum Condition) then Purchaser shall promptly execute and deliver to the Company the Form of Merger Agreement (the "Form of Merger

Agreement") annexed to the Exemption Agreement (with representations and warranties dated as of the date of execution of such Form of Merger Agreement, unless otherwise specified therein, and with such other changes as may be necessary to reflect the terms of the Offer as it then exists, changes in the consideration offered under the executed Form of Merger Agreement and changes related thereto) and the Company will execute such Form of Merger Agreement (with representations and warranties dated as of the date of execution

of such Form of Merger Agreement, unless otherwise specified therein) within one business day of receipt thereof.

Under the terms of the Exemption Agreement, the Company has agreed that upon delivery by Purchaser of a Completion Certificate (as defined below), it will take all necessary action to amend the Rights Agreement to make it inapplicable, except under certain circumstances, to the Offer and to take all appropriate action so that the restrictions on business combinations in (i) Article XI of the Company's Certificate of Incorporation and (ii) Section 203 of Delaware Law will not apply to the consummation of the Offer. See Section 4 of this Second Supplement.

The Form of Merger Agreement provides, among other things, that as soon as practicable after the purchase of Shares pursuant to the Offer, the approval of the Merger (as defined below) by the stockholders of Purchaser and the Company and the satisfaction of the other conditions set forth in the Form of Merger Agreement and described in this Offer to Purchase, the Company will be merged with and into Purchaser (the "Merger") in accordance with the relevant provisions of the General Corporation Law of the State of Delaware ("Delaware Law"). In such event, following consummation of the Merger, Purchaser will continue as the surviving corporation (the "Surviving Corporation").

Alternatively, if Shearman & Sterling, counsel to Purchaser, is unable to deliver an opinion, in form and substance reasonably satisfactory to Purchaser, that the Merger will qualify as a reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended, Purchaser may elect to cause the Merger to be effected by causing a wholly owned subsidiary of Purchaser to merge with and into the Company in accordance with Delaware Law. In such event, the separate corporate existence of such subsidiary will cease, and the Company will continue as the Surviving Corporation as a wholly owned subsidiary of Purchaser.

Based on the terms of the Offer and the proposed terms of the Form of Merger Agreement, it is anticipated that Shearman & Sterling will be unable to deliver the opinion referred to in the immediately preceding paragraph, and thus that Purchaser will elect to change the form of the Merger. As a result, exchanges of Shares pursuant to the Offer or the Merger will be taxable transactions to stockholders of the Company for Federal income tax purposes. See Section 6 of this Second Supplement.

Purchaser intends to provide in the executed Form of Merger Agreement that at the effective time of the Merger (the "Effective Time"), in the event the Offer has already been consummated, each Share that is issued and outstanding immediately prior to the Effective Time (other than Shares held in the treasury of the Company or owned by Purchaser or any direct or indirect wholly owned subsidiary of Purchaser or of the Company) will be converted into the right to receive the Merger Consideration.

On January 7, 1994, Purchaser and Blockbuster Entertainment Corporation, a Delaware corporation ("Blockbuster"), entered into an Agreement and Plan of Merger (the "Blockbuster Merger Agreement") pursuant to which Blockbuster will be merged with and into Purchaser (the "Blockbuster Merger"), with Purchaser as the surviving corporation (the "Blockbuster Merger Surviving Corporation"). See Sections 9 and 10 of this Second Supplement for certain information regarding Blockbuster and a description of the Blockbuster Merger Agreement.

In connection with the Blockbuster Merger, an aggregate of approximately 19.8 million shares of Viacom Class A Common Stock and 149.9 million shares of Viacom Class B Common Stock and VCRs (as defined below) representing a maximum aggregate of approximately 34.2 million additional shares of Viacom Class B Common Stockwould be issuable in the Blockbuster Merger. In addition, an aggregate of approximately 1.5 million additional shares of Viacom Class A Common Stock and 11.3 million additional shares of Viacom Class B Common Stock, and VCRs representing a maximum aggregate of approximately 2.6 million additional shares of Viacom Class B Common Stock would be issuable in connection with the possible exercise of stock options.

Procedures for tendering Shares are set forth in Section 3 of the Offer to Purchase. Tendering stockholders may use either the original (Yellow) Letter of Transmittal and the original (Blue) Notice of Guaranteed Delivery previously circulated with the Offer to Purchase, the (Green) Letter of Transmittal and the (Pink) Notice of Guaranteed Delivery circulated with the First Supplement or the revised (Orange) Letter of Transmittal and the revised (Yellow) Notice of Guaranteed Delivery. While the original Letter of Transmittal circulated with the Offer to Purchase refers to the Offer to Purchase, and the Letter of Transmittal circulated with the First Supplement refers to the Offer to Purchase and the First Supplement, stockholders using such documents to tender Shares will nevertheless receive $105 per Share for each Share validly tendered and not withdrawn and accepted for payment pursuant to the Offer, subject to the conditions of the Offer. Stockholders who have previously validly tendered

and not withdrawn Shares pursuant to the Offer are not required to take any further action in order to receive, subject to the conditions of the Offer, the increased tender price of $105 per Share, if the Shares are accepted for payment and paid for by Purchaser pursuant to the Offer, except as may be required by the guaranteed delivery procedure if such procedure was utilized. See Section 1 of this Second Supplement.

THE OFFER TO PURCHASE, THE FIRST SUPPLEMENT AND THIS SECOND SUPPLEMENT CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

1. AMENDED TERMS OF THE OFFER; EXPIRATION DATE. The Offer is being made for 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the Expiration Date. The price per Share to be paid pursuant to the Offer has been increased from $85.00 per Share to $105 per Share, net to the seller in cash. All stockholders whose Shares are validly tendered and not withdrawn and accepted for payment pursuant to the Offer (including Shares tendered prior to the date of this Second Supplement) will receive the increased price.

This Second Supplement, the revised (Orange) Letter of Transmittal and other relevant materials will be mailed to record holders of Shares whose names appear on the Company's stockholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing.

2. PRICE RANGE OF SHARES; DIVIDENDS. The discussion set forth in Section 6 of the Offer to Purchase and Section 2 of the First Supplement is hereby amended and supplemented as follows:

According to published financial sources, the Company has paid no cash dividends on the Shares since the date of the Offer to Purchase.

The high and low sales prices per Share on the New York Stock Exchange (the "NYSE") as reported by the Dow Jones News Service for the fiscal quarter ended October 31, 1993 were $81.00 and $51.00, respectively, and the high and low sales prices per Share for the current fiscal quarter through January 6, 1994, were $83 1/2 and $73 1/2, respectively. On January 6, 1994, the last full trading day prior to the announcement of the increase in the price per Share to be paid pursuant to the Offer, the closing price per Share as reported on the NYSE was $78 1/2.

STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

3. FINANCING OF THE OFFER AND THE MERGER. The discussion set forth in Section 9 of the Offer to Purchase and Section 3 of the First Supplement is hereby amended and supplemented as follows:

The total amount of funds required by Purchaser to consummate the Offer and the Merger and to pay related fees and expenses is estimated to be approximately $6.6 billion.

Purchaser has obtained $600 million of such funds from the issuance and sale of 24 million shares of Purchaser's Series A Cumulative Convertible Preferred Stock to Blockbuster. Purchaser has obtained $1.2 billion of such funds from the issuance and sale of 24 million shares of Purchaser's Series B Cumulative Convertible Preferred Stock to NYNEX Corporation ("NYNEX"). Purchaser will obtain the remaining $4.8 billion of such funds from the bank credit facility described below, from the sale of Viacom Class B Common Stock to Blockbuster pursuant to the Blockbuster Subscription Agreement described below or from other sources.

Bank Financing. On November 19, 1993, Purchaser entered into a definitive credit agreement (as amended by an amendment dated January 4, 1994, the "Credit Agreement") pursuant to which the banks parties thereto (the "Lenders") agreed to lend to Purchaser up to $4.8 billion (the "Bank Facility"), comprised of a $3.7 billion senior unsecured 364-day revolving credit facility (the "Revolving Facility") and a $1.1 billion term loan (the "Term Loan Facility"). The Lenders made the following commitments to the Revolving Facility: Morgan Guaranty Trust Company of New York, Citibank, N.A. and The Bank of New York (the "Managing Agents"), $318,965,517.24 each; Bank of America National Trust and Savings Association, The First National Bank of Boston, Bank of Montreal, The Chase Manhattan Bank (National Association), Canadian Imperial Bank of Commerce and Societe Generale, $159,482,758.62 each; Credit Suisse, The Fuji Bank, Limited, Credit Lyonnais, Cayman Island Branch, The First National Bank of Chicago, The Industrial Bank of Japan, Ltd., Mellon Bank, N.A., The Mitsubishi Bank, Ltd., Royal Bank of Canada, Shawmut Bank Connecticut, N.A., Nippon

Credit Bank, Ltd., Los Angeles Agency, Sanwa Bank, Ltd. and Banque Paribas, $127,586,206.90 each; and National Westminster Bank USA, National Westminster Bank, PLC, Union Bank and The Bank of Tokyo Trust Company, $63,793,103.45 each. Purchaser has terminated the Term Loan Facility in connection with obtaining the funds from NYNEX referred to above.

The Credit Agreement provides that up to the full amount of the Revolving Facility may be borrowed, prepaid and reborrowed until 364 days after execution and delivery of the Credit Agreement, at which time all amounts outstanding under the Revolving Facility will become due and payable.

Purchaser may elect to borrow under the Bank Facility at either the Base Rate or the Eurodollar Rate (each as defined below). The "Base Rate" would be the higher of (i) Citibank, N.A.'s Base Rate and (ii) the Federal Funds Rate plus 1/2 of 1%. The "Eurodollar Rate" would be the London Interbank Offered Rate plus (i) 0.6875%, until Purchaser's long-term debt is rated by Standard & Poor's

Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's"), and (ii) thereafter, a variable rate ranging from 0.2500% to 0.8750% dependent on the senior unsecured long-term debt ratings assigned to Purchaser. The Eurodollar Rate would be available for one, two, three or six month borrowings. Interest on Base Rate borrowings would be payable quarterly in arrears. Interest on Eurodollar Rate borrowings would be payable in arrears (i) at the end of each applicable interest period and (ii) in the case of a period longer than three months, every three months.

The Credit Agreement provides that Purchaser will pay each of the Lenders a facility fee on such Lender's commitment in effect, from time to time, (whether or not utilized) from the execution and delivery of the Credit Agreement until the termination of the Bank Facility, payable quarterly in arrears, at the rate of (i) 0.3125% per annum, until Purchaser's senior unsecured long-term debt is rated by S&P or Moody's, and (ii) thereafter, a variable rate ranging from 0.1000% to 0.3750% dependent on the senior unsecured long-term debt ratings assigned to Purchaser. The Credit Agreement provides that the obligations of each Lender to make advances under the Bank Facility will be subject to the satisfaction or waiver of the following conditions: (i) Purchaser shall have acquired at least 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable Stock Options, as of the expiration of the Offer; (ii) all regulatory approvals required for the consummation of the Offer and the Merger shall have been obtained and be in effect (and all applicable waiting periods relating thereto shall have expired), except (a) approval of the Proxy Statement by the Securities and Exchange Commission and (b) approval of the Long Form Application by the FCC; provided that no approval obtained to consummate the Offer or that would be required from the FCC to consummate the Merger would require the divestiture of the Shares, and provided that Purchaser covenants to refrain from taking any action under the Voting Trust Agreement that would result in the sale of the Shares and to take all actions with respect to transfer applications before the FCC to assure that the Shares will not be required to be sold by order of the FCC; (iii) certain representations and warranties shall be true in all material respects as of the time of borrowing; (iv) Purchaser shall be in compliance with the financial covenants contained in the Credit Agreement; (v) there having been no material adverse change since September 30, 1993 (except as publicly disclosed prior to October 26, 1993 or as disclosed as of November 19, 1993 in the Merger Agreement) in the business, financial condition, operations or properties, of Purchaser, the Company and their respective subsidiaries considered on a pro forma basis taken as a whole; (vi) no default or event of default under the Credit Agreement shall have occurred and be continuing at the time of borrowing; (vii) no material litigation shall be pending or threatened against Purchaser or a subsidiary in which there is a reasonable probability of adverse decision which could have a material adverse effect; (viii) the Merger Agreement, as amended, shall be in full force and effect; and (ix) the Lenders shall have received certificates, opinions of counsel and other documents satisfactory to the Lenders.

Under the Credit Agreement, Purchaser has agreed to pay to the Lenders fees customary for commitments of the type described herein as well as certain out-of-pocket expenses of the Managing Agents arising in connection with the preparation, execution and delivery of the Credit Agreement and the syndication of the Bank Facility. In addition, Purchaser has agreed to indemnify each of the Lenders and certain related persons against certain liabilities.

The foregoing is a summary of the Credit Agreement and is qualified in its entirety by reference to the Credit Agreement, a copy of which is filed as an Exhibit to the Schedule 14D-1.

Purchaser anticipates that the indebtedness incurred through borrowings under the Bank Facility will be repaid from a variety of sources, which may include, but may not be limited to, funds generated internally by Purchaser and its subsidiaries (including, following the Merger, funds generated by the Company), bank refinancing, and the public or private sale of debt or equity securities. No decision has been made concerning the method Purchaser will employ to repay such indebtedness. Such decision will be made based on Purchaser's review from time to time of the advisability of particular actions, as well as on prevailing interest rates and financial and other economic conditions and such other factors as Purchaser may deem appropriate.

Equity Financing. On January 7, 1994, Purchaser and Blockbuster entered into a subscription agreement (the "Blockbuster Subscription Agreement") pursuant to which Blockbuster has agreed to subscribe for and purchase from Purchaser, and Purchaser has agreed to issue and sell to Blockbuster, (i) 22,727,273 shares of Viacom Class B Common Stock for an aggregate purchase price of approximately $1,250,000,000 representing a purchase price of $55 per share.

The obligation of each of Purchaser and Blockbuster to consummate such purchase and sale is subject to (i) the other party having performed in all material respects all of its obligations under the Blockbuster Subscription Agreement and the accuracy in all material respects of the representations and warranties made by such other party in the Blockbuster Subscription Agreement, (ii) there being no judgment, injunction, order or decree which materially restricts, prevents or prohibits the consummation of such purchase and sale, (iii) the receipt of satisfactory legal opinions and (iv) Purchaser having accepted for payment 50.1% of the Shares pursuant to the Offer.

Purchaser has agreed that it will not make any material change in the aggregate amount or forms of consideration to be paid in, or in any other material terms and conditions of, the Offer and the Merger, without the prior consent of Blockbuster, which consent shall not be unreasonably withheld.

Pursuant to the Blockbuster Subscription Agreement, Purchaser has granted Blockbuster customary registration rights with respect to the shares of Viacom Class B Common Stock purchased thereunder.

The Blockbuster Subscription Agreement requires each party to indemnify the other and its affiliates, officers, directors, employees, agents, successors and assigns for liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties arising out of or resulting from a breach of any of such party's representations, warranties or covenants contained therein.

In the event the Blockbuster Merger Agreement is terminated (other than by Purchaser as a result of a breach of a representation, warranty, covenant or agreement of Blockbuster contained therein), the Blockbuster Subscription Agreement grants to Blockbuster certain rights in the event that Viacom Class B Common Stock trades at levels below $55 per share during the one year period after such termination. In the event that the highest average trading price of the Viacom Class B Common Stock during any consecutive 30 trading day period prior to the first anniversary of such termination of the Blockbuster Merger Agreement is below $55 per share, Blockbuster shall be entitled to satisfaction by Purchaser of a make-whole amount. Such make-whole amount may not exceed a maximum amount equal to the sum of one half the number of shares of Viacom Class B Common Stock purchased by Blockbuster under the Blockbuster Subscription Agreement multiplied by the amount of such highest average trading price deficiency not in excess of $4.40 and one half the number of such shares of Viacom Class B Common Stock multiplied by the amount of such highest average trading price deficiency not in excess of $19.80, resulting in a maximum potential make-whole amount of $275 million.

Under the Blockbuster Subscription Agreement, Purchaser is entitled to satisfy its obligation with respect to any such make-whole amount, at Purchaser's option, either through the payment to

Blockbuster of cash or marketable equity or debt securities of Purchaser, or a combination thereof, with an aggregate value equal to the make-whole amount or, if the Merger has occurred, through the sale to Blockbuster of the theme parks currently owned and operated by the Company (the "Parks Business").

In the event that Purchaser were to elect to fulfill its obligation to satisfy the make-whole amount through the sale of the Parks Business to Blockbuster, the purchase price would be $750 million, subject to adjustment for certain capital expenditures, payable through delivery to Purchaser of shares of Viacom Class B Common Stock valued at $55 per share. If the Parks Business were so purchased by Blockbuster, the Blockbuster Subscription Agreement provides that Blockbuster would grant an option to Purchaser, exercisable for a period of two years after the date of grant, to purchase a 50% equity interest in the Parks Business at a purchase price of $375 million, subject to adjustment for certain capital expenditures, payable in cash.

The foregoing is a summary of the Blockbuster Subscription Agreement and is qualified in its entirety by reference to the Blockbuster Subscription Agreement, a copy of which is filed as an Exhibit to the Schedule 14D-1.

4. BACKGROUND OF THE OFFER SINCE NOVEMBER 8, 1993; CONTACTS WITH THE COMPANY; THE EXEMPTION AGREEMENT AND THE FORM OF MERGER AGREEMENT. The discussion set forth in Section 10 of the Offer to Purchase and Section 4 of the First Supplement is hereby amended and supplemented as follows:

On November 24, 1993, the Delaware Court of Chancery issued a Preliminary Injunction Order (the "Preliminary Injunction Order") in connection with the Delaware litigation commenced by QVC Network, Inc. ("QVC") and certain stockholders of the Company pursuant to which:

(1) The Company was preliminarily enjoined absent further order of the Chancery Court from amending the Rights Agreement or taking any other action under the Rights Agreement to, among other things, facilitate the Offer or second-step merger.

(2) The Company and Purchaser were enjoined from (i) taking any action to exercise, cash out, enforce, effectuate or consummate any term or provision of the Stock Option Agreement or (ii) causing the Company or its subsidiaries or affiliates to pay money, transfer assets or issue securities of the Company to Purchaser or any of its affiliates or subsidiaries other than in the ordinary course of business or pursuant to the termination fee provided for in Section 8.05 of the Merger Agreement.

(3) QVC's motion to enjoin payment of the termination fee provided for in Section 8.05 of the Merger Agreement was denied.

The grant of the injunction was appealed by Purchaser and the Company to the Supreme Court of the State of Delaware.

On December 9, 1993, the Delaware Supreme Court issued an order (the "Order") pursuant to which the Court, among other things, (1) affirmed the Preliminary Injunction Order and (2) remanded the proceeding to the Delaware Chancery Court for proceedings consistent with the Order.

On December 20, 1993, in accordance with bidding procedures established by the Paramount Board, Purchaser delivered to the Company's financial advisor its revised proposal for the acquisition of the Company.

On December 22, 1993, Purchaser and the Company entered into the Exemption Agreement, with the Form of Merger Agreement attached thereto, setting forth certain procedures to govern the Offer and which is described below. Also on December 22, 1993, the Company terminated the Merger Agreement and entered into an Agreement and Plan of Merger with QVC (the "QVC Merger

Agreement"). The QVC Merger Agreement contains procedures applicable to the QVC Offer which are substantially identical to the terms of the Exemption Agreement applicable to the Offer. In addition, the QVC Merger Agreement contains as an Exhibit thereto a form of exemption agreement containing terms identical to the Exemption Agreement, which QVC has agreed to enter into in the event that the

QVC Merger Agreement is terminated.

The Exemption Agreement. The following is a summary of certain provisions of the Exemption Agreement, a copy of which (together with the Form of Merger Agreement attached as Exhibit A thereto) was previously filed as an Exhibit to the Schedule 14D-1 and is incorporated herein by reference. The following summary is qualified in its entirety by reference to the Exemption Agreement filed as part of Exhibit (a)(39) to the Schedule 14D-1.

Agreements of the Company. Under the terms of the Exemption Agreement, the Company has agreed that, upon delivery by Purchaser of the Completion Certificate (as defined below), it shall take all necessary action to amend the Rights Agreement so that the consummation of the Offer on the terms permitted under the Exemption Agreement and as contemplated by the Form of Merger Agreement will not cause (i) the Rights issued pursuant to the Rights Agreement to become exercisable under the Rights Agreement, (ii) Purchaser or any subsidiary of Purchaser to be deemed an "Acquiring Person" (as defined in the Rights Agreement), or (iii) the "Stock Acquisition Date" (as defined in the Rights Agreement) to occur upon such consummation; provided, however, that the Company will not be required to make such amendments to the Rights Agreement if (A) Purchaser has not performed or complied in all material respects with all agreements and covenants required by the Exemption Agreement to be performed or complied with by it on or prior to the consummation of the Offer or (B) the Company obtains and there is in force from the Delaware Court of Chancery an order declaring that the making of such amendments to the Rights Agreement would be contrary to the fiduciary duties of the Paramount Board. Notwithstanding the foregoing, in no event will the Company's Board of Directors make an amendment of the Rights Agreement in favor of QVC or any other person without making such amendments in favor of Purchaser; provided that the Company will not be obligated to make such amendments for Purchaser if Purchaser has become obligated to terminate the Offer pursuant to the provisions of the Exemption Agreement as set forth in "Termination of the Offer" below.

The Company has agreed under the terms of the Exemption Agreement that it will take all appropriate actions so that the restrictions on business combinations contained in (i) Article XI of the Company's Certificate of Incorporation and (ii) Section 203 of Delaware Law will not apply to the consummation of the Offer; provided, however, that such action will not be effective if the Company is not required to amend the Rights Agreement as contemplated in the immediately preceding paragraph.

Agreements Regarding Terms of the Offer. Purchaser has also agreed under the Exemption Agreement (i) that so long as QVC is bound by substantially identical restrictions made for the benefit of the Company, not to amend the Offer in order to (A) increase by less than $60 million the aggregate cash consideration to be paid pursuant to the Offer or (B) increase the number of Shares for which tenders are sought by less than 2% of the outstanding Shares; (ii) not to extend the Expiration Date, except for extensions pursuant to certain provisions of the Exemption Agreement, and except (x) as a result of failure to satisfy a condition at the Expiration Date or (y) for any such extension required by federal securities law; (iii) that no extension of the Expiration Date permitted under the Exemption Agreement shall be for a period of less than three business days; and (iv) that the Expiration Date shall not be extended for any reason beyond 12:00 midnight on February 14, 1994, subject to certain provisions of the Exemption Agreement or as required by federal securities law to the extent that the extension arises due to an event other than a change in the terms of the Offer (the "Final Expiration Date"). Purchaser has agreed that it will not increase the per share consideration offered in the Offer or otherwise amend the Offer primarily to extend the expiration date of the QVC Offer.

Purchaser has agreed that, without the prior written consent of the Company, no change in the terms of the Offer shall be made which (i) decreases the aggregate cash consideration payable in the Offer or changes the form of consideration payable in the Offer (except to the extent QVC has made such changes or has been granted benefits by the Company that diminish the value of the Company to Purchaser); (ii) reduces the number of Shares to be purchased in the Offer below 50.1% of the outstanding Shares on a fully diluted basis (as defined below); provided, however, that the number of Shares sought in the Offer can be decreased to not less than 50.1% of the outstanding Shares on a fully diluted basis so long as the aggregate cash consideration payable in the Offer

is not decreased; or (iii) waives the Minimum Condition (which under no circumstances may be less than 50.1% of the outstanding Shares on a fully diluted basis). Subject to the provisions of the Exemption Agreement, Purchaser, prior to being obligated to execute a merger agreement by the terms of the Exemption Agreement, has in the Exemption Agreement expressly reserved the right to terminate the Offer pursuant to its terms or to increase the price per Share or the number of Shares for which tenders are sought in the Offer. The term "fully diluted" as used in the Exemption Agreement means giving effect to the Shares then outstanding plus the Shares issuable upon the exercise of the then exercisable options.

In order to cause the Offer and the QVC Offer to remain on the same time schedule, Purchaser has agreed that if QVC remains subject to the QVC Merger Agreement or remains subject to the form of exemption agreement attached thereto, in either case containing terms substantially identical to the Exemption Agreement for the benefit of the Company (the "Exemption Procedures"), and (i) extends the expiration date of the QVC Offer (such expiration date, as extended from time to time, being the "QVC Expiration Date") in accordance with the Exemption Procedures, then the Expiration Date shall be extended (as soon as practicable, but not later than one business day following the announcement of the extension of the QVC Expiration Date) by Purchaser to the QVC Expiration Date, or (ii) if upon notification to the Company by Purchaser and QVC of the results of their respective offers (which notification will be required to be delivered by Purchaser and QVC no later than promptly following the expiration of their respective offers), the Company has notified Purchaser and QVC (which notification shall be required to be delivered by the Company promptly) that a number of Shares that would satisfy the Minimum Condition or the minimum condition defined in the QVC Offer (which under no circumstances may be less than 50.1% of the outstanding Shares on a fully diluted basis) (the "QVC Minimum Condition") have not been validly tendered (and not withdrawn) pursuant to the Offer or the QVC Offer, respectively, at the Expiration Date (or a number of Shares that would satisfy the Minimum Condition and the QVC Minimum Condition have been validly tendered and not withdrawn pursuant to both the Offer and the QVC Offer at the Expiration Date), then Purchaser will extend the Expiration Date for a period of ten business days. Purchaser will be subject to the obligations set forth above in this paragraph and the obligations set forth in "Termination of the Offer" for so long as QVC is subject to the Exemption Procedures; provided, however, that Purchaser will not be subject to such obligations in the event that QVC has not performed or complied in all material respects with the Exemption Procedures.

Recommendation of the Offer. Under the terms of the Exemption Agreement, if, at any time, the Paramount Board recommends acceptance of the Offer by the Company's stockholders, or informs Purchaser that the Paramount Board intends to recommend acceptance of the Offer, then Purchaser will promptly execute and deliver an executed Form of Merger Agreement (with representations and warranties dated as of the date of execution of such Form of Merger Agreement, unless otherwise specified therein and with such other changes as may be necessary to reflect the terms of the Offer as it then exists, changes in the consideration offered under the Form of Merger Agreement and changes related thereto) as soon as practicable, but in no event more than one business day thereafter, which Form of Merger Agreement will be executed by the Company (with representations and warranties dated as of the date of such executed Form of Merger Agreement, unless otherwise specified therein) within one business day of receipt thereof.

Receipt of Common Stock by Purchaser. In the event that a number of Shares that would satisfy the Minimum Condition shall have been validly tendered and not withdrawn in the Offer at the Expiration Date and, as of such Expiration Date, Purchaser has waived all conditions to the Offer (other than the Minimum Condition and the Rights Condition, the Supermajority Condition, the Section 203 Condition and the Injunction Condition), then Purchaser has agreed (i) to extend the Expiration Date to a date ten business days from the then scheduled Expiration Date, provided that such extension shall be for a period of five business days in the event that the QVC Offer has been terminated prior to the foregoing Expiration Date and (ii) promptly to deliver an executed Form of Merger Agreement (with representations and warranties dated as of the date of delivery to the Company of such executed Form of Merger Agreement, unless

otherwise specified therein and with such other changes as may be necessary to reflect the terms of the Offer as it then exists, changes in the consideration offered under the Form of Merger Agreement and changes related thereto), as soon as practicable, but in no event more than one business day after the date of such waiver, which Form of Merger Agreement will be executed by the Company within one business day of receipt thereof (with representations and warranties dated as of the date of such executed Form of Merger Agreement, unless otherwise specified therein).

Completion Certificate. At such time as Purchaser has fulfilled the terms set forth in the immediately preceding paragraph, Purchaser will deliver to the Paramount Board a certificate (the "Completion Certificate"), executed by an authorized officer of Purchaser, certifying that all such terms have been fulfilled.

Termination of the Offer. Under the terms of the Exemption Agreement, Purchaser has agreed to terminate the Offer at such time as Purchaser has been notified pursuant to a certificate executed by an authorized officer of the Company that: (i) a number of Shares that would satisfy the QVC Minimum Condition shall have been validly tendered to the QVC Offer and not withdrawn at the QVC Expiration Date; (ii) all conditions to the QVC Offer, except the QVC Minimum Condition and the conditions relating to the Rights Agreement, Article XI of the Company's Certificate of Incorporation, Section 203 of Delaware Law and governmental or judicial injunction, each as set forth therein, shall have been waived; and (iii) a completion certificate from QVC shall have been delivered to the Company; provided, however, that Purchaser shall not be required to terminate the Offer in the event that QVC has not performed or complied in all material respects with the Exemption Procedures.

Termination of Exemption Agreement. The Exemption Agreement terminates at the earliest of (i) 9:00 A.M. on the first business day following the Final Expiration Date, (ii) the execution and delivery by both Purchaser and the Company of a Form of Merger Agreement, (iii) the delivery of notice by either party to the Exemption Agreement in the event the other party materially breaches any agreement or representation under the Exemption Agreement or (iv) such time as Purchaser shall have terminated the Offer in accordance with the terms thereof.

Form of Merger Agreement. The Form of Merger Agreement is substantially similar in form and substance to the Merger Agreement, except for the provisions summarized below. The following summary is qualified in its entirety by reference to the Form of Merger Agreement previously filed as part of Exhibit (a)(39) to the Schedule 14D-1.

(a) All references to the Stock Option Agreement and the $100 million termination fee in the Merger Agreement have been eliminated in the Form of Merger Agreement; provided, however, that each of the Company and Purchaser has agreed that nothing contained in the Form of Merger Agreement will constitute a waiver of any rights, claims or defenses of Purchaser or the Company created by or arising under the Merger Agreement or the Stock Option Agreement, as amended, all of which rights, claims and defenses are expressly reserved.

(b) The provision contained in the Merger Agreement, which prohibited the Company and Purchaser, and their respective subsidiaries and affiliates, under certain specified circumstances, from (i) facilitating any inquiries or the making of any proposal that constitutes or may be reasonably expected to lead to a Competing Transaction (as defined below), (ii) entering into, maintaining or continuing discussions or negotiations with any person or entity in furtherance of such inquiries or to obtain a Competing Transaction, (iii) agreeing to or endorsing any Competing Transaction or (iv) permitting any of their officers, directors, employees or other representatives to take any such action, has been eliminated in the Form of Merger Agreement.

(c) Conditions to the obligations of each party to consummate the Merger contained in the Merger Agreement, which relate to the receipt of certain approvals from the FCC and other third parties, have been eliminated in the Form of Merger Agreement.

(d) In the Form of Merger Agreement, June 30, 1994 is the date on which either the Company or Purchaser may terminate such agreement if the Merger shall

not have occurred. The corresponding date in the Merger Agreement was March 31, 1994.

(e) In the Form of Merger Agreement, Purchaser has the right to terminate such agreement if: (i) the Paramount Board withdraws, modifies or changes its recommendation of such agreement, the Merger or the Offer in a manner adverse to Purchaser or resolves to do any of the foregoing; provided that a statement by the Paramount Board that it is neutral or unable to take a position with respect to the Offer after the commencement or amendment of a tender offer by a third party will not be deemed to constitute a withdrawal, modification or change of its recommendation of such agreement if the Solicitation/Recommendation Statement on Schedule 14D-9 relating to such third party tender offer recommends rejection of such tender offer and the Paramount Board reconfirms its recommendation of the Offer on the date of the filing thereof; (ii) the Paramount Board recommends to the stockholders of the Company a Competing Transaction; (iii) Purchaser has not consummated the Offer and a tender offer or exchange offer for 30% or more of the outstanding shares of capital stock of the Company is commenced, and the Paramount Board recommends that the stockholders of the Company tender their shares in such tender or exchange offer; or (iv) Purchaser has not consummated the Offer and any person acquires beneficial ownership, or the right to acquire beneficial ownership of, or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) has been formed which beneficially owns, or has the right to acquire "beneficial ownership" (as defined in the Rights Agreement) of, more than 30% of the then outstanding shares of capital stock of the Company.

(f) In the Form of Merger Agreement, the Company has the right to terminate such agreement if, due to an occurrence or circumstance that would result in a failure to satisfy any of the conditions of the Offer, (i) Purchaser has failed to amend the Offer as provided in Section 2.1 of such agreement within ten business days following the date thereof or (ii) the Offer expires without the purchase of Shares thereunder.

(g) In the Form of Merger Agreement, the term "Competing Transaction" means any of the following involving the Company or any of the Company's subsidiaries: (i) any merger, consolidation, share exchange, business combination, or other similar transaction; (ii) any disposition of 30% or more of the assets of the Company and the Company's subsidiaries, taken as a whole in a single transaction or series of transactions; (iii) any tender offer or exchange offer for 30% or more of the outstanding shares of capital stock of the Company or the filing of a registration statement under the Securities Act in connection therewith; (iv) any person having acquired beneficial ownership of, or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) having been formed which beneficially owns, or has the right to acquire beneficial ownership of, 30% or more of the then outstanding shares of capital stock of the Company; or (v) any

public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

(h) In the Form of Merger Agreement, if either the Company or Purchaser terminates such agreement and if Purchaser continues the Offer, the Exemption Agreement will again become effective.

(i) The Form of Merger Agreement provides that from and after the Effective Time and until the tenth anniversary of the Effective Time, Purchaser will not enter into any agreement with any stockholder (the "Majority Stockholder") who beneficially owns more than 50% of the then outstanding securities entitled to vote at a meeting of the stockholders of Purchaser that would constitute a Rule 13e-3 (as such rule is in effect on the date of the execution of the Form of Merger Agreement) transaction under the Exchange Act with respect to any class of common stock of Purchaser (any such transaction being a "Going Private Transaction") unless Purchaser provides in any agreement pursuant to which such Going Private Transaction will be effected that, as a condition to the consummation of such Going Private Transaction, (a) the holders of a majority of the shares of each class of common stock subject to such Going Private Transaction and not beneficially owned by the Majority Stockholder that are voted and present (whether in person or by proxy) at the meeting of stockholders called to vote on such Going Private Transaction will have voted in favor thereof and (b) a special committee (the "Special Committee") of the Board of Directors of Purchaser comprised solely of the independent directors of

Purchaser will have (i) approved the terms and conditions of the Going Private Transaction and will have recommended that the stockholders vote in favor thereof and (ii) received from its financial advisor a written opinion addressed to the Special Committee, for inclusion in the proxy statement to be delivered to the stockholders, and dated the date thereof, substantially to the effect that the consideration to be received by the stockholders (other than the Majority Stockholder) in the Going Private Transaction is fair to them from a financial point of view.

(j) In the Form of Merger Agreement, if requested by Purchaser, the Company will, subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, promptly following the acceptance for payment of the Shares, and from time to time thereafter, take all actions necessary to cause a majority of directors of the Company (and of members of each committee of the Paramount Board) and of each subsidiary of the Company to be designated by Purchaser (whether, at the request of Purchaser, by means of increasing the size of the Paramount Board or seeking the resignation of directors and causing Purchaser's designees to be elected); provided that prior to receipt by Purchaser of approval by the FCC of the Long Form Application, the Company will take all actions necessary to elect Purchaser's voting trustee to the Paramount Board.

(k) The Form of Merger Agreement contains procedures applicable to the terms of the Offer which are substantially identical to the terms of the Exemption Agreement applicable to the Offer.

5. CONDITIONS TO THE OFFER. The conditions to the Offer are hereby amended and restated in their entirety as follows:

Notwithstanding any other provision of the Offer, Purchaser will not be required to accept for payment or pay for any Shares tendered pursuant to the Offer, and may terminate or amend the Offer and may postpone the acceptance for payment of and payment for Shares tendered, if (i) the Minimum Condition shall not have been satisfied, (ii) the Paramount Board shall not have amended the Rights Agreement to make the Rights inapplicable to the Offer and the Merger or the Rights shall otherwise be applicable to the Offer and the Merger (the "Rights Condition"), (iii) the Paramount Board shall not have taken all necessary actions so as to make the restrictions on business combinations contained in the supermajority voting requirement of Article XI of the Company's Certificate of Incorporation inapplicable to the Offer and the Merger (the "Supermajority Condition"), (iv) the Paramount Board shall not have taken all necessary actions so as to make the restrictions on business combinations contained in Section 203 of Delaware Law inapplicable to Purchaser in connection with the Offer and the Merger

(the "Section 203 Condition") or (v) at any time on or after the date of this Agreement, and prior to the acceptance for payment of Shares, any of the following conditions shall not exist:

(a) No governmental entity or federal or state court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Offer, the Merger or any transaction contemplated by the executed Form of Merger Agreement (if then in existence); provided that Purchaser shall have used all reasonable efforts to have any such order, decree or injunction vacated or reversed (the "Injunction Condition");

(b) Each of the representations and warranties of the Company contained in the Form of Merger Agreement (as if such agreement had been duly executed by the Company) shall be true and correct, except (i) for changes specifically permitted by the Form of Merger Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct which would not, individually or in the aggregate, have a material adverse effect on the Company;

(c) The Company shall have performed or complied in all material respects with all agreements and covenants required by the Form of Merger Agreement (as if such agreement had been duly executed by the Company) to be performed or complied with by it;

(d) Since December 22, 1993, there shall have been no change, occurrence or circumstance in the business, results of operations or financial condition of the Company or any of its subsidiaries having or reasonably likely to have, individually or in the aggregate, a material adverse effect on the business, results of operations or financial condition of the Company and its subsidiaries, taken as a whole; or

(e) Purchaser and the Company shall not have agreed that Purchaser shall terminate the Offer or postpone the acceptance for payment of or payment for Shares thereunder;

and, in the reasonable judgment of Purchaser in any such case, and regardless of the circumstances (including any action or inaction by Purchaser or any of its affiliates) giving rise to any such condition, it is inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Purchaser in whole or in part at any time and from time to time in its sole discretion. The failure by Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

6. CERTAIN FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES. The discussion set forth in Section 5 of the Offer to Purchase is hereby amended and supplemented in its entirety as follows:

The following summary, based upon current law, is a general discussion of certain Federal income tax consequences of the Offer and the Merger to Purchaser, the Company and stockholders of the Company. This summary is based upon the Code, applicable Treasury regulations thereunder and administrative rulings and judicial authority as of the date hereof. All of the foregoing are subject to change, and any such change could affect the continuing validity of this summary. This summary applies to stockholders of the Company who hold their Shares as capital assets. This summary does not discuss all aspects of Federal income taxation that may be relevant to a particular stockholder of the Company in light of such stockholder's specific circumstances or to certain types of stockholders subject to special treatment under the Federal income tax laws (for example, foreign persons, dealers in securities, banks, insurance companies, tax-exempt organizations and stockholders who acquired Shares pursuant to the exercise of options or otherwise as compensation or through a tax-qualified retirement plan), and it does not discuss any aspect of state, local, foreign or other tax laws. No ruling has been (or will be) sought from the Internal Revenue Service as to the anticipated tax consequences of the Offer or the Merger.

Tax Consequences of the Offer and the Merger. If Shearman & Sterling, counsel to Purchaser, is unable to deliver an opinion that the Merger will qualify as a reorganization under section 368(a) of the Code, the Form of Merger Agreement permits Purchaser to elect to cause a wholly owned subsidiary to merge with and into the Company in the Merger. Based on the terms of the Offer and the proposed terms of the Form of Merger Agreement, it is anticipated that Shearman & Sterling will be unable to deliver such an opinion and thus that Purchaser will elect to change the form of the Merger. The election by Purchaser to change the form of the Merger will, under applicable tax laws, prevent the Company from having to recognize substantial taxable gain as a result of the Merger's failing to qualify as a reorganization.

Exchanges of Shares pursuant to the Offer or the Merger will be taxable transactions for Federal income tax purposes. A stockholder of the Company who exchanges Shares for cash in the Offer or for shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock in the Merger will recognize capital gain or loss for Federal income tax purposes equal to the difference between such stockholder's basis in the Shares so exchanged and the amount of cash and/or the fair market value of the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock received by such stockholder. Stockholders of the Company should note that, in such circumstances, a stockholder who does not receive any cash, but instead receives only shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock in the Merger nevertheless will recognize taxable gain or loss. Such gain or loss will be long-term capital gain or loss if, at the time of the Offer or the Merger, the Shares then exchanged had been held for more than one year. Under current law, long-term capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income (including short-term capital gains).

Such stockholder of the Company will have a tax basis in the shares of Viacom Class B Common Stock and Viacom Merger Preferred Stock received equal to the fair market values of such shares on the date of the Merger. The holding period of such stockholder of the Company in the Viacom Class B Common Stock and Viacom Merger Preferred Stock received will begin on the day following the date of the Merger.

No gain or loss will be recognized by Purchaser or the Company as a result of the Offer and the Merger.

Backup Withholding. To prevent "backup withholding" of Federal income tax on payments of cash to a stockholder of the Company who exchanges Shares for cash in the Offer, a stockholder of the Company must, unless an exception applies under the applicable law and regulations, provide the payor

of such cash with such stockholder's correct taxpayer identification number ("TIN") on a Substitute Form W-9 and certify under penalties of perjury that such number is correct and that such stockholder is not subject to backup withholding. A Substitute Form W-9 is included in the Letter of Transmittal. If the correct TIN and certifications are not provided, a $50 penalty may be imposed on a stockholder of the Company by the Internal Revenue Service, and cash received by such stockholder in exchange for Shares in the Offer may be subject to backup withholding of 31%.

THE FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE ARE BASED UPON PRESENT LAW, ARE FOR GENERAL INFORMATION ONLY AND DO NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX EFFECTS WHICH MAY APPLY TO A STOCKHOLDER OF THE COMPANY. THE TAX EFFECTS AS APPLICABLE TO A PARTICULAR STOCKHOLDER OF THE COMPANY MAY BE DIFFERENT FROM THE TAX EFFECTS AS APPLICABLE TO OTHER STOCKHOLDERS OF THE COMPANY, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND OTHER TAX LAWS, AND THUS, STOCKHOLDERS OF THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISORS.

Real Estate Transfer Taxes

The New York State Real Property Transfer Gains Tax, the New York State Real Estate Transfer Tax, and the New York City Real Property Transfer Tax (collectively, the "Real Estate Transfer Taxes") are imposed on the transfer or acquisition, directly or indirectly, of controlling interests in an entity which owns interests in real property located in New York State or New York City, as the case may be. The Offer and the Merger will result in the taxable transfer of controlling interests in entities which own New York State or New York City real

property for purposes of the Real Estate Transfer Taxes. Although any Real Estate Transfer Taxes could be imposed directly on the stockholders of the Company, Purchaser and the Company will complete and file any necessary tax returns, and Purchaser will pay all Real Estate Transfer Taxes that are imposed as a result of the Offer and the Merger. Upon receipt of the consideration for either the Offer or the Merger, each stockholder of the Company will be deemed to have agreed to be bound by the Real Estate Transfer Tax returns filed by Purchaser and the Company.

7. PURPOSE OF THE OFFER; PLANS FOR THE COMPANY AFTER THE OFFER AND THE MERGER. The discussion set forth in Section 11 of the Offer to Purchase is hereby amended and supplemented as follows:

Purchaser is actively preparing plans for the combination of Purchaser, the Company and Blockbuster and their respective businesses and management. In the event the Blockbuster Merger is consummated following consummation of the Offer, Purchaser intends to intergrate the businesses of Purchaser, Blockbuster and the Company in order to achieve efficiencies and to create value based upon the complementary businesses and brands of the combined companies. Purchaser has no present intention of disposing of any significant assets of Purchaser, Blockbuster or the Company following consummation of the Offer.

8. CERTAIN LEGAL MATTERS AND REGULATORY APPROVALS. The discussion set forth in Section 15 of the Offer to Purchase and Section 5 of the First Supplement is hereby amended and supplemented as follows:

Delaware Litigation. On December 14, 1993, the plaintiffs in In re Paramount Communications Inc. Shareholders Litigation, Consolidated Civ. Action No. 13117, made a motion for the entry of an order modifying the preliminary injunction granted by the Delaware Chancery Court on November 24, 1993, to enjoin the termination fee payable to Purchaser pursuant to the Merger Agreement.

Federal Antitrust Litigation. On November 9, 1993, Purchaser amended its complaint in federal court in Viacom International Inc. v. Tele-Communications, Inc., et al., Case No. 93 Civ. 6658, by

adding Comcast Corporation as an additional defendant and incorporating claims of additional anticompetitive activities by the defendants.

FCC Approval. On November 23, 1993, the FCC approved Purchaser's STA Application to acquire Shares pursuant the Offer, thereby satisfying the FCC Condition to consummation of the Offer.

9. CERTAIN INFORMATION CONCERNING PURCHASER. The discussion set forth in Section 8 of the Offer to Purchase is hereby amended and supplemented as follows:

General. On November 18, 1993, William C. Ferguson was elected to the Board of Directors of Purchaser. The current business address and present principal positions, offices or employments and business addresses thereof for the past five years of Mr. Ferguson are as follows:

> Chairman of the Board and Chief Executive Officer of NYNEX at 335 Madison Avenue, New York, New York 10017 since October 1989; Vice Chairman of the Board of NYNEX from 1987 to 1989 and President and Chief Executive Officer from June to September 1989; Director of NYNEX since 1987; Director of General Re Corporation and CPC International, Inc.

Financial Information. On November 12, 1993, Purchaser filed with the Commission its Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (the "September 30 10-Q"). Set forth below are certain selected consolidated financial data relating to Purchaser and its subsidiaries for the quarter ended September 30, 1993, which have been excerpted or derived from the unaudited financial statements contained in the September 30 10-Q. More

comprehensive financial information for such quarter is included in the September 30 10-Q, and the following financial data is qualified in its entirety by reference to the September 30 10-Q, including the financial information and related notes contained therein. The September 30 10-Q may be inspected and copies may be obtained from the offices of the Commission in the same manner as set forth with respect to information about the Company in Section 7 of the Offer to Purchase.

VIACOM INC.
SELECTED CONSOLIDATED FINANCIAL DATA
(UNAUDITED; IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1992
<S>	<C>	<C>
Results of Operations Data:		
Revenues	$ 1,474.6	$ 1,353.1
Earnings from operations	306.9	280.3
Earnings before extraordinary items and cumulative effect of change in accounting principle	143.2	54.4
Net earnings	144.6	37.3
Earnings per common share:		
Earnings before extraordinary items and cumulative effect of change in accounting principle	1.19	.45
Extraordinary items	(.07)	(.14)
Cumulative effect of change in accounting principle	.08	--
Net earnings	1.20	.31

</TABLE>

<TABLE>
<CAPTION>

	AT SEPTEMBER 30, 1993
<S>	<C>
Balance Sheet Data:	
Total assets	$ 4,625.6
Long term debt	2,359.1
Stockholders' equity	908.7

</TABLE>

THE BLOCKBUSTER MERGER AGREEMENT

The following is a summary of the Blockbuster Merger Agreement, a copy of which is filed as an Exhibit to the Schedule 14D-1. Such summary is qualified in its entirety by reference to the Blockbuster Merger Agreement.

The Blockbuster Merger. The Blockbuster Merger Agreement provides that, upon the terms and subject to the conditions thereof, at the effective time of the Blockbuster Merger (the "Blockbuster Merger Effective Time"), Blockbuster will be merged with and into Purchaser in accordance with Delaware Law. As a result of the Blockbuster Merger, the separate corporate existence of Blockbuster will cease and Purchaser will continue as the Blockbuster Merger Surviving Corporation.

At the Blockbuster Merger Effective Time, each issued and then outstanding share of common stock, par value $1.00 per share, of Blockbuster (the "Blockbuster Shares") (other than any Blockbuster Shares held in the treasury of Blockbuster, or owned by Purchaser or any direct or indirect wholly owned subsidiary of Purchaser or of Blockbuster and any dissenting shares (if

applicable)) shall be converted automatically into the right to receive (x) .08 of one share of Viacom Class A Common Stock, (y) .60615 of one share of Viacom Class B Common Stock and (z) up to an additional .13829 of one share of Viacom Class B Common Stock, with such amount to be determined in accordance with, and the right to receive such shares to be evidenced by, one variable common right (a "VCR") issued by Purchaser having the principal terms described in Annex A to the Blockbuster Merger Agreement.

In addition, employee stock options and warrants outstanding at the Blockbuster Merger Effective Time will become exercisable thereafter for the Blockbuster Merger merger consideration described above. Pursuant to the terms of the Blockbuster stock option plans, the vesting of employee stock options will be accelerated in connection with the Blockbuster Merger.

As of December 31, 1993, there were 247,487,375 Blockbuster Shares outstanding. In addition, there were 18,564,443 Blockbuster Shares subject to outstanding stock options and warrants. Based thereon, an aggregate of approximately 19.8 million shares of Viacom Class A Common Stock and 149.9 million shares of Viacom Class B Common Stock, and VCRs representing a maximum aggregate of approximately 34.2 million additional shares of Viacom Class B Common Stock would be issuable in the Blockbuster Merger. In addition, an aggregate of approximately 1.5 million additional shares of Viacom Class A Common Stock and 11.3 million additional shares of Viacom Class B Common Stock, and VCRs representing a maximum aggregate of approximately 2.6 million additional shares of Viacom Class B Common Stock would be issuable in connection with the possible exercise of stock options and warrants.

The Blockbuster Merger Agreement provides that, at the Blockbuster Merger Effective Time, the Restated Certificate of Incorporation and the By-Laws of Purchaser, as in effect immediately prior to the Blockbuster Merger Effective Time, will be the Certificate of Incorporation and the By-Laws of the Blockbuster Merger Surviving Corporation.

Agreements of Purchaser and Blockbuster. The Blockbuster Merger Agreement contains various customary covenants and agreements of the parties thereto, including agreements as to the calling of meetings of the respective stockholders of Purchaser and Blockbuster, the making of certain filings under the federal securities laws with respect to such stockholders' meetings and the transactions contemplated by the Blockbuster Merger Agreement, and the operation of the parties' respective businesses prior to the Blockbuster Merger Effective Time. In addition, pursuant to the Blockbuster Merger Agreement, until the tenth anniversary of the Blockbuster Merger Effective Time Purchaser is subject to the same restrictions on Going Private Transactions as are contained in the Form of Merger Agreement.

Representations and Warranties. The Blockbuster Merger Agreement contains various customary representations and warranties of the parties thereto.

Conditions to the Blockbuster Merger. The obligations of Purchaser and Blockbuster to consummate the Blockbuster Merger are subject to the satisfaction or, where legally permissible, waiver of various conditions, including: (i) the effectiveness of the registration statement to be filed with the Commission with respect to the shares of Purchaser Common Stock to be issued to the stockholders of Blockbuster pursuant to the Blockbuster Merger and the absence of any stop order suspending the effectiveness thereof and any proceedings for that purpose initiated by the Commission; (ii) the approval of the Blockbuster Merger Agreement and the Blockbuster Merger by the requisite vote of the stockholders of Blockbuster and the approval of the Blockbuster Merger and the Blockbuster Merger Agreement and certain amendments to Viacom's Certificate of Incorporation by the requisite number of holders of Viacom Class A Common Stock; (iii) no governmental entity having enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Blockbuster

Merger or any transaction contemplated by the Blockbuster Merger Agreement; provided, however, that the parties have agreed to use their reasonable best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted; (iv) the expiration or termination of the applicable waiting period under the HSR Act; and (v) and receipt of governmental approvals.

The obligations of Purchaser to effect the Blockbuster Merger and the transactions contemplated by the Blockbuster Merger Agreement are also subject to the following conditions: (i) representations and warranties of Blockbuster remaining true and correct, except as would not have a material adverse effect on Blockbuster; (ii) Blockbuster having performed or complied in all material respects with all agreements and covenants required by the Blockbuster Merger Agreement to be performed or complied with by it on or prior to the Blockbuster Merger Effective Time; and (iii) Purchaser having received the opinion of Shearman & Sterling to the effect that the Blockbuster Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of section 368(a) of the Code.

The obligations of Blockbuster to effect the Blockbuster Merger and the other transactions contemplated by the Blockbuster Merger Agreement are also subject to the following conditions: (i) the representations and warranties of Purchaser remaining true and correct, except as would not have a material adverse effect on Purchaser; (ii) Purchaser having performed or complied in all material respects with all agreements and covenants required by the Blockbuster Merger Agreement to be performed or complied with by it on or prior to the Blockbuster Merger Effective Time; (iii) Blockbuster having received the opinion of Skadden, Arps, Slate, Meagher & Flom to the effect that the Blockbuster Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of section 368(a) of the Code; and (iv) Purchaser having filed with the Secretary of State of the State of Delaware a certificate of amendment to Purchaser's Restated Certificate of Incorporation pursuant to which the amendments required by the Blockbuster Merger Agreement became effective.

Termination; Fees. The Blockbuster Merger Agreement contains customary provisions relating to the termination of the Blockbuster Merger Agreement and provides that, under certain limited circumstances, upon such termination, Blockbuster will pay Purchaser's out of pocket expenses incurred in connection with the transaction up to a maximum of $50,000,000.

Certain Other Agreements. Certain stockholders of Blockbuster have granted to Purchaser options to purchase the shares of common stock of Blockbuster owned by such stockholders in certain circumstances in the event the Blockbuster Merger Agreement is terminated. In addition, such stockholders and certain additional stockholders have granted to Purchaser proxies to vote the Blockbuster shares owned by such stockholders in favor of the Blockbuster Merger and against any competing business combination proposal.

NAI, the controlling stockholder of Purchaser, has agreed to vote the shares of Viacom Class A Common Stock owned by it in favor of the Blockbuster Merger and against any competing business combination proposal. The shares of Viacom Class A Common Stock owned by NAI constitute a majority of the shares of Viacom Common Stock entitled to vote on the Blockbuster Merger. Accordingly, approval of the Blockbuster Merger by the stockholders of Purchaser is assured.

10. CERTAIN INFORMATION CONCERNING BLOCKBUSTER.

General. Blockbuster is a Delaware corporation. Its principal offices are located at One Blockbuster Plaza, Fort Lauderdale, Florida 33301-1860.

Blockbuster is an international entertainment company with businesses operating in the home video, music retailing and filmed entertainment industries. Blockbuster also has investments in other entertainment businesses.

Blockbuster owns, operates and franchises Blockbuster Video videocassette rental and sales Superstores. As of December 31, 1993, there were 3,593 video stores operating in Blockbuster's system, of which 2,698 were Blockbuster-owned and 895 were franchise-owned. Blockbuster-owned video stores at December 31, 1993 included 775 stores operating under the "Ritz" trade name in the United Kingdom and Austria, and 160 recently acquired video stores under various trade names including "Video Towne" and "Movies at Home in the United States."

Blockbuster has been engaged in the music retailing business since November 1992, when it acquired Sound Warehouse, Inc. and Show Industries, Inc.. Currently Blockbuster is one of the largest specialty retailers of prerecorded music in the United States, with 511 stores operating throughout the country as of December 31, 1993. In December 1992, Blockbuster entered into an international joint venture with Virgin Retail Group Limited to develop music "Megastores" in Continental Europe, Australia and the United States. The joint venture currently owns interests in and operates 20 "Megastores." Blockbuster-owned domestic music stores at December 31, 1993 include 270 recently acquired music stores operating under various trade names including "Record Bar," "Tracks," "Turtles" and "Rhythm and Views."

In April 1993, Blockbuster expanded into the production, programming and distribution areas of the filmed entertainment industry through the acquisition of a majority of the common stock of Spelling Entertainment Group Inc. ("Spelling Entertainment"). The operations of Spelling Entertainment encompass a broad range of businesses in the filmed entertainment industry, supported by an extensive library of television series, feature films, television movies, mini-series and specials. At November 5, 1993, Blockbuster owned 45,658,640 shares, or approximately 70.5%, of Spelling Entertainment's outstanding common stock.

Blockbuster owns 2,550,000 shares, and warrants to acquire an additional 810,000 shares, of the common stock of Republic Pictures Corporation ("Republic Pictures"). At October 19, 1993, Blockbuster's investment in Republic Pictures represented approximately 39% of Republic Pictures' outstanding common stock, including shares subject to such warrants. Republic Pictures is engaged in the development and production of television programming and the distribution of this programming and its extensive library of feature films, television movies, mini-series and specials.

On December 8, 1993, Spelling Entertainment and Republic Pictures entered into an agreement and plan of merger pursuant to which a wholly owned subsidiary of Spelling Entertainment would merge with Republic Pictures, and, as a result of such merger, Republic Pictures is expected to become a wholly owned subsidiary of Spelling Entertainment.

The name, citizenship, business address, principal occupation or employment, and five-year employment history for each of the directors and executive officers of Blockbuster and certain other information are set forth in Schedule I to this Second Supplement, which amends and supplements the Schedule I which was included in the Offer to Purchase.

Financial Information. The summary financial data presented below has been derived from the consolidated financial statements of Blockbuster which have been audited by independent certified public accountants. In August 1993, Blockbuster consolidated with WJB Video Limited Partnership and certain of its

related entities. This transaction was accounted for under the pooling of interests method of accounting and, accordingly, Blockbuster's financial statements have been restated for all

periods as if the companies had operated as one entity since inception. The following Selected Consolidated Financial Data should be read in conjunction with "Management Discussion and Analysis of Financial Condition and Results of Operations", Blockbuster's Consolidated Financial Statements and Notes thereto and other financial information contained in Blockbuster's Annual Report on Form 10-K for the year ended December 31, 1992 and from the unaudited financial statements contained in Blockbuster's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, in each case filed by Blockbuster with the Commission. Such reports and other documents may be inspected and copies may be obtained from the offices of the Commission in the same manner as set forth with respect to information about the Company in Section 7 of the Offer to Purchase.

BLOCKBUSTER ENTERTAINMENT CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1992	1991	1990	1993	1992
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
RESULTS OF OPERATIONS DATA					
Revenue	$ 1,315.8	$ 961.6	$ 699.7	$ 1,503.3	$ 879.1
Operating income	242.9	161.1	122.1	286.0	163.2
Net income	148.3	89.1	65.9	162.4	100.6
Net income attributable to common stock	148.3	89.1	65.9	162.4	100.6
Net income per common and common equivalent share	.77	.51	.39	.76	.53
Net income per common and common equivalent share assuming full dilution	.76	.51	.39	.76	.53

</TABLE>

<TABLE>
<CAPTION>

	AT DECEMBER 31,			AT SEPTEMBER 30,
	1992	1991	1990	1993
				(UNAUDITED)
<S>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:				
Total assets	$ 1,540.7	$ 893.3	$ 702.1	$ 2,426.1
Long-term debt	356.6	193.7	220.3	438.5
Stockholders' equity	787.3	480.5	319.4	1,336.0
Book value per common share	3.98	2.84	2.04	6.01

</TABLE>

Except as set forth in this Second Supplement: (i) neither Blockbuster nor, to the knowledge of Blockbuster, any of the persons listed in Schedule I hereto or any associate or majority-owned subsidiary of Blockbuster or any of the persons so listed beneficially owns or has a right to acquire any Shares or any other equity securities of the Company; (ii) neither Blockbuster, nor, to the knowledge of Blockbuster, any of the persons or entities referred to in clause (i) above or any of their executive officers, directors or subsidiaries has effected any transaction in the Shares or any other equity securities of the Company during the past 60 days; (iii) neither Blockbuster nor, to the knowledge of Blockbuster, any of the persons listed in Schedule I hereto, has any contract, arrangement, understanding or relationship with any other person with

respect to any securities of the Company, including, but not limited to, the transfer or voting thereof, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations; (iv) since May 1, 1990, there have been no transactions which would require reporting under the rules and regulations of the Commission between Blockbuster or any of its subsidiaries or, to the knowledge of Blockbuster, any of the persons listed in Schedule I hereto, on the one hand, and the

Company or any of its executive officers, directors or affiliates, on the other hand; and (v) since May 1, 1990, there have been no contacts, negotiations or transactions between Blockbuster or any of its subsidiaries or, to the knowledge of Blockbuster, any of the persons listed in Schedule I hereto, on the one hand, and the Company or its subsidiaries or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets of the Company.

11. MISCELLANEOUS. Purchaser has filed with the Commission amendments to the Schedule 14D-1 pursuant to Rule 14d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, furnishing certain additional information with respect to the Offer, and may file further amendments thereto. The Schedule 14D-1 and any amendments thereto, including exhibits, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in Section 7 of the Offer to Purchase (except that they will not be available at the regional offices of the Commission).

VIACOM INC.

January 7, 1994

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF BLOCKBUSTER

The following table sets forth the name, current business address and present principal occupation or employment, and material occupations, positions, offices or employments and business addresses thereof for the past five years of each director and executive officer of Blockbuster. Unless otherwise indicated, the current business address of each person is One Blockbuster Plaza, Fort Lauderdale, Florida 33301-1860. Each such person is a citizen of the United States of America, except for Ramon Martin-Busutil who is a citizen of France. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Blockbuster. Directors are indicated by an asterisk.

<TABLE>
<CAPTION>

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND CURRENT BUSINESS ADDRESS; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS AND BUSINESS ADDRESSES THEREOF
<S>	<C>
H. Wayne Huizenga*.....	Chairman, Chief Executive Officer and Director of Blockbuster since 1987; Chairman of Huizenga Holdings, Inc. since 1984, One Blockbuster Plaza, Fort Lauderdale, Florida; Director of Republic Pictures Corporation since 1993, 12636 Beatrice Street, Los Angeles, California; Chairman of the Board of Spelling since 1993, One Blockbuster Plaza, Fort Lauderdale, Florida; Director of Viacom since 1993; Director of Discovery Zone Inc. since 1993, 205 N. Michigan Avenue, Chicago,

	Illinois.
A. Clinton Allen, III*.....	Director of Blockbuster since 1986; Chairman and Chief Executive Officer of A.C. Allen & Company since 1988, 1280 Massachusetts Avenue, Cambridge, Massachusetts; Director and Vice Chairman of Psychemedics Corporation since 1989, 1280 Massachusetts Ave., Cambridge, MA, and the DeWolfe Companies, Inc., 271 Lincoln, Lexington, MA, since 1991.
Steven R. Berrard*.....	Director of Blockbuster since 1989; Vice Chairman since 1989; President and Chief Operating Officer since 1993; Treasurer and Senior Vice President of Blockbuster from 1987 to 1989; Chief Financial Officer of Blockbuster from 1989 to 1992; Director of Republic Pictures Corporation since 1993; President, Chief Executive Officer and Director of Spelling since 1993.
John W. Croghan*.....	Director of Blockbuster since 1987; Director of Lindsay Manufacturing Company since 1989, East Highway 91, Lindsay, NE; Director of the Morgan Stanley Emerging Markets Fund since 1991, 1251 Avenue of the Americas, NY, NY; Chairman of Lincoln Capital Management Company since prior to 1989, 200 South Wacker Drive, Chicago, Illinois.
Donald F. Flynn*.....	Director of Blockbuster since 1987; Chairman and Chief Executive Officer of Flynn Enterprises, Inc. since 1992, 205 N. Michigan Avenue, Chicago, IL; Chief Executive Officer of Discovery Zone L.P. since 1992, 205 N. Michigan Ave., Chicago, IL; Chairman and Chief Operating Officer of Discovery Zone, Inc. since 1993; Director of Waste Management, Inc., 3003 Butterfield Road, Oakbrook, IL, since 1981, Chemical Waste Management, Inc., 3003 Butterfield Road, Oakbrook, IL, since 1986, Waste Management International, plc., 3003 Butterfield Road, Oakbrook, IL; since 1992, Wheelabrator Technologies, Inc., Liberty Lane, Hampton, NH, since 1988, and Psychemedics Corporation, 1280 Massachusetts Ave., Cambridge, MA, since 1987 and H20

</TABLE>

<TABLE>
<CAPTION>

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND CURRENT BUSINESS ADDRESS; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS AND BUSINESS ADDRESSES THEREOF
<S>	<C>
	Plus Inc., 676 N. Michigan Ave., Chicago, IL, since 1993; held various positions, including Vice President and Chief Financial Officer, between 1970 and 1990 with Waste Management, Inc.
John J. Melk*.....	Director of Blockbuster since 1993; Chairman and Chief Executive Officer of H2O Plus Inc. since 1988, 676 N. Michigan Avenue, Chicago, Illinois; Director of Psychemedics Corporation since 1991, 1280 Massachusetts Ave., Cambridge, MA; Director and Vice Chairman of Blockbuster from 1987 to 1989; Director of Discovery Zone, Inc. since 1993.
J. Ronald Castell.....	Senior Vice President of Programming and Communications since 1991; Senior Vice President of Programming and Merchandising from 1989 to 1991; Vice President of Marketing and Merchandising at Erol's Inc. until 1989, 6621 Electronic Drive, Springfield, Virginia.
Albert J. Detz.....	Vice President and Corporate Controller since 1992; Assistant Corporate Controller from 1991 to 1992; various finance related positions with Encore Computer Corporation until 1991, including Vice President and Corporate Controller, 6901 W. Sunrise Blvd., Plantation, Florida.
Gregory K. Fairbanks.....	Senior Vice President and Chief Financial Officer since 1992 and Treasurer since 1993; Executive Vice President and Chief Financial Officer of Waste Management International plc. from 1980 to 1992.
Robert A. Guerin.....	Senior Vice President of Domestic Franchising since 1992; Senior Vice President of Administration and Development for Blockbuster from 1989 to 1991; Vice President from 1988 to 1989.
James L. Hilmer.....	Senior Vice President and Chief Marketing Officer since 1993; Director, Division President and Managing Partner of Whittle Communications L.P. from 1984 to 1992, 333 Main Avenue, Knoxville, Tennessee.
Ramon Martin-Busutil.....	President--International Division since 1992; various positions with Cadbury Beverages and Schweppes from 1981 to 1992, including President of Cadbury Beverages Europe, 6 High Ridge Park, Stamford, Connecticut.
Gerald W.B. Weber.....	Senior Vice President of Operations since 1991; Vice President of Operations from 1990 to 1991; Regional Manager from 1988 to 1989.

</TABLE>

Facsimiles of Letters of Transmittal will be accepted. The Letter of Transmittal and certificates evidencing Shares and any other required documents should be sent or delivered by each stockholder or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

FIRST CHICAGO TRUST COMPANY OF NEW YORK

<TABLE>
<S> <C> <C>

By Mail:	By Facsimile:	By Hand or Overnight Courier:
P.O. Box 2562 Mail Suite 4660 Jersey City, New Jersey 07303-2562	(201) 222-4720 or (201) 222-4721 Confirm by Telephone: (201) 222-4707	14 Wall Street, 8th Floor Suite 4680 New York, New York 10005

</TABLE>

Questions or requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers listed below. Additional copies of the Offer to Purchase, this Second Supplement, the revised (Orange) Letter of Transmittal and the revised (Yellow) Notice of Guaranteed Delivery may be obtained from the Information Agent. A stockholder may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC. [LOGO]

Wall Street Plaza
New York, New York 10005
(212) 509-6240 (collect)

Bankers and Brokers call
(212) 440-9800

Call Toll Free: 1-800-223-2064

The Dealer Manager for the Offer is:
SMITH BARNEY SHEARSON INC.
1345 Avenue of the Americas
48th Floor
New York, NY 10105
(212) 698-8455

LETTER OF TRANSMITTAL
TO TENDER SHARES OF COMMON STOCK
OF
PARAMOUNT COMMUNICATIONS INC.
PURSUANT TO THE OFFER TO PURCHASE
DATED OCTOBER 25, 1993,
THE SUPPLEMENT THERETO
DATED NOVEMBER 8, 1993
AND THE SECOND SUPPLEMENT THERETO
DATED JANUARY 7, 1994

OF

VIACOM INC.

THE OFFER IS EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

THE DEPOSITARY FOR THE OFFER IS:
FIRST CHICAGO TRUST COMPANY OF NEW YORK

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By Mail:	By Facsimile Transmission:	By Hand or Overnight Courier:
P.O. Box 2562	(201) 222-4720	14 Wall Street,
Suite Box 4660	or	8th Floor
Jersey City, New Jersey	(201) 222-4721	Suite 4680
07303-2562		New York, New York 10005
	Confirm by Telephone: (201) 222-4707	

</TABLE>

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

While the previously circulated (Yellow) or (Green) Letters of Transmittal refer to the Offer to Purchase dated October 25, 1993 and the Supplement thereto dated November 8, 1993, stockholders making use thereof to tender their Shares will nevertheless receive $105 per Share for each Share validly tendered and not withdrawn and accepted for payment pursuant to the Offer, subject to the conditions of the Offer. Stockholders who have previously validly tendered and have not withdrawn their Shares pursuant to the Offer are not required to take any further action to receive the increased tender price of $105 per Share.

This revised Letter of Transmittal or one of the previously circulated (Yellow) or (Green) Letters of Transmittal is to be completed by stockholders either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company ("DTC"), the Midwest Securities Trust Company ("MSTC") or the Philadelphia Depository Trust Company ("PDTC") (each a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the book-entry transfer procedure described in Section 3 of the Offer to Purchase (as defined below). DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Stockholders whose certificates evidencing Shares ("Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. See Instruction 2.

/ / CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE

DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

Check Box of Applicable Book-Entry Transfer Facility:

(CHECK ONE) / / DTC / / MSTC / / PDTC

Account Number _____ Transaction Code Number _____

/ / CHECK HERE IF SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s) _____

Window Ticket No. (if any) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution which Guaranteed Delivery _____

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DESCRIPTION OF SHARES TENDERED		
NAMES(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK, EXACTLY AS NAME(S) APPEAR(S) ON SHARE CERTIFICATE(S))	SHARE CERTIFICATE(S) AND SHARE(S) TENDERED (ATTACH ADDITIONAL LIST, IF NECESSARY)	
	SHARE CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES EVIDENCED BY SHARE CERTIFICATE(S)*
Total Shares.....		

* Need not be completed by stockholders delivering Shares by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Share Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

</TABLE>

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE INSTRUCTIONS SET FORTH
IN THIS LETTER OF TRANSMITTAL CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Viacom Inc., a Delaware corporation ("Purchaser"), the above-described shares of Common Stock, par value $1.00 per share, of Paramount Communications Inc., a Delaware corporation (the "Company") (all shares of such Common Stock from time to time outstanding being, collectively, the "Shares") pursuant to Purchaser's offer to purchase 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable

stock options, as of the expiration of the Offer, at $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated October 25, 1993 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement") and the Second Supplement thereto dated January 7, 1994 (the "Second Supplement"; and together with the First Supplement, the "Supplements"), receipt of which is hereby acknowledged, and in the related Letters of Transmittal (which together constitute the "Offer"). The undersigned understands that Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Offer (including, if the Offer is further extended or amended, the terms and conditions of such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, Purchaser all right, title and interest in and to all the Shares that are being tendered hereby and all dividends, distributions (including, without limitation, distributions of additional Shares) and rights declared, paid or distributed in respect of such Shares on or after October 24, 1993, except for regular quarterly dividends on the Shares declared and payable consistent with past practice in an aggregate amount not in excess of $.20 per Share (collectively, "Distributions"), and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares and all Distributions, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Share Certificates evidencing such Shares and all Distributions, or transfer ownership of such Shares and all Distributions on the account books maintained by a Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of Purchaser, (ii) present such Shares and all Distributions for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and all Distributions, all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Frank J. Biondi, Jr. and Philippe P. Dauman, and each of them, as the attorneys and proxies of the undersigned, each with full power of substitution, to vote in such manner as each such attorney and proxy or his substitute shall, in his sole discretion, deem proper and otherwise act (by written consent or otherwise) with respect to all the Shares tendered hereby which have been accepted for payment by Purchaser prior to the time of such vote or other action and all Shares and other securities issued in Distributions in respect of such Shares, which the undersigned is entitled to vote at any meeting of stockholders of the Company (whether annual or special and whether or not an adjourned or postponed meeting) or consent in lieu of any such meeting or otherwise. This proxy and power of attorney is coupled with an interest in the Shares tendered hereby, is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall revoke all other proxies and powers of attorney granted by the undersigned at any time with respect to such Shares (and all Shares and other securities issued in Distributions in respect of such Shares), and no subsequent proxy or power of attorney shall be given or written consent executed (and if given or executed, shall not be effective) by the undersigned with respect thereto. The undersigned understands that, in order for Shares to be deemed validly tendered, immediately upon Purchaser's acceptance of such Shares for payment, Purchaser must be able to exercise full voting and other rights with respect to such Shares, including, without limitation, voting at any meeting of the Company's stockholders then scheduled.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions, that the tender of the tendered Shares complies with Rule 14e-4 under the Securities Exchange Act of 1934, as amended, and that when such Shares are accepted for payment by Purchaser, Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depositary or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of Purchaser all Distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire

purchase price of the Shares tendered hereby, or deduct from such purchase price, the amount or value of such Distribution as determined by Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. Purchaser's acceptance of such Shares for payment will constitute a binding agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein in the box entitled "Special Payment Instructions", please issue the check for the purchase price of all Shares purchased, and return all Share Certificates evidencing Shares not purchased or not tendered in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered". Similarly, unless otherwise indicated in the box entitled "Special Delivery Instructions", please mail the check for the purchase price of all Shares purchased and all Share Certificates evidencing Shares not tendered or not purchased (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under "Description of Shares Tendered". In the event that the boxes entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not purchased or not tendered in the name(s) of, and mail such check and Share Certificates to, the person(s) so indicated. Unless otherwise indicated herein in the box entitled "Special Payment Instructions", please credit any Shares tendered hereby and delivered by book-entry transfer, but which are not purchased by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if Purchaser does not purchase any of the Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue / / check / / Share Certificate(s) to:

Name .....
(PLEASE PRINT)

.....

Address .....

.....
(ZIP CODE)

.....
(TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER)
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

/ / Credit Shares delivered by book-entry transfer and not purchased to the account set forth below:

Check appropriate box:

/ / DTC / / MSTC / / PDTC

Account Number .....

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown under "Description of Shares Tendered".

Mail / / check / / Share Certificates(s) to:

Name .....
(PLEASE PRINT)

.....

Address .....

.....
(ZIP CODE)

IMPORTANT
STOCKHOLDERS: SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

_____

_____
SIGNATURE(S) OF HOLDER(S)

Dated:_____ , 199_

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share Certificates or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s): _____

_____
(PLEASE PRINT)

Capacity (full title):_____

Address: _____

_____
(INCLUDE ZIP CODE)

Area Code and Telephone No.: _____

Taxpayer Identification or Social Security No.: _____
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

GUARANTEE OF SIGNATURE(S)
(IF REQUIRED--SEE INSTRUCTIONS 1 AND 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY. PLACE MEDALLION GUARANTEE IN SPACE BELOW.

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. All signatures on this Letter of Transmittal must be medallion guaranteed by a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc., by a commercial bank or trust company having an office or correspondent in the United States, or by any other "eligible guarantor institution", as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each of the foregoing being referred to as an "Eligible Institution"), unless (i) this Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name

appears on a security position listing as the owner of Shares) tendered hereby and such holder(s) has (have) completed neither the box entitled "Special Payment Instructions" nor the box entitled "Special Delivery Instructions" on the reverse hereof or (ii) such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Share Certificates. This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedure set forth in Section 3 of the Offer to Purchase. Share Certificates evidencing all physically tendered Shares, or a confirmation of a book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility of all Shares delivered by book-entry transfer as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase). If Share Certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by Purchaser, must be received by the Depositary prior to the Expiration Date; and (iii) the Share Certificates evidencing all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, in each case together with a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Depositary within five New York Stock Exchange, Inc. ("NYSE") trading days after the date of execution of such Notice of Guaranteed Delivery, all as described in Section 3 of the Offer to Purchase.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. Inadequate Space. If the space provided herein under "Description of Shares Tendered" is inadequate, the Share Certificate numbers, the number of Shares evidenced by such Share Certificates and the number of Shares tendered should be listed on a separate schedule and attached hereto.

4. Partial Tenders (not applicable to stockholders who tender by book-entry transfer). If fewer than all the Shares evidenced by any Share Certificate delivered to the Depositary herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered". In such cases, new Share Certificate(s) evidencing the remainder of the Shares that were evidenced by the Share Certificates delivered to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions" on the reverse hereof, as soon as practicable after the expiration or termination of the Offer. All Shares evidenced by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Share tendered hereby is owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), in which case the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Purchaser of such person's authority so to act must be submitted.

6. Stock Transfer Taxes. Except as otherwise provided in this Instruction 6, Purchaser will pay all stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares purchased, unless evidence satisfactory to Purchaser of the payment of such taxes, or exemption therefrom, is submitted. Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Share Certificates evidencing the Shares tendered hereby.

7. Special Payment and Delivery Instructions. If a check for the purchase price of any Shares tendered hereby is to be issued, or Share Certificate(s) evidencing Shares not tendered or not purchased are to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal or if such check or any such Share Certificate is to be sent to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered" on the reverse hereof, the appropriate boxes on the reverse of this Letter of Transmittal must be completed. Stockholders delivering Shares tendered hereby by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate in the box entitled "Special Payment Instructions" on the reverse hereof. If no such instructions are given, all such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated on the reverse hereof as the account from which such Shares were delivered.

8. Questions and Requests for Assistance or Additional Copies. Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, the Supplements, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent or from brokers, dealers, commercial banks or trust companies.

9. Substitute Form W-9. Each tendering stockholder is required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on the Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify, under penalties of perjury, that such number is correct and that such stockholder is not subject to backup withholding of federal income tax. If a tendering stockholder has been notified by the Internal Revenue Service that such stockholder is subject to backup withholding, such stockholder must cross

out item (2) of the Certification box of the Substitute Form W-9, unless such stockholder has since been notified by the Internal Revenue Service that such stockholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% federal income tax withholding on the payment of the purchase price of all Shares purchased from such stockholder. If the tendering stockholder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such stockholder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE HEREOF, PROPERLY COMPLETED AND DULY EXECUTED, (TOGETHER WITH ANY REQUIRED SIGNATURE GUARANTEES AND SHARE CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under the federal income tax law, a stockholder whose tendered Shares are accepted for payment is required by law to provide the Depositary (as payer) with such stockholder's correct TIN on Substitute Form W-9 below. If such stockholder is an individual, the TIN is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding of 31%.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of such stockholder's correct TIN by completing the form below certifying (a) that the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN), and (b) that (i) such stockholder has not been notified by the Internal Revenue Service that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such stockholder that such stockholder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depositary the social security number or employer identification number of the record holder of the Shares tendered hereby. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for the TIN in Part I, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

PAYER'S NAME: FIRST CHICAGO TRUST COMPANY OF NEW YORK

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SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE Payer's Request for Taxpayer Identification Number (TIN)	Part I--Taxpayer Identification Number-- For all accounts, enter taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer. Part II--For Payees Exempt From Backup Withholding, see the enclosed Guidelines and complete as instructed therein.	_____ Social Security Number OR_____ Employer Identification Number (If awaiting TIN write "Applied For")

</TABLE>

Certification--Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and

(2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

Certificate Instructions--You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE _____ DATE _____ , 199

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

The Information Agent for the Offer is:

[GEORGESON LOGO]

Wall Street Plaza
New York, New York 10005
(212) 509-6240 (collect)

Bankers and Brokers call
(212) 440-9800

Call Toll Free: 1-800-223-2064

The Dealer Manager for the Offer is:
SMITH BARNEY SHEARSON INC.
1345 Avenue of the Americas
48th Floor
New York, NY 10105
(212) 698-8455

January 7, 1994

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF SHARES OF COMMON STOCK
OF
PARAMOUNT COMMUNICATIONS INC.
(NOT TO BE USED FOR SIGNATURE GUARANTEES)

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) (i) if certificates ("Share Certificates") evidencing shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), are not immediately available, (ii) if Share Certificates and all other required documents cannot be delivered to First Chicago Trust Company of New York, as Depositary (the "Depositary"), prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase (as defined below)) or (iii) if the procedure for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or mail or transmitted by telegram or facsimile transmission to the Depositary. See Section 3 of the Offer to Purchase.

THE DEPOSITARY FOR THE OFFER IS:
FIRST CHICAGO TRUST COMPANY OF NEW YORK

<TABLE>

<S>	<C>	<C>
By Mail: P.O. Box 2562 Suite Box 4660 Jersey City, New Jersey 07303-2562	By Facsimile Transmission: (201) 222-4720 or (201) 222-4721 Confirm by Telephone: (201) 222-4707	By Hand or Overnight Courier: 14 Wall Street, 8th Floor Suite 4680 New York, New York 10005

</TABLE>

Delivery of this Notice of Guaranteed Delivery to an address other than as set forth above, or transmission of instructions via facsimile transmission other than as set forth above, will not constitute a valid delivery.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Viacom Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase dated October 25, 1993 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement") and the Second Supplement thereto dated January 7, 1994 (the "Second Supplement; together with the First Supplement, the "Supplements"), and the related Letters of Transmittal (which together constitute the "Offer"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase.

Number of Shares: _____ _____

_____
Signature(s) of Holder(s)

Certificate Nos. (If Available):

Dated: _____,1994

_____

_____

Name(s) of Holders:

_____

_____
Please Type or Print

Check one box if Shares will be delivered by book-entry transfer:

_____
Address

/ / The Depository Trust Company

/ / Midwest Securities Trust Company

_____
Zip Code

/ / Philadelphia Depository Trust Company

Account No. _____

_____
Area Code and Telephone No.

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or which is a commercial bank or trust company having an office or correspondent in the United States, guarantees to deliver to the Depositary, at one of its addresses set forth above, Share Certificates evidencing the Shares tendered hereby, in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company, in each case with delivery of a Letter of Transmittal (or facsimile thereof) properly completed and duly executed, and any other required documents, all within five New York Stock Exchange, Inc. trading days of the date hereof.

_____ _____
Name of Firm Authorized Signature

_____ _____
Address Title

_____ Name:_____
Zip Code Please Type or Print

_____
Area Code and Telephone No. Dated:_____,199_

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE.
SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER
OF TRANSMITTAL.

VIACOM INC.

HAS INCREASED THE PRICE OF ITS
OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF

PARAMOUNT COMMUNICATIONS INC.
TO

$105 NET PER SHARE

THE OFFER HAS BEEN EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

January 7, 1994

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by Viacom Inc., a Delaware corporation ("Purchaser"), to act as Dealer Manager in connection with Purchaser's offer to purchase 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, at a price of $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase dated October 25, 1993 (the "Offer to Purchase"), as amended and supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement") and the Second Supplement thereto dated January 7, 1994 (the "Second Supplement"; and together with the First Supplement, the "Supplements") and in the related Letters of Transmittal (which together constitute the "Offer"). Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, 61,607,894 SHARES, OR SUCH GREATER NUMBER OF SHARES AS EQUALS 50.1% OF THE SHARES OUTSTANDING PLUS THE SHARES ISSUABLE UPON THE EXERCISE OF THE THEN EXERCISABLE STOCK OPTIONS, AS OF THE EXPIRATION OF THE OFFER, BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO

THE EXPIRATION OF THE OFFER. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS.

Enclosed for your information and use are copies of the following documents:

1. The Second Supplement, dated January 7, 1994;

2. The revised (Orange) Letter of Transmittal to be used by holders of Shares in accepting the Offer and tendering Shares;

3. The revised (Yellow) Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents are not immediately available or cannot be delivered to First Chicago Trust Company of New York (the "Depositary") by the Expiration Date (as defined in the Second Supplement) or if the procedure for book-entry transfer cannot be completed by the Expiration Date;

4. A revised letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

6. Return envelope addressed to the Depositary.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER HAS BEEN EXTENDED. PLEASE NOTE THAT THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates evidencing such Shares (or a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase)), a Letter of Transmittal (or facsimile thereof) properly completed and duly executed and any other required documents in accordance with the instructions contained in the Letter of Transmittal.

Tendering shareholders may use the revised (Orange) Letter of Transmittal provided herewith or the previously circulated (Yellow) or (Green) Letters of Transmittal provided with the Offer to Purchase and the First Supplement to tender Shares. If you or your clients have previously tendered (and not

withdrawn) Shares, no further action is necessary in order to tender such Shares.

If a holder of Shares desires to tender Shares, but cannot deliver such holder's certificates or other required documents, or cannot comply with the procedure for book-entry transfer, prior to the expiration of the Offer, a tender of Shares may be effected by following the guaranteed delivery procedure described in Section 3 of the Offer to Purchase.

Purchaser will not pay any fees or commissions to any broker, dealer or other person (other than the Dealer Manager, the Depositary and the Information Agent as described in the Offer) in connection with the solicitation of tenders of Shares pursuant to the Offer. However, Purchaser will reimburse you, upon request, for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. Purchaser will pay or cause to be paid any stock transfer taxes payable with respect to the transfer of Shares to it, except as otherwise provided in Instruction 6 of the revised (Orange) Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to Smith Barney Shearson Inc. or Georgeson & Company Inc. (the "Information Agent") at their respective addresses and telephone numbers set forth on the back cover page of the Second Supplement.

Additional copies of the enclosed material may be obtained from the Information Agent at the address and telephone numbers set forth on the back cover page of the Second Supplement.

Very truly yours,

SMITH BARNEY SHEARSON INC.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF PURCHASER, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR OF ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR TO MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

VIACOM INC.

HAS INCREASED THE PRICE OF ITS
OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF

PARAMOUNT COMMUNICATIONS INC.
TO

$105 NET PER SHARE

THE OFFER HAS BEEN EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

To Our Clients:

Enclosed for your consideration is a Second Supplement dated January 7, 1994 (the "Second Supplement") to the Offer to Purchase dated October 25, 1993 (the "Offer to Purchase") as supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement"; and together with the Second Supplement, the "Supplements") and the revised (Orange) Letter of Transmittal in connection with the offer by Viacom Inc., a Delaware corporation ("Purchaser"), to purchase 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, at a price of $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by the Supplements, and in the related Letters of Transmittal (which together constitute the "Offer"). We are the holder of record of Shares held by us for your account. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE REVISED (ORANGE) LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT. IF YOU HAVE ALREADY INSTRUCTED US TO TENDER YOUR SHARES PURSUANT TO THE OFFER, IT IS NOT NECESSARY FOR YOU TO TAKE ANY FURTHER ACTION IN ORDER TO RECEIVE THE INCREASED TENDER PRICE OF $105 PER SHARE.

We request instructions as to whether you wish to have us tender on your behalf any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is $105 per Share, net to the seller in cash.

2. The Offer is being made for 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer. If more than 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, are validly tendered prior to the Expiration Date (as defined in the Offer to Purchase) and not withdrawn, Purchaser will, upon the terms and subject to the conditions of the Offer, accept such Shares for payment on a pro rata basis, with adjustments to avoid purchases of fractional shares, based upon the number of Shares validly tendered prior to the Expiration Date and not withdrawn.

3. The Offer has been extended. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Friday, January 21, 1994, unless the Offer is further extended.

4. The Offer is conditioned upon, among other things, 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, being validly tendered and not withdrawn prior to the expiration of the Offer.

5. If the Offer is consummated, Purchaser intends to effectuate a second-step merger pursuant to which each Share outstanding at the effective time of such merger would be cancelled and converted into the right to receive (i) .93065 shares of Viacom Class B Common Stock, par value $.01 per share, of Purchaser and (ii) .30408 shares of a new series of cumulative convertible exchangeable preferred stock, par value $.01 per share, of Purchaser, with terms more fully described in the Second Supplement.

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in Instruction 6 of the revised (Orange) Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified in your instructions. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your

behalf prior to the expiration of the Offer. The Letters of Transmittal are furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

The Offer is made solely by the Offer to Purchase, the Supplements and the related Letters of Transmittal and is being made to all holders of Shares. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by Smith Barney Shearson Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO THE
OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF
PARAMOUNT COMMUNICATIONS INC.

The undersigned acknowledge(s) receipt of your letter enclosing the Second Supplement dated January 7, 1994 to the Offer to Purchase dated October 25, 1993 as supplemented by the Supplement thereto dated November 8, 1993, and the revised (Orange) Letter of Transmittal (which together constitute the "Offer") in connection with the offer by Viacom Inc., a Delaware corporation, to purchase at least 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer.

This will instruct you to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

NUMBER OF SHARES TO BE TENDERED:

_____ SHARES*

Dated:_____ , 199_

SIGN HERE

_____

_____
Signature(s)

_____

_____
Please type or print name(s)

_____

_____
Please type or print address

_____
Area Code and Telephone Number

_____
Taxpayer Identification or
Social Security Number

- ---------------

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

VIACOM INC.
HAS INCREASED THE PRICE OF ITS
OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF

PARAMOUNT COMMUNICATIONS INC.
TO
$105 NET PER SHARE

THE OFFER HAS BEEN EXTENDED. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JANUARY 21, 1994, UNLESS THE OFFER IS FURTHER EXTENDED.

January 7, 1994

To Participants in the Dividend Reinvestment Plan of Paramount Communications Inc.:

Enclosed for your consideration is a Second Supplement dated January 7, 1994 (the "Second Supplement") to the Offer to Purchase dated October 25, 1993 (the "Offer to Purchase") as supplemented by the Supplement thereto dated November 8, 1993 (the "First Supplement"; together with the Second Supplement, the "Supplements") and a revised (Orange) Letter of Transmittal in connection with the offer by Viacom Inc., a Delaware corporation ("Purchaser"), to purchase 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation (the "Company"), or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, at a price of $105 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, as amended and supplemented by the Supplements, and in the related Letters of Transmittal (which together constitute the "Offer"). Our nominee is the holder of record of Shares held for your account as a participant in the Dividend Reinvestment Plan of the Company (the "Plan"). A tender of such Shares can be made only by us through our nominee as the holder of record and pursuant to your instructions. The revised (Orange) Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares held in your Plan account. If you have already instructed us to tender your shares pursuant to the Offer, it is not necessary for you to take any further action in order to receive the increased tender price of $105 per Share.

We request instructions as to whether you wish to have us instruct our nominee to tender on your behalf any or all of the Shares held in your Plan account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is directed to the following:

1. The tender price is $105 per Share, net to the seller in cash.

2. The Offer is being made for 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer. If more than 61,607,894 Shares, or such greater number of shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, are validly tendered prior to the Expiration Date (as defined in the Offer to Purchase) and not withdrawn, Purchaser will, upon the terms and subject to the conditions of the Offer, accept such Shares for payment on a pro rata basis, with adjustments to avoid purchases of fractional Shares, based upon the number of Shares validly tendered prior to the Expiration Date and not withdrawn.

3. The Offer has been extended. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Friday, January 21, 1994, unless the Offer is further extended.

4. The Offer is conditioned upon, among other things, 61,607,894 Shares, or such greater number of Shares as equals 50.1% of the Shares outstanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer, being validly tendered and not withdrawn prior to the expiration of the Offer.

5. If the Offer is consummated, Purchaser intends to effectuate a second-step merger pursuant to which each Share outstanding at the effective time of such merger would be cancelled and converted into the right to receive (i) .93065 shares of Viacom Class B Common Stock, par value $.01 per share, of Purchaser and (ii) .30408 shares of a new series of cumulative convertible exchangeable preferred stock, par value $.01 per share, of Purchaser, with terms more fully described in the Second Supplement.

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in Instruction 6 of the revised (Orange) Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer. The Letters of Transmittal are furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

If you wish to have us tender any or all of the Shares held in your Plan account, please so instruct us by completing, executing and returning to us the instruction form contained in this letter BY 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, JANUARY 18, 1994, UNLESS THE OFFER IS FURTHER EXTENDED. An envelope in which to return your instructions to us is enclosed. If you authorize tender of such Shares, all such Shares will be tendered unless otherwise specified in your instructions. Your instructions should be forwarded to us in ample time to permit us to instruct our nominee to submit a tender on your behalf prior to the expiration of the Offer.

The Offer is made solely by the Offer to Purchase, the Supplements and the Letters of Transmittal and is being made to all holders of Shares. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by Smith Barney Shearson Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Very truly yours,

CHEMICAL BANK
Plan Administrator

INSTRUCTIONS WITH RESPECT TO THE
OFFER TO PURCHASE FOR CASH
61,607,894 SHARES OF COMMON STOCK
OF
PARAMOUNT COMMUNICATIONS INC.

The undersigned acknowledge(s) receipt of your letter enclosing the Second Supplement dated January 7, 1994, to the Offer to Purchase dated October 25, 1993 as supplemented by the Supplement thereto dated November 8, 1993, and the revised (Orange) Letter of Transmittal (which together constitute the

"Offer"), in connection with the offer by Viacom Inc., a Delaware corporation, to purchase 61,607,894 shares of Common Stock, par value $1.00 per share (the "Shares"), of Paramount Communications Inc., a Delaware corporation, or such greater number of Shares as equals 50.1% of the Shares oustanding plus the Shares issuable upon the exercise of the then exercisable stock options, as of the expiration of the Offer. The undersigned understand(s) that the Offer applies to Shares allocated to the account of the undersigned in the Company's Dividend Reinvestment Plan (the "Plan").

This will instruct you, as Dividend Reinvestment Agent, to instruct your nominee to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held for the Plan account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

NUMBER OF SHARES TO BE TENDERED:

_____ SHARES*

Dated:_____ , 199_

SIGN HERE

_____

_____
Signature(s)

_____

_____
Please type or print name(s)

_____

_____
Please type or print address

_____
Area Code and Telephone Number

_____
Taxpayer Identification or Social Security Number

- ----------

* Unless otherwise indicated, it will be assumed that all Shares in your Plan account are to be tendered.

PAYER'S NAME: CHEMICAL BANK

<TABLE>
<S> <C> <C>

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE Payer's Request for Taxpayer Identification Number (TIN)	Part I--Taxpayer Identification Number--For all accounts, enter taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer. Part II--For Payees Exempt From Backup Withholding, see the enclosed Guidelines and complete as instructed therein.	_____ Social Security Number OR_____ Employer Identification Number (If awaiting TIN write "Applied For")

</TABLE>

Certification--Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification

Number (or I am waiting for a number to be issued to me), and

(2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

Certificate Instructions--You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE DATE

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

BLOCKBUSTER AND VIACOM ANNOUNCE $8.4 BILLION MERGER

VIACOM INC. INCREASES ITS TENDER OFFER TO $105 PER SHARE FOR 50.1% OF PARAMOUNT STOCK

- Market Capitalization of Combined
Viacom/Blockbuster/Paramount
Valued at $26 Billion -

New York, New York, January 7, 1993 -- Viacom Inc. (ASE: VIA and VIAB) and Blockbuster Entertainment Corporation (NYSE: BV) today announced they have entered into a definitive merger agreement under which Blockbuster will merge into Viacom. Under the terms of the agreement, which was unanimously approved by the Boards of Directors of both companies, Blockbuster shareholders will receive .08 of a share of Viacom Class A Common Stock, and .60615 of a share of Viacom Class B Common Stock, and one variable common right (VCR) for each share of Blockbuster. The transaction is valued at $8.4 billion, based on the closing market prices of Viacom stock on January 6, 1994. The combined Viacom/Blockbuster company will be named Viacom-Blockbuster Inc.

Viacom also announced an increase to $105 per share, or $6.5 billion, for the 50.1% in cash consideration to be paid to shareholders of Paramount Communications Inc. (NYSE: PCI) under its revised tender offer.

-more-

-2-

Viacom and Blockbuster together announced that, subject to the consummation of Viacom's tender offer for Paramount, Blockbuster has agreed to invest $1.25 billion in Viacom by purchasing approximately 23 million shares of Viacom Class B Common Stock at $55.00 per share. The shares purchased by Blockbuster will reduce the number of shares previously

offered to existing Paramount shareholders, placing shares that would otherwise have been distributed to public shareholders in the hands of Blockbuster. The additional cash component of this transaction, provided by the Blockbuster investment, will provide Paramount shareholders with increased monetary consideration and added value, with virtually no dilution to shareholders. In the context of the ultimate combination of Viacom, Blockbuster and Paramount, the resulting company will enjoy a significantly strengthened capital structure. Upon the completion of the Paramount acquisition, the company will be renamed.

"The combination of Viacom with Blockbuster and Paramount creates a uniquely diversified portfolio of global entertainment assets and operations with extraordinary capacity to exploit worldwide opportunities. The potential for the exploitation and expansion of brand names and franchises will be dramatic," said Sumner M. Redstone, Chairman of the Board of Viacom.

"Blockbuster's established relationships with customers and large presence in the retail video and music markets provide Viacom with important access and distribution to consumers of entertainment products.

-more-

"We look forward to welcoming Blockbuster and its employees to the Viacom family. Blockbuster's headquarters will be maintained in Ft. Lauderdale.

"From the very beginning, Viacom's strategic rationale for joining forces with Paramount was the creation of a new global entertainment powerhouse with an array of complementary, world-class assets in a wide variety of entertainment and communication businesses," Mr. Redstone stated.

H. Wayne Huizenga, Chairman of the Board of Blockbuster, said, "This transaction is an exciting development for our company

and our shareholders, reflecting the vision we share with Viacom related to building a global integrated entertainment company. Blockbuster's retail distribution systems and our programming and production business together with Viacom's entertainment franchises represent a formidable combination."

William C. Ferguson, Chairman of NYNEX Corporation, expressing strong support for today's announcement, said, "We initially joined forces with Viacom in our belief that Viacom presented numerous opportunities to leverage our existing businesses by pursuing joint opportunities. We continue to believe that a combined Viacom/Blockbuster/ Paramount will bring value to NYNEX."

With the completion of the merger, Mr. Redstone will become Chairman of the Board of the combined company and will own 61% of the combined company's voting stock. With the completion of the Blockbuster merger, Mr. Huizenga will

become Vice Chairman of the combined company. This new entity will have a mutually agreed upon Board of Directors consisting of six Directors designated by Viacom, three Directors designated by Blockbuster, including Mr. Huizenga and Steven R. Berrard, Blockbuster's Vice Chairman, two Directors designated by NYNEX Corporation, including William C. Ferguson, Chairman of NYNEX Corporation and a current Director of Viacom's board, and one independent Director.

The Tender Offer for Paramount and Related Merger

Viacom's tender offer has been extended to Friday, January 21, 1994. Under the terms of the Exemption Agreement between Viacom and Paramount and the Agreement and Plan of Merger between QVC Network Inc. and Paramount, Viacom said that QVC would also be required to extend its offer to expire no earlier than that date. As permitted by the terms of the Exemption Agreement, Viacom's amended tender offer is for 50.1% of the outstanding shares of the common stock of Paramount. Viacom's offer contemplates the execution of a definitive merger agreement with Paramount providing for the conversion of each share of Paramount that is not acquired pursuant to the offer into the right to receive .93065 shares of Viacom Class B Common Stock and .30408 of a share of Viacom's convertible preferred stock. Viacom said that as of the close of business on Thursday, January 6, 1994, approximately 2,305,900 shares of Paramount stock had been tendered and not withdrawn.

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Under the Exemption Agreement, Paramount is required to execute the definitive merger agreement if 50.1% of the outstanding shares of Paramount are validly tendered for Viacom's offer and not withdrawn by its expiration date. Other terms of Viacom's offer, including the terms of the convertible preferred stock in the merger with Paramount, are substantially unchanged from Viacom's existing offer.

The Blockbuster/Viacom Merger

The merger of Blockbuster into Viacom, which is intended to be tax-free, is subject to customary conditions, including approval of shareholders of both companies. However, the merger is not conditioned upon consummation of Viacom's tender offer or any other transaction involving Paramount.

Viacom said that certain Blockbuster shareholders holding approximately 22.7% of the outstanding Blockbuster shares, including Mr. Huizenga and Mr. Berrard, had granted Viacom proxies to vote in favor of the proposed merger. Viacom also said that certain Blockbuster shareholders granted Viacom options to purchase a portion of such shares amounting to 6.1% of Blockbuster's outstanding shares at a price of $30.125 per share. Mr. Huizenga and Mr. Berrard were among the Blockbuster stockholders who provided Viacom with stock options and proxies with respect to their personal holdings of shares.

The variable common rights (VCRs) to be issued in connection with this transaction convert into Viacom Class B shares under certain circumstances. The number of Viacom Class B shares into which the VCRs will convert will

generally be based upon the highest 30 consecutive trading day average price for Viacom Class B Common Stock during the 90 trading days prior to the conversion date, which occurs on the first anniversary of the completion of the Blockbuster merger. In the event that such value is less than $48 per share and more than $40 per share, the VCRs will convert into the right to receive .05929 of a share of Viacom Class B Common Stock. If such value is below $40 per share, such number of shares will increase ratably to the maximum of .13829 of a share of Viacom Class B Common Stock at a value of $36 per share or, if such value is above $48 per share, the number of shares into which the VCR will convert will decrease ratably to have no value at a price of $52 per share. The upward adjustment in the value of the VCR in excess of .05929 of a share of Viacom Class B Common Stock will not be made in the event that, during any 30 trading day period following the completion of the merger and prior to the conversion date, the average

closing price exceeds $40 per share. In the event that during any such period such average price exceeds $52 per share, the VCR will terminate.

Smith Barney Shearson Inc. is acting as financial advisor to Viacom and is also dealer manager in connection with the Offer, and Georgeson & Co. is acting as information agent. Merrill Lynch & Co. is acting as financial advisor to Blockbuster.

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Viacom Inc. is the holding company parent of Viacom International Inc., which together own and operate basic cable and premium television networks (MTV, MTV Europe, Nickelodeon, Nick at Nite, VH-1, Showtime, The Movie Channel and FLIX); own one-half of Comedy Central and All News Channel and one-third of Lifetime; own SET Pay Per View, which provides events for the pay-per-view industry; own a leading provider of programming to the backyard dish market; produce and distribute programming for television exhibition; develop and publish interactive software; own cable systems serving more than 1.1 million customers; and own five television stations and 14 radio stations. National Amusements, Inc., a closely held corporation, owns approximately 76 percent of Viacom Inc.'s Class A and Class B common stock, on a combined basis. National Amusements, Inc. owns and operates approximately 800 movie screens in the United States and the United Kingdom.

Blockbuster Entertainment Corporation, a global leader in the entertainment industry, is the world's largest home video retailer and one of the world's largest music retailers. At December 31, 1993, Blockbuster had 3,593 video stores (2,698 company-owned and 895 franchise-owned) operating in nine countries and domestically in 49 states, and 511 music stores (including 20 megastores in a joint venture with the Virgin Retail Group) in seven countries and throughout the United

States. Blockbuster also owns 70.5% of Spelling Entertainment Group Inc. and an equity stake in Republic Pictures Corporation, both of which are leading producers and worldwide distributors of motion picture and television entertainment. The company also owns a 19.6% equity stake in Discovery

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Zone, Inc. (NASDAQ: ZONE), which owns and franchises indoor children's recreational fitness centers known as FunCenters. In addition, the company has franchise rights to develop 100 Discovery Zone FunCenters in the U.S. and formed a joint venture with Discovery Zone to develop 10 FunCenters in the U.K. Blockbuster also has a six-month option to acquire 50.1% of Discovery Zone.

# # #

Viacom/Blockbuster/Paramount Merger Fact Sheet Attached

Contact: Viacom Inc.
Raymond A. Boyce
(212) 258-6530

Edelman
Elliot Sloane
(212) 704-8126

Blockbuster Entertainment Corp.
Greg Fairbanks
(305) 832-3522

Wally Knief
(305) 832-3250

VIACOM/BLOCKBUSTER/PARAMOUNT MERGER FACT SHEET

Financial Highlights:

$9 billion in revenues

$1.5 billion in operating cash flow

$26 billion in assets

$14 billion in stockholders' equity

40,000-plus employees

Corporate Profile: The combination of Viacom, Blockbuster and Paramount, will create a global leader in the production and distribution of entertainment and communication products, with an array of world-class franchises and brand names. The companies participate in the fastest growing segments of the entertainment marketplace, including:

-- Cable network programming

-- Video, music and interactive retail distribution

-- Motion picture and television production

-- Cable television systems

-- Television and radio broadcasting

-- Entertainment centers, theme parks

-- Publishing

-- Interactive/Multimedia products

-- Motion picture theaters

Cable Network Programming: Viacom owns and operates the largest group of basic and premium networks, including MTV, MTV Europe, Nickelodeon, Nick at Nite, Showtime, The Movie Channel and FLIX. Viacom's brand equity and global impact is unparalleled. In addition to its significant domestic distribution, MTV now reaches more than 251 million homes in 88 territories around the world. Viacom also participates in three joint venture cable services: Comedy Central, Lifetime and All News Channel.

Paramount is co-owner of USA Network, a leading advertiser-supported basic cable television network. USA includes the Sci-Fi Channel, a basic cable channel devoted exclusively to science fiction, horror and adventure programming. In addition, Paramount's Madison Square Garden

Network is the largest regional cable sports network in the country, providing programming to nearly 5 million subscribers through 231 affiliates.

Video, Music and Interactive Retail Distribution: With more than 3,500 video stores operating in nine countries and domestically in 49 states, Blockbuster is the largest retailer of home video products in the world. Growing from a base of 19 video stores just six years ago, Blockbuster now commands more than 15% of the domestic home video market and is larger than the next 550 competitors combined. The home video marketplace is larger than that of movie theaters, premium cable and pay-per-view combined. Blockbuster's growth in this explosive marketplace is expected to continue into the future.

Blockbuster also is a leader in the retail distribution of music product. With the acquisitions of the Sound Warehouse, Music Plus, and Super Club music retail chains, the recent development of the Blockbuster Music Plus concept, and the joint venture agreement with Virgin Retail Group to build megastores around the world, Blockbuster operates more than 500 music stores in seven countries and throughout the United States.

With more than 600 million consumer visits to its retail stores each year and an active data base of more than 40 million consumers who have rented and purchased product in their retail stores, Blockbuster is the leading global retail distributor of entertainment product in the world.

Motion Picture and Television Production: Through its recent investments in both Spelling Entertainment Group and Republic

Pictures Corporation, Blockbuster is now a leading producer and distributor of filmed entertainment, with over 20,000 hours of programming available for domestic and international distribution.

Blockbuster owns 70.5% of Spelling, a producer and distributor of filmed entertainment supported by a film library of approximately 12,000 hours. This library includes more than 55 off-network series, such as Little House on the Prairie, Dallas, Twin Peaks, and an array of feature films including Basic Instinct, Total Recall, Platoon, and the Rambo trilogy. Spelling also is the producer of the hit network series Beverly Hills 90210 and Melrose Place.

Blockbuster owns approximately 37% of Republic, an independent producer and distributor of filmed entertainment. Republic distributes its extensive classic library and contemporary product to television, home video and theaters across the world. Republic is the 10th largest distributor in the home video industry. Its library includes The Quiet Man, High Noon, as well as the popular television series Bonanza.

Viacom has an enormous syndication library that includes Roseanne, The Cosby Show, A Different World, I Love Lucy, The Twilight Zone and Hawaii 5-0. It also produces programs for broadcast television, including Matlock, Diagnosis Murder, and the Perry Mason made-for-TV movies. Viacom's first-run syndication programs include The Montel Williams Show, Nick News and This Morning's Business.

Paramount Pictures produces motion pictures for distribution to theatrical markets in the United States and abroad. Paramount has a motion picture library of approximately 890 films. In video, Paramount holds leadership positions.

Paramount Television is at the forefront in the production and distribution of television programming for commercial networks, first-run syndication and cable services, currently producing 30 1/2 hours weekly. Its network programming lineup for the 1993-1994 television season includes, Wings, Frasier, Big Wave Dave's, Viper, The Mommies and Sister Sister. In first-run syndication, Paramount produces Star Trek: The Next Generation, Deep Space Nine, The Untouchables, Entertainment Tonight, The Maury Povich Show, The Arsenio Hall Show and Hard Copy. The Paramount television library includes Cheers, Star Trek, Happy Days, Laverne & Shirley and Taxi.

Cable Television Systems: Viacom Cable owns and operates cable television systems in three regions of the U.S. serving approximately 1.1 million subscribers. In mid-1994, Viacom, in conjunction with AT&T, will be launching a test of consumer acceptance of interactive entertainment and information services at its Castro Valley, California, cable system.

Television and Radio Broadcasting: Viacom owns five network-affiliated television stations (three NBC and two CBS affiliates) and 14 radio stations, making it the sixth largest radio group in the U.S., ranked by market reach.

The Paramount Stations Group owns and operates four independent and three Fox-affiliated stations.

Publishing: Paramount Publishing, through such major imprints as Simon & Schuster, Pocket Books, Silver Burdett Ginn, and Prentice Hall, is one of the world's leading publishers of educational materials, from textbooks to computer-based learning systems, and has significant operations serving the domestic and international consumer and business, technical and professional markets.

Entertainment Facilities and Theme Parks: Through its 19.6% equity in Discovery Zone, Inc., which owns and franchises indoor children's recreational fitness centers known as FunCenters, Blockbuster has a strong presence in the entertainment center marketplace. The company has franchise rights to develop 100 Discovery Zone FunCenters in the U.S. and formed a joint venture with Discovery Zone to develop 10 FunCenters in the U.K. Blockbuster also has a six-month option to acquire 50.1% of Discovery Zone.

This year, Blockbuster opened the initial phase of a family entertainment facility called Blockbuster Golf and Games, in Sunrise, Florida. Additional entertainment facilities are planned at various other U.S. sites.

Blockbuster recently announced a joint venture with Sony Music Entertainment (SME) and Pace Entertainment where the three companies combined their seven existing amphitheaters into a partnership to be managed by Pace. Existing locations are in Charlotte, Phoenix, San Bernadino, Pittsburgh, Raleigh, Houston and Nashville.

Paramount owns and operates five regional theme parks. Paramount also owns and operates Madison Square Garden, one of the premiere showplaces for sports, concerts and other live entertainment, at its Arena and the Paramount Theater, as well as the New York professional basketball and hockey team franchises, the Knicks and the Rangers.

Interactive/Multimedia Products: Viacom New Media and Paramount Technology Group both develop and publish interactive software for a variety of platforms in the multimedia marketplace. Paramount's Computer Curriculum unit is the country's foremost and fastest-growing producer of computer-based learning systems. Blockbuster also is the largest wholesaler and retailer of interactive home video games in the world.

Motion Picture Theaters: Paramount owns the Famous Players motion picture theater chain, which has 441 screens in Canada. Paramount is also joint-owner of the 341-screen Cinamerica theater circuit, and reaches 345 screens in nine countries through a joint venture, United Cinemas International.

AMENDMENT NO. 1

AMENDMENT NO. 1, dated as of January 4, 1994 (the "Amendment"), to the CREDIT AGREEMENT, dated as of November 19, 1993, among VIACOM INC., a Delaware corporation ("Viacom"), each of the several banks identified on the signature pages thereof, THE BANK OF NEW YORK, as a Managing Agent, CITIBANK, N.A., as a Managing Agent and as the Administrator, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as a Managing Agent, the Banks identified as Agents on the signature pages thereof, as Agents, and the Banks identified as Co-Agents on the signature pages thereof, as Co-Agents.

WITNESSETH

WHEREAS, the parties hereto have heretofore entered into the Agreement and now desire to amend certain provisions of the Agreement; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Amendments

Section 1.1. The term "Merger Agreement" is hereby amended by deleting the definition thereof in Section 1.1 of the Agreement in its entirety and replacing it with the following:

> "'Merger Agreement' means the Amended and Restated Agreement and Plan of Merger, dated as of October 24, 1993, as amended by Amendment No. 1, dated as of November 6, 1993 (as further amended by the parties thereto from time to time (including any successor agreement thereto in the form contemplated by the Exemption Agreement))."

The definition of the term "Merger Agreement" that appears in the first recital to the Agreement shall also be deemed amended

to be consistent with the foregoing definition.

Section 1.2. Section 1.1 of the Agreement is amended to insert the following definition:

> "'Exemption Agreement' means the Exemption Agreement, dated as of December 22, 1993, between Viacom and Paramount."

Section 1.3. Section 5.2(c) of the Agreement is hereby amended by deleting the reference therein to "51% of the outstanding shares of Paramount" and inserting in lieu thereof the phrase "50.1% of the outstanding shares of Paramount on a 'fully diluted basis' (as defined in the Exemption Agreement)".

Section 1.4. Section 10.1(i) of the Agreement is hereby amended and restated in its entirety as follows:

> "(i) The Merger Agreement shall be terminated on or after the date of the initial Loans and prior to the consummation of the Merger;".

ARTICLE II

Representations and Warranties

Section 2.1 The Borrower represents and warrants to the Banks that the representations and warranties contained in the Agreement, as amended by this Amendment No. 1, are true and correct in all material respects on and as of the date hereof, and all such representations and warranties made or deemed made after the date hereof shall refer to the Agreement after giving effect to this Amendment No. 1.

ARTICLE III

Conditions Precedent

Section 3.1. The effectiveness of this Amendment is subject to the condition precedent that, after giving effect to this Amendment, no Default or Event of Default shall exist or be continuing under the Agreement.

ARTICLE IV

Miscellaneous

Section 4.1. Except as waived or amended hereby, all of the terms of the Agreement shall remain and continue in full force and effect and are hereby confirmed in all respects.

Section 4.2. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

VIACOM INC., as Borrower

By: /s/ Vaughn A. Clarke

Name: Vaughn A. Clarke
Title: Vice President

Managing Agents

THE BANK OF NEW YORK, as
Managing Agent and a Bank

By: /s/ Geoffrey C. Brooks

Name: Geoffrey C. Brooks
Title: Assistant Vice President

CITIBANK, N.A., as Managing
Agent, the Administrator and
a Bank

By: /s/ James J. Sheriden

Name: James J. Sheriden
Title: Vice President

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Managing Agent
and a Bank

By: /s/ Charles Pardue

Name: Charles Pardue
Title: Associate

Agents

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Agent and a Bank

By: /s/ Charles Francavilla

Name: Charles Francavilla
Title: Senior Vice President

BANK OF MONTREAL, as Agent and
a Bank

By: /s/ Thomas P. Waters

Name: Thomas P. Waters
Title: Director

CANADIAN IMPERIAL BANK OF COMMERCE, as Agent and a Bank

By: /s/ John H. Tuber

Name: John H. Tuber
Title: Vice President

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as Agent and a Bank

By: /s/ Bruce Langenkamp

Name: Bruce Langenkamp
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON, as Agent and a Bank

By: /s/ Mary M. Barcus

Name: Mary M. Barcus
Title: Vice President

SOCIETE GENERALE, as Agent and
a Bank

By: /s/ Pascale Hainline

Name: Pascale Hainline
Title: Vice President

Co-Agents

THE BANK OF TOKYO TRUST
COMPANY, as Co-Agent and a
Bank

By: /s/ Neal Hoffson

Name: Neal Hoffson
Title: Vice President

BANQUE PARIBAS, as Co-Agent
and a Bank

By: /s/ John G. Acker

Name: John G. Acker
Title: Vice President

By: /s/ Patrick Menard

Name: Patrick Menard
Title: Credit Manager, LA Agency

CREDIT LYONNAIS, CAYMAN ISLAND
BRANCH, as Co-Agent and a Bank

By: /s/ Bruce M. Yeager

Name: Bruce M. Yeager
Title: Authorized Signature

CREDIT SUISSE, as Co-Agent
and a Bank

By: /s/ Robert B. Potter

Name: Robert B. Potter
Title: Member Senior Management

By: /s/ J. Hamilton Crawford

Name: J. Hamilton Crawford
Title: Associate

THE FIRST NATIONAL BANK OF CHICAGO, as Co-Agent and a Bank

By: /s/ Elaine I. Khalil

Name: Elaine I. Khalil
Title: Vice President

THE FUJI BANK, LIMITED, as as Co-Agent and a Bank

By: /s/ Katsunori Nozawa

Name: Katsunori Nozawa
Title: Vice President & Manager

THE INDUSTRIAL BANK OF JAPAN, LTD., as Co-Agent and a Bank

By: /s/ Junri Oda

Name: Junri Oda
Title: Senior Vice President & Senior Manager

MELLON BANK, N.A., as
Co-Agent and a Bank

By: /s/ John S. McCabe

Name: John S. McCabe
Title: Senior Vice President

THE MITSUBISHI BANK, LTD., as
Co-Agent and a Bank

By: /s/ Frank H. Madden

Name: Frank H. Madden
Title: Senior Vice President

NATIONAL WESTMINSTER BANK PLC,
as Co-Agent and a Bank

By: /s/ Hal Sadoff

Name: Hal Sadoff
Title: Vice President

NATIONAL WESTMINSTER BANK USA,
as Co-Agent and a Bank

By: /s/ Adam Bester

Name: Adam Bester
Title: Vice President

NIPPON CREDIT BANK, LTD., LOS
ANGELES AGENCY, Co-Agent and
a Bank

By: /s/ Kenneth W. McNerney

Name: Kenneth W. McNerney
Title: Vice President &
Senior Manager

ROYAL BANK OF CANADA, as Co-Agent and a Bank

By: /s/ E. Salazar

Name: E. Salazar
Title: Senior Manager

THE SANWA BANK, LTD., as Co-Agent and a Bank

By: /s/ Masaki Ariyoshi

Name: Masaki Ariyoshi
Title: Vice President

SHAWMUT BANK CONNECTICUT, N.A., as Co-Agent and a Bank

By: /s/ Robert F. West

Name: Robert F. West
Title: Vice President

UNION BANK, as Co-Agent and a Bank

By: /s/ Bill D. Gooch

Name: Bill D. Gooch
Title: Assistant Vice President

VIACOM INC.
1515 Broadway
New York, New York 10036

January 7, 1994

Blockbuster Entertainment Corporation
One Blockbuster Plaza
Fort Lauderdale, Florida 33301

Dear Sirs:

1. Subject to the terms and conditions set forth herein, Blockbuster Entertainment Corporation, a Delaware corporation (the "Purchaser"), hereby subscribes for, and agrees to purchase, and Viacom Inc., a Delaware corporation (the "Company"), agrees to issue and sell, 22,727,273 shares (the "Shares") of Class B Common Stock, par value $0.01 per share, of the Company ("Class B Common Stock"), for an aggregate purchase price of $1,250,000,015, representing a purchase price of $55.00 per Share.

2. (a) The closing (the "Closing") of the purchase provided for in paragraph 1 shall take place at a date and time specified by the Company by written notice delivered to the Purchaser no less than two Business Days (as defined below) prior to such date, and following satisfaction of the conditions specified in paragraph 5, at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York. The date and time of the Closing are referred to herein as the "Closing Date".

(b) At the Closing, the Purchaser shall deliver to the Company $1,250,000,015 in cash by wire transfer in immediately available funds to an account of the Company designated by the Company, by notice to the Purchaser prior to the Closing Date, and the Company shall deliver to the

Purchaser certificates representing the Shares, registered in the name of the Purchaser.

3. (a) The Purchaser represents and warrants to the Company that: (i) the execution and delivery of this Agreement by the Purchaser and the performance of its obligations hereunder have been duly and validly authorized by all necessary corporate action on the part of the Purchaser; (ii) this Agreement has been duly and validly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); (iii) the execution, delivery and performance of this Agreement by the Purchaser and the purchase of the Shares by the Purchaser do not conflict with or violate or result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under the Certificate of Incorporation or By-Laws or equivalent organizational documents of the Purchaser; (iv) the execution, delivery and performance of this Agreement by the Purchaser do not, and the consummation of the transactions contemplated hereby by the Purchaser will not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental authority with respect to the Purchaser, except under the Securities Exchange Act of 1934, as amended (the "1934 Act"); (v) the Purchaser is acquiring the Shares for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof; and (vi) the Purchaser is an "accredited investor" within the meaning of Rule 501 under the Securities Act of 1933, as amended (the "1933 Act").

(b) Except as set forth in this paragraph 3, the Purchaser makes no other representation, express or implied, to

the Company.

4. (a) The Company represents and warrants to the Purchaser that (i) each of the Company and each Subsidiary (as defined below) is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a Material Adverse

Effect (as defined below); (ii) the execution and delivery of this Agreement by the Company and the issuance of the Shares in accordance with the terms of this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Company; (iii) this Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Purchaser, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); (iv) the execution, delivery and performance of this Agreement by the Company do not, and the issuance of the Shares and the performance of the Company's obligations in accordance with the terms of this Agreement will not, conflict with or violate or result in any breach of or

constitute a default (or an event which with notice or lapse of time or both would become a default) under (A) the Certificate of Incorporation or By-Laws or equivalent organizational documents of the Company or any Subsidiary, (B) any law, rule, regulation, order, judgment or decree applicable to the Company or any Subsidiary, or (C) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any property or asset of the Company or any Subsidiary is bound or affected, except in the case of subclauses (B) and (C) above, for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay the issuance of the Shares in accordance with the terms of this Agreement in any material respect, or otherwise prevent the Company from performing its obligations under this Agreement in any material respect, or which would not, individually or in the aggregate, have a Material Adverse Effect; (v) the execution, delivery and performance of this Agreement by the Company do not, and the performance of this Agreement by the Company will not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental authority with respect to the Company, except for (A) any filings required to effect the registration of the Shares pursuant to paragraph 8 and any filings pursuant to federal and state securities laws which will be timely made after the Closing hereunder and (B) any filings required under the 1934 Act; (vi) the Shares have been duly authorized and, upon issuance

at the Closing, will be validly issued, fully paid and nonassessable, and free and clear of all security interests, liens, claims, encumbrances, pledges, options and charges of any nature whatsoever, and the issuance of the Shares will not be subject to preemptive rights of any other stockholder of the

Company; (vii) the authorized capital stock of the Company consists of 100,000,000 shares of Class A Common Stock, par value $0.01 per share ("Class A Common Stock"), 150,000,000 shares of Class B Common Stock and 100,000,000 shares of Preferred Stock, par value $0.01 per share ("Company Preferred Stock"); (viii) as of November 30, 1993, (A) 53,449,125 shares of Class A Common Stock and 67,345,982 shares of Class B Common Stock were issued and outstanding, all of which were validly issued, fully paid and nonassessable, (B) no shares were held in the treasury of the Company, (C) no shares were held by the Subsidiaries, (D) 224,610 shares of Class A Common Stock and 3,760,297 shares of Class B Common Stock were reserved for future issuance pursuant to employee stock options or stock incentive rights granted pursuant to the Company's 1989 Long-Term Management Incentive Plan and the Company's Stock Option Plan for Outside Directors, and (E) 25,711,200 shares of Class B Common Stock were reserved for future issuance upon conversion of the Company's Series A Convertible Preferred Stock, par value $0.01 per share ("Series A Preferred Stock"), and the Company's Series B Convertible Preferred Stock, par value $0.01 per share ("Series B Preferred Stock"); (ix) as of the date hereof, 48,000,000 shares of Company Preferred Stock are issued and outstanding, consisting of 24,000,000 shares of Series A Preferred Stock and 24,000,000 shares of Series B Preferred Stock, and there are no agreements, arrangements or understandings with respect to the issuance of any other shares of Company Preferred Stock, except for Preferred Stock proposed to be issued in the Paramount Transaction (as defined below); (x) the Company has filed all forms, reports and documents required to be filed by it with the Securities and Exchange Commission (the "Commission") since December 31, 1990, and has heretofore made available to the Purchaser, in the form filed with the Commission (excluding any exhibits thereto), (A) its Annual Reports on Form 10-K for the fiscal years ended December 31, 1990, 1991 and 1992, respectively, (B) its Quarterly Reports on Form 10-Q for the periods ended March 31, 1993, June 30, 1993 and September 30, 1993, (C) all proxy statements relating to the Company's meetings of stockholders (whether annual or special) held since January 1, 1991 and (D) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (B) above and preliminary materials) filed by the Company with the Commission since

December 31, 1990 (the forms, reports and other documents referred to in clauses (A), (B), (C) and (D) above being referred to herein, collectively, as the "SEC Reports"); (xi) the SEC Reports and any other forms, reports and other documents filed by the Company with the Commission after the date of this Agreement (A) were or will be prepared in accordance with the requirements of the 1933 Act and the 1934 Act, as the case may be, and the rules and regulations thereunder and (B) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (xii) the consolidated financial statements (including, in each case, any notes thereto) contained in the SEC Reports were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presented the consolidated financial position, results of operations and cash flows of the Company and its consolidated subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount); (xiii) since December 31, 1992 there has not been any change, occurrence or circumstance in the business, results of operations or financial condition of the Company or any Subsidiary having, individually or in the aggregate, a Material Adverse Effect, other than changes, occurrences and circumstances referred to in any SEC Reports filed prior to the date of this Agreement; (xiv) there is no claim, action, proceeding or investigation pending or, to the best knowledge of the Company, threatened by any public official or governmental authority, against the Company or any Subsidiary, or any of their respective property or assets before any court, arbitrator or administrative, governmental or regulatory authority or body, which challenges the validity of this Agreement or the Shares or any action taken or to be taken pursuant hereto or, except as set forth in the SEC Reports,

which is reasonably likely to have a Material Adverse Effect; and (xv) neither the Company nor any Subsidiary is in conflict with, or in default or violation of, (A) any law, rule, regulation, order, judgment or decree applicable to the Company or any Subsidiary or by which any property or asset of the Company or any Subsidiary is bound or affected, or (B) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any property or asset of the Company or any Subsidiary is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Except as set forth in this paragraph 4, the Company makes no representation, express or implied, to the Purchaser.

(c) "Subsidiary" means a "significant subsidiary" of the Company, as such term is defined in Regulation S-X promulgated under the 1933 Act.

(d) The term "Material Adverse Effect" means any change or effect that is or would be materially adverse to the business, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole.

(e) Notwithstanding anything to the contrary in this paragraph 4, any change to or effect on the business, results of operations or financial condition of the Company and its Subsidiaries that results, directly or indirectly, from the Company's tender offer for shares of common stock of and proposed merger with Paramount Communications Inc. (the

"Paramount Transaction"), shall not be considered for purposes of determining whether a breach has occurred of any representation or warranty, covenant or agreement of the Company contained herein.

5. (a) The obligation of the Purchaser to consummate the Closing is subject to the satisfaction (or waiver by the Purchaser, at its sole discretion) of the following conditions:

(i) (A) the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date, (B) the representations and warranties of the Company contained in this Agreement and in the Agreement and Plan of Merger dated as of the date hereof between the Purchaser and the Company (the "Merger Agreement") shall be true in all material respects (other than those contained in Paragraph 4(a)(xiii) of this Agreement, which shall be true in all respects) as of the Closing Date, as if made at and as of such date (except for any such representations and warranties that are expressly stated to be as of a different date), (C) the Company shall not be in material breach of any of its material

obligations under the Merger Agreement as of the Closing Date and (D) the Purchaser shall have received a certificate signed by an executive officer of the Company to the foregoing effect;

(ii) no judgment, injunction, order or decree shall materially restrict, prevent or prohibit the consummation of the Closing;

(iii) the Purchaser shall have received an opinion of Shearman & Sterling, dated the Closing Date, substantially

in the form of Exhibit A hereto; and

(iv) the Company shall have accepted for payment at least 50.1% of the outstanding shares of common stock of Paramount Communications Inc. pursuant to its tender offer therefor.

(b) The obligation of the Company to consummate the Closing is subject to the satisfaction (or waiver by the Company, at its sole discretion) of the following conditions:

(i) (A) the Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date, (B) the representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects at and as of the Closing Date, as if made at and as of such date (except for any such representations and warranties that are expressly stated to be as of a different date) and (C) the Company shall have received a certificate signed by an executive officer of the Purchaser to the foregoing effect;

(ii) no judgment, injunction, order or decree shall materially restrict, prevent or prohibit the consummation of the Closing;

(iii) the Company shall have received an opinion of Thomas W. Hawkins, General Counsel of the Purchaser, dated the Closing Date, substantially in the form of Exhibit B hereto;

(iv) the Company shall have received an opinion of Skadden, Arps, Slate, Meagher & Flom, dated the Closing Date, substantially in the form of Exhibit C hereto; and

(v) the Company shall have accepted for payment at least 50.1% of the outstanding shares of common stock of Paramount Communications Inc. pursuant to its tender offer therefor.

(c) Notwithstanding any other provision of this Agreement, if the Company shall accept shares of common stock of Paramount Communications Inc. for payment pursuant to its tender offer therefor but following the Closing shall not purchase such shares in accordance with the terms of such offer, then the Purchaser may return the Shares to the Company, by delivering to the Company the certificates representing the Shares, duly endorsed in blank, or accompanied by stock powers duly executed in blank, whereupon the Company shall return the purchase price therefor, by wire transfer in immediately available funds to an account of the Purchaser designated by the Purchaser by notice to the Company.

6. (a) The Purchaser acknowledges that the Shares have not been registered under the 1933 Act or any state securities law, and hereby agrees not to offer, sell or otherwise transfer, pledge or hypothecate such Shares unless and until registered under the 1933 Act and any applicable state securities law or unless, in the opinion of counsel reasonably satisfactory to the Company, such offer, sale, transfer, pledge or hypothecation is exempt from registration or is otherwise in compliance with the 1933 Act and such laws.

(b) Upon issuance of the Shares, and until such time as the same is no longer required under the applicable requirements of the 1933 Act, the certificates evidencing the Shares (and all securities issued in exchange therefor or substitution thereof) shall bear the following legend:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION OR IS OTHERWISE IN COMPLIANCE WITH THE ACT AND SUCH LAWS.

7. In addition to the provisions of paragraph 6, the Purchaser agrees that prior to the earlier of the termination of the Merger Agreement and September 30, 1994 it shall not offer, sell, transfer, pledge or hypothecate any of the Shares, except that the Shares may be pledged in connection with the

financing of the purchase price specified in paragraph 2, subject to the same restrictions on alienation applicable to the Purchaser hereunder.

8. Following the Closing, the Purchaser shall have the registration rights, and the Company shall have the obligations, set forth in Annex I. Such registration rights shall be assignable by the Purchaser to any party purchasing Shares directly from the Purchaser, but shall not be further assignable by such subsequent purchaser or purchasers.

9. (a) The representations and warranties contained in this Agreement shall survive the Closing until the first anniversary of the Closing Date.

(b) The Purchaser and its Affiliates, officers, directors, employees, agents, successors and assigns shall be indemnified and held harmless by the Company for any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable attorneys' fees and expenses) (a "Loss") actually suffered or incurred by them, arising out of or resulting from the breach of any representation or warranty or covenant of the Company contained in this Agreement.

(c) The Company and its Affiliates, officers, directors, employees, agents, successors and assigns shall be indemnified and held harmless by the Purchaser for any and all Losses actually suffered or incurred by them, arising out of or resulting from the breach of any representation or warranty or covenant of the Purchaser contained in this Agreement.

10. (a) The Purchaser agrees that neither the Purchaser nor any of its Affiliates shall participate in any transaction that, directly or indirectly, would have the effect

of precluding or competing with the Paramount Transaction.

(b) The Company agrees that it shall not make any material change in the aggregate amount or forms of consideration to be paid in, or in any other material terms and conditions of, the Paramount Transaction from the aggregate amount and forms of consideration described in the amendment to be filed on the date hereof to the Company's Tender Offer Statement on Schedule 14D-1, without the prior consent of the Purchaser, which consent shall not be unreasonably withheld.

(c) The Company agrees that prior to consummation of the Paramount Transaction, the Company shall receive an opinion from Smith Barney Shearson Inc. that the consideration actually to be paid by the Company in such

transaction is fair, from a financial point of view, to the Company and the stockholders of the Company, which opinion shall not have been withdrawn at the time the Company accepts shares of common stock of Paramount Communications Inc. for payment pursuant to its tender offer therefor.

11. The Purchaser, on the one hand, and the Company, on the other, acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to equitable relief (including injunction and specific performance) in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, as a remedy for any such breach or to prevent any breach of this Agreement. Such

remedies shall not be deemed to be the exclusive remedies for a breach or anticipatory breach of this Agreement, but shall be in addition to all other remedies available at law or equity to the parties hereto. To the extent permitted by applicable law, the parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States of America located in the State of New York for any suits, actions or proceedings arising out of or relating to this Agreement.

12. This Agreement, its Annexes and Exhibits contain the entire understandings of the parties with respect to the subject matter hereof, thereby superseding all prior agreements of the parties relating to the subject matter hereof (other than the Confidentiality Agreement entered into between the Purchaser and Viacom International Inc. dated July 1, 1993), and may not be amended except by a writing signed by the parties. Except as otherwise provided herein, this Agreement is not assignable by any of the parties; provided that the Purchaser may assign its rights and obligations under this Agreement to a wholly owned subsidiary of the Purchaser, so long as the Purchaser shall remain liable for all financial and performance obligations of the Purchaser hereunder. This Agreement shall be binding upon, and inure to the benefit of, the respective successors of the parties. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

13. Any notices and other communications required to be given pursuant to this Agreement shall be in writing and shall be given by delivery by hand, by mail (registered or certified mail, postage prepaid, return receipt requested) or by facsimile transmission or telex, as follows:

If to the Company:

Viacom Inc.
1515 Broadway
New York, New York 10036
Attention: Senior Vice President,
General Counsel and
Secretary
Facsimile No.: 212-258-6134

With a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Attention: Stephen R. Volk
Facsimile No.: 212-848-7179

If to the Purchaser:

Blockbuster Entertainment Corporation
One Blockbuster Plaza
Fort Lauderdale, Florida 33301
Attention: Vice President, General
Counsel and Secretary
Facsimile No.: 305-832-3929

With a copy to:

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Attention: Roger S. Aaron
Facsimile No.: 212-735-2000

or to such other addresses as either the Company or the Purchaser shall designate to the other by notice in writing.

14. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Affiliate" shall mean any Person that (i) directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified or (ii) is (A) the specified Person's spouse, parent, child, brother or sister or any issue of the foregoing (for purposes of the definition of Affiliate, issue shall include Persons legally adopted into the line of descent), (B) any corporation or organization of which the Person specified or such specified Person's spouse,

parent, child, brother or sister or any issue of the foregoing is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of voting stock, and (C) any trust or other estate in which the specified Person or such specified Person's spouse, parent, child, brother or sister or any issue of the foregoing serves as trustee or in a similar fiduciary capacity and (D) the heirs or legatees of the specified Person by will or under the laws of descent and distribution.

(b) "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(c) "Person" shall mean any individual, partnership, joint venture, corporation, trust, incorporated organization, government or department or agency of a government, or any entity that would be deemed to be a "person" under Section 13(d)(3) of the 1934 Act.

15. Subject to the terms and conditions of this Agreement, each of the parties hereby agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, rules and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its best efforts to make all necessary filings and to obtain all necessary waivers, consents and approvals. In case at any time after the execution of this Agreement, further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each of the parties shall take all such necessary action.

16. The parties agree to consult with each other before taking any action that would require the issuance of, or

issuing, any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except as may be required by applicable law or any listing agreement with any securities exchange, will not take any such action, issue any such press release or make any such public statement prior to such consultation.

17. (a) In the event that the Merger Agreement is terminated, other than pursuant to Section 8.01(b) thereof, the Company shall satisfy, upon the written request of the Purchaser and as provided in paragraph 17(c), any Make-Whole Amount (as defined below) within 20 Business Days (or with respect to the Asset Purchase Transaction, such period of time as is consistent with the terms of Annex II) following the first anniversary (the "First Anniversary") of the date of termination (the "Termination Date") of the Merger Agreement.

(b) For the purposes of this paragraph 17, the following terms shall have the following meanings:

(i) "Measurement Period" shall mean the period commencing on the first day after the Termination Date and ending on the First Anniversary; provided that such period shall be extended by the number of days occurring after the Termination Date and prior to the First Anniversary during which Shares both (a) are registered under the 1933 Act pursuant to the rights granted in Annex I and (b) are unsold.

(ii) "Class B Trading Price" shall mean the highest Class B Trading Average that occurs within the Measurement Period for any consecutive 30 trading day period occurring within the Measurement Period.

(iii) "Class B Trading Average" shall mean with respect to any consecutive 30 trading day period the average of the closing prices for the Class B Common Stock for the trading days in such period on the American Stock Exchange, or if the American Stock Exchange is not the exchange on which the Class B Common Stock is then principally traded.

(iv) "Make-Whole Amount" shall mean the amount, if any, that is the sum of (A) 50% of the aggregate of (1) the number of Shares Beneficially Owned by the Purchaser (and not subject to contracts of sale) on the First Anniversary and (2) the Sold Shares multiplied by the difference between $55 and the Class B Trading Price, up to, but in no event exceeding for the purpose of such calculation, a difference of $4.40 and (B) 50% of the aggregate of (1) the number of Shares Beneficially Owned by the Purchaser (and not subject to contracts of sale) on the First Anniversary and (2) the Sold Shares multiplied by the difference between $55 and the Class B Trading Price, up to, but in no event exceeding for the purpose of such calculation, a difference of $19.80.

(v) "Marketable Security" shall mean any debt or equity security, or a combination of debt and equity securities, issued by the Company with such terms, as agreed by SmithBarney Shearson Inc. on behalf of the Company and by Merrill Lynch & Co. on behalf of the Purchaser, as would cause such security to trade on a fully distributed basis after the date of its issuance at the value attributed to such security in satisfying the Make-Whole Amount as provided in paragraph 17(c) below. If Smith Barney Shearson Inc. and Merrill Lynch & Co. are unable to agree on such terms within 10 Business Days after the First

Anniversary, the Purchaser shall select one investment bank from a list of at least five investment banks of national standing supplied to the Purchaser by the Company, which investment bank shall, not later than 5 Business Days after its selection resolve, in its sole judgment, any such disagreements with respect to such terms. The determination by such investment bank shall be final, binding and conclusive on the Company and the Purchaser, and the fees and expenses of such investment bank shall be borne equally by the Company and the Purchaser.

(v) "Sold Shares" shall mean up to the first 4,547,454 Shares, and only up to the first 4,547,454 Shares, of any Shares sold by the Purchaser after the Termination Date and prior to the First Anniversary; provided that Sold Shares shall not include any of such Shares sold by the Purchaser for gross proceeds equal to or greater than $55 per Share.

(vi) "Asset Purchase Transaction" shall mean the transaction with the material terms described in Annex II.

(c) The Company shall be entitled to satisfy its obligation with respect to the Make-Whole Amount, at the option of the Company through written notice to the Purchaser no later than 5 Business Days following the First Anniversary, by any of the following means:

(i) Delivery to the Purchaser of cash in an amount equal to the Make-Whole Amount by wire transfer of immediately available funds to an account specified by the Purchaser; or

(ii) Delivery to the Purchaser of Marketable Securities with an aggregate value (determined as specified above) equal to the Make-Whole Amount; or

(iii) Delivery to the Purchaser of a combination of cash and Marketable Securities with an aggregate value equal to the Make-Whole Amount; or

(iv) Consummation of the Asset Purchase Transaction;

provided that in the event the Company has given notice to the Purchaser as provided above of its intent to satisfy all or a portion of the Make-Whole Amount with Marketable Securities and the Company determines, in its sole discretion, that the terms of the Marketable Securities are unacceptable to the Company, the Company shall be entitled to satisfy the Make-Whole Amount through any of the other means specified above in lieu of using Marketable Securities.

18. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed entirely within that state.

Very truly yours,

VIACOM INC.

By

Accepted and agreed on
the date written above:

BLOCKBUSTER ENTERTAINMENT CORPORATION

By

ANNEX I

Registration Rights

(a) From time to time after the earlier of the termination of the Merger Agreement and September 30, 1994, the Purchaser shall have the right to make six requests of the

Company in writing: with respect to the first such request to register under the 1933 Act at least $100 million in market value of the Shares beneficially owned by the Purchaser (the Shares subject to any such request hereunder being referred to as the "Subject Stock"), and with each subsequent such request being at least 6 months following such prior request which resulted in a registration statement with respect to the Subject Stock which was effective until the earlier of the completion of the offering of such Subject Stock or three months. The Company shall use all reasonable efforts to cause the Subject Stock to be registered under the 1933 Act as soon as reasonably practicable after receipt of a request so as to permit promptly the sale thereof, and in connection therewith, the Company shall prepare and file, on such appropriate form as the Company in its discretion shall determine, a registration statement under the 1933 Act to effect such registration. The Company shall use all reasonable efforts to list all Subject Stock covered by such registration statement on any national securities exchange on which the Class B Common Stock is then listed or, if such listing cannot be made, to list such Subject Stock on the National Association of Securities Dealers Automated Quotation System or National Market System. The Purchaser hereby undertakes to provide all such information and materials and take all such action as may be required in order to permit the Company to comply with all applicable requirements of the Commission and to obtain any desired acceleration of the effective date of such registration statement. Any registration statement filed at the Purchaser's request hereunder will not count as a requested registration (i) unless effectiveness is maintained until the earlier of completion of the offering and three months or (ii) if the Purchaser is required to reduce the number of Shares as to which registration was requested hereunder as a result of the inclusion in such registration of securities of a third party without the consent of the Purchaser. Notwithstanding the foregoing, the Company (i) shall not be obligated to cause any special audit to be undertaken in connection with any such registration (provided that this provision shall not relieve the Company of its obligation to obtain any required consents with respect to financial statements in prior periods) and (ii) shall be entitled to postpone for a reasonable period of time (not to exceed 180 days) the filing of any registration statement otherwise

required to be prepared and filed by the Company if the Company is, at such time, either (A) conducting or in active preparation to conduct an underwritten public offering of equity securities (or securities convertible into equity securities) or is subject to a contractual obligation not to engage in a public offering and is advised in writing by its managing underwriter or underwriters (with a copy to the Purchaser) that such offering would in its or their opinion be adversely affected by the registration so requested or (B) subject to an existing contractual obligation to its underwriters not to engage in a public offering; provided, however, that the Company may not exercise such right to postpone the filing of a registration statement for more than 180 days in any 365-day period.

The Purchaser may use one or more of the registration requests to which it is entitled pursuant to the preceding paragraph to require the Company to register Shares on a registration statement also covering securities of the Purchaser convertible into or exchangeable for Shares and may assume primary responsibility for the preparation of such registration statement. In such event, in which each of the Company and the Purchaser shall be registrants of securities registered, in addition to the indemnification provided herein, the Company shall be entitled to receive indemnifications from the Purchaser consistent with the indemnifications provided herein to be granted by the Company to the Purchaser and the Purchaser shall reimburse the Company for one half of any fees, expenses and disbursements referred to in the second sentence of paragraph (c) below for which the Company is otherwise responsible.

At any time after the earlier of the termination of the Merger Agreement and September 30, 1994, if the Company proposes to file a registration statement under the 1933 Act with respect to an offering of shares of its equity securities (i) for its own account (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission)) or (ii) for the account of any holders of its securities (including any pursuant to a demand registration), then the Company shall give written notice of such proposed filing to the Purchaser as soon as practicable (but in any event not less than 5 Business Days before the anticipated filing date), and such notice shall offer the Purchaser the opportunity to register such number of Shares as the Purchaser requests. If the Purchaser wishes to register Shares, such registration shall be on the same terms and conditions as the registration of the Company's or such holders' shares of Class B Common Stock (a "Piggyback Registration"). Notwithstanding

anything contained herein,

if the lead underwriter of an offering involving a Piggyback Registration delivers a written opinion to the Company that the success of such offering would be materially and adversely affected by inclusion of all the securities requested to be included, then the number of securities to be registered by each party requesting registration rights shall be reduced in proportion to the number of securities originally requested to be registered by each of them. Nothing contained herein shall require the Company to reduce the number of shares proposed to be issued by the Company.

Other than as required by contractual obligations of the Company existing on the date of this Agreement, no securities may be registered on a registration statement requested by the Purchaser under this Agreement without the Purchaser's express written consent. The Company agrees that following the date of this Agreement it shall not grant to any person any rights to compel inclusion of securities in any registration statement requested by the Purchaser under this Agreement without the Purchaser's express written consent.

(b) In connection with any offering of shares of Subject Stock registered pursuant to this Annex I, the Company (i) shall furnish to the Purchaser such number of copies of any prospectus (including any preliminary prospectus) as it may reasonably request in order to effect the offering and sale of the Subject Stock to be offered and sold, but only while the Company shall be required under the provisions hereof to cause the registration statement to remain current and (ii) take such action as shall be necessary to qualify the shares covered by such registration statement under such "blue sky" or other state securities laws for offer and sale as the Purchaser shall request; provided, however, that the Company shall not be

obligated to qualify as a foreign corporation to do business under the laws of any jurisdiction in which it shall not then be qualified or to file any general consent to service of process in any jurisdiction in which such a consent has not been previously filed. If applicable, the Company shall enter into an underwriting agreement with a managing underwriter or underwriters selected by the Purchaser (reasonably satisfactory to the Company) containing representations, warranties, indemnities and agreements then customarily included by an issuer in underwriting agreements with respect to secondary distributions; provided, however, that such underwriter or underwriters shall agree to use their best efforts to ensure that the offering results in a distribution of the Subject Stock sold in accordance with the terms of the agreement. In connection with any offering of

Subject Stock registered pursuant to this Annex I, the Company shall (x) furnish to the underwriter, at the Company's expense, unlegended certificates representing ownership of the Subject Stock being sold in such denominations as requested and (y) instruct any transfer agent and registrar of the Subject Stock to release any stop transfer orders with respect to such Subject Stock. Upon any registration becoming effective pursuant to this Annex I, the Company shall use all reasonable efforts to keep such registration statement current for such period as shall be required for the disposition of all of said Subject Stock; provided, however, that such period need not exceed three months.

(c) The Purchaser shall pay all underwriting discounts and commissions related to shares of Subject Stock being sold by the Purchaser. The Company shall pay all other fees and expenses in connection with any registration statement, including, without limitation, all registration and

filing fees, all fees and expenses of complying with securities or "blue sky" laws, fees and disbursements of the Company's counsel, the counsel of the Purchaser, accountants (including the expenses of "cold comfort" letters required by or incident to such performance and compliance) and any fees and disbursements of underwriters customarily paid by issuers in secondary offerings.

(d) In the case of any offering registered pursuant to this Annex I, the Company agrees to indemnify and hold the Purchaser, each underwriter of Shares under such registration and each person who controls any of the foregoing within the meaning of Section 15 of the 1933 Act and the directors and officers of the Purchaser, harmless against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under the 1933 Act or any other statute or common law or otherwise, and to reimburse them for any legal or other expenses reasonably incurred by them in connection with investigating any claims and defending any actions, insofar as any such losses, claims, damages, liabilities or actions shall arise out of or shall be based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the registration statement relating to the sale of such Subject Stock, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus (as amended or supplemented if the Company shall have filed with the Commission any amendment

thereof or supplement thereto), if used prior to the effective date of such registration statement, or contained in the

prospectus (as amended or supplemented if the Company shall have filed with the Commission any amendment thereof or supplement thereto), or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the indemnification agreement contained in this paragraph (d) shall not apply to such losses, claims, damages, liabilities or actions which shall arise from the sale of Subject Stock by the Purchaser if such losses, claims, damages, liabilities or actions shall arise out of or shall be based upon any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission shall have been (x) made in reliance upon and in conformity with information furnished in writing to the Company by the Purchaser or any such underwriter specifically for use in connection with the preparation of the registration statement or any preliminary prospectus or prospectus contained in the registration statement or any such amendment thereof or supplement thereto or (y) made in any preliminary prospectus, and the prospectus contained in the registration statement in the form filed by the Company with the Commission pursuant to Rule 424(b) under the 1933 Act shall have corrected such statement or omission and a copy of such prospectus shall not have been sent or given to such person at or prior to the confirmation of such sale to him.

(e) In the case of each offering registered pursuant to this Annex I, the Purchaser and each underwriter participating therein shall agree, in the same manner and to the same extent as set forth in paragraph (d) of this Annex I severally to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, and the directors and officers of the Company, and in the case of each such underwriter, the Purchaser, each person, if any, who controls the Purchaser within the meaning of Section 15 of the 1933 Act and the directors, officers and partners of the Purchaser, with respect to any statement in or omission from such registration statement or any preliminary prospectus (as amended or as supplemented, if amended or supplemented as aforesaid) or prospectus contained in such registration statement (as amended or as supplemented, if amended or supplemented as aforesaid), if such statement or omission shall have been made in reliance upon and in conformity with information furnished in writing to the Company by the Purchaser or such underwriter specifically for use in connection with the preparation of such registration

statement or any preliminary prospectus or prospectus contained in such registration statement or any such amendment thereof or supplement thereto.

(f) Each party indemnified under paragraph (d) or (e) of this Annex I shall, promptly after receipt of notice of the commencement of any action against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the commencement thereof. The omission of any indemnified party to so notify an indemnifying party of any such action shall not relieve the indemnifying party from any liability in respect of such action which it may have to such indemnified party on account of the indemnity agreement contained in paragraph (d) or (e) of this Annex I, unless the indemnifying party was prejudiced by such omission, and in no event shall relieve the indemnifying party from any other liability which it may have to such indemnified party. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may desire, jointly with any other indemnifying party similarly notified, to assume the defense thereof, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under paragraph (d) or (e) of this Annex I for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable costs of investigation.

(g) If the indemnification provided for under paragraph (d) or (e) shall for any reason be held by a court to be unavailable to an indemnified party under paragraph (d) or (e) hereof in respect of any loss, claim, damage or liability, or any action in respect thereof, then, in lieu of the amount paid or payable under paragraph (d) or (e) hereof, the

indemnified party and the indemnifying party under paragraph (d) or (e) hereof shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating the same), (i) in such proportion as is appropriate to reflect the relative fault of the Company and the prospective seller of Securities covered by the registration statement which resulted in such loss, claim, damage or liability, or action in respect thereof, with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations or (ii) if the allocation provided by clause

(i) above is not permitted by applicable law, in such proportion as shall be appropriate to reflect the relative benefits received by the Company and such prospective seller from the offering of the securities covered by such registration statement. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In addition, no Person shall be obligated to contribute hereunder any amounts in payment for any settlement of any action or claim effected without such Person's consent, which consent shall not be unreasonably withheld.

ANNEX II

ASSET PURCHASE TRANSACTION**

Asset to be Acquired by the Purchaser	
Asset Purchased	100% of the Parks Business of Paramount Communications Inc ("Paramount") "Parks Business" means all of the rights, obligations, assets (including interests in other legal entities), liabilities (whether known, unknown, contingent or otherwise) and business, including all capital stock of Paramount Parks Inc., a Delaware corporation, primarily related to the following theme parks operated by Paramount :Kings Island, Cincinnati, Ohio; Kings Dominion, Richmond, Virginia; Great America, Santa Clara, California; Carowinds, Charlotte, North Carolina; and Wonderland, Toronto, Canada.
Purchase Price	$750 million, plus the amount of capital

	expenditures made on the Parks Business after the date of the merger of the Company and Paramount net of indebtedness related thereto incurred by the Parks Business (the "Parks Purchase Price").
Consideration	Class B Common Stock valued at $55 per share.

**See page 3 of this Annex II.

Conditions	(a) The merger between the Company and Paramount shall have become effective. (b) All governmental and material third party approvals shall have been obtained. (c) The Parks Business shall have continued to be operated in the ordinary course. (d) No injunction or litigation shall be in effect or pending the effect of which would materially and adversely affect the transaction.

Option to be Acquired by the Company

Option	Simultaneous with the closing of the purchase of the Parks Business by the Purchaser, the Purchaser shall grant an option (the "Option") to the Company, exercisable by the Company by written notice to the Purchaser at any time on or prior to the second anniversary of the closing of the purchase by the Purchaser of the Parks Business, entitling the Company to purchase a 50% equity interest in the Parks Business.

Exercise Price	50% of the Parks Purchase Price, plus 50% of the amount of capital expenditures made on the Parks Business after the closing of the purchase by the Purchaser of the Parks Business net of indebtedness related thereto incurred by the Parks Business (the "Option Price").
Consideration	Cash
Management	Following exercise of the Option and the

	acquisition of a 50% equity interest by the Company, the Purchaser shall be entitled to elect a simple majority of the board of directors or other governing body of the Parks Business and to control the management of the Parks Business.
Other Terms	If the Option is exercised, the Company and the Purchaser shall enter into a stockholders' or other similar agreement containing such terms as are customary for joint ventures in which the equity is equally owned by two parties where one party has primary management authority.

General

1. In the event that the Company elects to enter into the Asset Purchase Transaction pursuant to paragraph 17, each of the Company and the Purchaser agrees to act in good faith and use all reasonable best efforts to take all steps necessary and advisable to effect the transaction consistent with the terms set forth in this Annex II as soon as practicable after such

election is made.

2. Unless the parties otherwise agree and so long as such structure would be consistent with the intent of the transaction as expressed in this Annex II, the acquisition of the Parks Business by the Purchaser shall be effected through the acquisition of all of the capital stock of Patriot Parks Inc. and the Option of the Company to acquire a 50% equity interest in the Parks Business, if exercised, shall be effected through the acquisition of 50% of the capital stock of Patriot Parks Inc.

* * *

**In the event that the Company elects to enter into the Asset Purchase Transaction pursuant to paragraph 17 and the Purchaser does not Beneficially Own sufficient shares of Class B Common Stock to pay the full Parks Purchase Price with such shares, the Purchaser shall have the right, at its option, either (a) to pay in cash such amount of the Parks Purchase Price not paid in Class B Common Stock and thereby still purchase 100% of the Parks Business or (b) to purchase only such percentage of the equity of the Parks Business as equals the percentage of the Parks Purchase Price that the Purchaser pays with all of the shares of Class B Common Stock Beneficially Owned by the Purchaser.

In the event that the Purchaser elects to purchase less than 100% of the Parks Business as provided immediately above, the following adjustments to the Asset Purchase Transaction shall be made:

(A) The Company and the Purchaser shall enter into a stockholders' or other similar agreement containing such terms as are customary for joint ventures in which the equity is owned by two parties in the proportions in which the Company and the Purchaser would own the Parks Business; provided that in the event the Purchaser acquires less than a 50% equity interest in the Parks Business, the Company shall retain the right to elect a majority of the board of directors or other governing body of the Parks Business and to control the management of the Parks Business.

(B) The Purchaser shall grant the Option to the Company only in the event that the Purchaser acquires an equity interest in the Parks Business of greater than 50% and the equity interest for which the Option may be exercised by the Company shall be equal only to such percentage as would result in the Purchaser, after exercise of the Option by the Company, owning a 50% equity interest in the Parks Business. In such event, the Option Price shall be decreased in proportion to the percentage decrease from a 50% equity interest to the percentage interest for which the Option shall be exercisable.

Exhibit A

1. The execution and delivery of the Agreement by the Company and the performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action on the part of the Company.

2. The Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Purchaser,

constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

3. The Shares have been validly issued, are fully paid and nonassessable, have not been issued in violation of or subject to any preemptive rights and have the rights set forth in the Company's Restated Certificate of Incorporation, as amended through the date hereof.

1. The execution and delivery of the Agreement by the Purchaser and the performance of its obligations thereunder have been duly and validly authorized by all necessary corporate action on the part of the Purchaser.

2. The Agreement has been duly and validly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (i) as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and (ii) that I express no opinion as to the enforceability of any right to indemnity or contribution under the Agreement which are violative of the public policy underlying any law, rule or regulation (including any state and federal securities law, rule or regulation).

Exhibit C

Assuming the due authorization, execution and delivery by the Purchaser and the Company, the Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms, provided that (i) the enforceability of the Agreement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (ii) we express no opinion as to the enforceability of any right to indemnity or contribution under the Agreement which are violative of the public policy underlying any law, rule or regulation (including any state and Federal securities law, rule or regulation).

AGREEMENT AND PLAN OF MERGER, dated as of January 7, 1994 (this "Agreement"), between VIACOM INC., a Delaware corporation ("Viacom"), and BLOCKBUSTER ENTERTAINMENT CORPORATION, a Delaware corporation ("Blockbuster").

W I T N E S S E T H:

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Delaware ("Delaware Law"), Blockbuster and Viacom will enter into a business combination transaction pursuant to which Blockbuster will merge with and into Viacom (the "Merger");

WHEREAS, the Board of Directors of Blockbuster has determined that the Merger is consistent with and in furtherance of the long-term business strategy of Blockbuster and is fair to, and in the best interests of, Blockbuster and the holders of Blockbuster Common Stock (as defined in Section 2.01(a)) and has approved and adopted this Agreement and has approved the Merger and the other transactions contemplated hereby and recommended approval and adoption of this Agreement and approval of the Merger by the stockholders of Blockbuster;

WHEREAS, the Board of Directors of Viacom has determined that the Merger is consistent with and in furtherance of the long-term business strategy of Viacom and is fair to, and in the best interests of, Viacom and its stockholders and has approved and adopted this Agreement and has approved the Merger and the other transactions contemplated hereby and recommended approval and adoption of this Agreement and approval of the Merger by the holders of the Class A Common Stock, par value $.01 per share, of Viacom (the "Viacom Class A Common Stock");

WHEREAS, for federal income tax purposes, it is intended that the Merger qualify as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, concurrently with the execution of this Agreement and as an inducement to Blockbuster to enter into this Agreement, National Amusements, Inc., a Maryland corporation and the majority stockholder of Viacom ("Parent"), and Blockbuster have entered into a Voting Agreement (the

"Parent Voting Agreement") pursuant to which Parent shall, among other things, vote its shares of Viacom Class A Common Stock (as defined in Section 2.01(a)) in favor of the Merger and the other transactions contemplated by this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

THE MERGER

SECTION 1.01. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with Delaware Law, at the Effective Time (as defined in Section 1.03), Blockbuster shall be merged with and into Viacom. As a result of the Merger, the separate corporate existence of Blockbuster shall cease and Viacom shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.02. Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 8.01 and subject to the satisfaction or waiver of the conditions set forth in Article VII, the consummation of the Merger will take place as promptly as practicable (and in any event within two business days) after satisfaction or waiver of the conditions set forth in Article VII at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York, unless another date, time or place is agreed to in writing by the parties hereto.

SECTION 1.03. Effective Time. As promptly as practicable after the satisfaction or, if permissible, waiver of the conditions set forth in Article VII, the parties hereto shall cause the Merger to be consummated by filing a

certificate of merger (the "Certificate of Merger") with the Secretary of State of the State of Delaware in such form as required by, and executed in accordance with the relevant provisions of, Delaware Law (the date and time of such filing, or such later date or time as set forth therein, being the "Effective Time").

SECTION 1.04. Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of Delaware Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise provided herein, all the property, rights, privileges, powers and franchises of Viacom and Blockbuster shall vest in the Surviving Corporation, and all debts, liabilities and duties

of Viacom and Blockbuster shall become the debts, liabilities and duties of the Surviving Corporation.

SECTION 1.05. Certificate of Incorporation; By-Laws. At the Effective Time the Certificate of Incorporation and the By-Laws of Viacom, as in effect immediately prior to the Effective Time, shall be the Certificate of Incorporation and the By-Laws of the Surviving Corporation.

ARTICLE II

CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES

SECTION 2.01. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Viacom, Blockbuster or the holders of any of the following securities:

(a) Each share of common stock, par value $.10 per share, of Blockbuster ("Blockbuster Common Stock"), issued and outstanding immediately prior to the Effective Time (other than any shares of Blockbuster Common Stock to be canceled pursuant to Section 2.01(b) and any Dissenting Shares (if applicable and as defined in Section 2.05)), shall be converted, subject to Section 2.02(d), into the right to receive (x) .08 of one share of Viacom Class A Common Stock (the "Class A Exchange Ratio"), (y) .60615 of one share of Class B Common Stock, par value $.01 per share ("Viacom Class B Common Stock", and together with the Viacom Class A Common Stock, the "Viacom Common Stock"), of Viacom (the "Class B Exchange Ratio") and (z) up to an additional .13829 of one share of Viacom Class B Common Stock, with such amount to be determined in accordance with, and the right to receive such shares to be evidenced by, one variable common right (a "VCR") issued by Viacom having the principal terms described in Annex A (the "VCR Exchange Ratio"; together with the Class A and Class B Exchange Ratios, the "Exchange Ratios"); provided, however, that, in any event, if between the date of this Agreement and the Effective Time the outstanding shares of Viacom Common Stock or Blockbuster Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Exchange Ratios shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares. All such shares of Blockbuster Common Stock shall no longer be outstanding and

shall automatically be canceled and retired and shall cease to exist, and each certificate previously evidencing any such shares shall thereafter represent the right to receive, upon the surrender of such certificate in accordance with the provisions of Section 2.02, certificates evidencing (i) such number of whole shares of Viacom Common Stock into which such Blockbuster Common Stock was converted in accordance with the Class A and Class B Exchange Ratios and (ii) such number of VCRs into which such Blockbuster Common Stock was converted in accordance with the VCR Exchange Ratio. The holders of such certificates previously evidencing such shares of Blockbuster Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Blockbuster Common Stock except as otherwise provided herein or by law. No fractional share of Viacom Common Stock shall be issued; and, in lieu thereof, a cash payment shall be made pursuant to Section 2.02(d).

(b) Each share of Blockbuster Common Stock held in the treasury of Blockbuster and each share of Blockbuster Common Stock owned by Viacom or any direct or indirect wholly owned subsidiary of Viacom or of Blockbuster immediately prior to the Effective Time shall automatically be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

SECTION 2.02. Exchange of Certificates and Cash. (a) Exchange Agent. Viacom shall deposit, or shall cause to be deposited, with or for the account of a bank or trust company designated by Viacom, which shall be reasonably satisfactory to Blockbuster (the "Exchange Agent"), for the benefit of the holders of shares of Blockbuster Common Stock (other than Dissenting Shares, if applicable), for exchange in accordance with this Article II, through the Exchange Agent, at the Effective Time, (i) certificates evidencing the shares of Viacom Common Stock and the VCRs issuable pursuant to Section 2.01 in exchange for outstanding shares of Blockbuster Common Stock and (ii) upon the request of the Exchange Agent, cash in an amount sufficient to make any cash payment due under Section 2.02(d) (such certificates for shares of Viacom Common Stock, together with any dividends or distributions with respect thereto, the VCRs and cash being hereafter collectively referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions, deliver the Viacom Common Stock and VCRs

contemplated to be issued pursuant to Section 2.01 out of the Exchange Fund to holders of shares of Blockbuster Common Stock. Except as contemplated by Section 2.02(d) hereof, the Exchange Fund shall not be used for any other purpose. Any interest, dividends or other income earned on the investment of cash or other property held in the Exchange Fund shall be for the account of Viacom.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, Viacom will instruct the Exchange Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time evidenced outstanding shares of Blockbuster Common Stock (other than Dissenting Shares, if applicable) (the "Certificates") (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Viacom may reasonably specify) and (ii) instructions to effect the surrender of the Certificates in exchange for the certificates evidencing shares of Viacom Common Stock and the VCRs and cash (if any). Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal, duly executed, and such other customary documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor (A) certificates evidencing that number of whole shares of Viacom Common Stock and VCRs that such holder has the right to receive in accordance with the Exchange Ratios in respect of the shares of Blockbuster Common Stock formerly evidenced by such Certificate, (B) any dividends or other distributions to which such holder is entitled pursuant to Section 2.02(c) and (C) cash in lieu of fractional shares of Viacom Common Stock to which such holder is entitled pursuant to Section 2.02(d) (the shares of Viacom Common Stock, the VCRs and the dividends, distributions and cash described in clauses (A), (B) and (C)

being, collectively, the "Merger Consideration"), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of Blockbuster Common Stock that is not registered in the transfer records of Blockbuster, shares of Viacom Common Stock and VCRs may be issued and paid in accordance with this Article II to a transferee if the Certificate evidencing such shares of Blockbuster Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.02, each Certificate shall be deemed at any time after the Effective Time to evidence only the right to receive upon such surrender the Merger Consideration.

(c) Distributions with Respect to Unexchanged Shares of Viacom Common Stock. No dividends or other distributions declared or made after the Effective Time with respect to Viacom Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Viacom Common Stock they are entitled to receive until the holder of such Certificate shall surrender such Certificate.

(d) Fractional Shares. No fraction of a share of Viacom Common Stock shall be issued in the Merger. In lieu of any such fractional shares, each holder of Blockbuster Common Stock upon surrender of a Certificate for exchange pursuant to this Section 2.02 shall be paid an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (i) the per share closing price on the American Stock Exchange ("AMEX") of Viacom Class A Common Stock or

Viacom Class B Common Stock, as the case may be, on the date of the Effective Time (or, if shares of Viacom Class A Common Stock or Viacom Class B Common Stock, as the case may be, do not trade on the AMEX on such date, the first date of trading of such Viacom Common Stock on the AMEX after the Effective Time) by (ii) the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of Blockbuster Common Stock then held of record by such holder).

(e) Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Blockbuster Common Stock for six months after the Effective Time shall be delivered to Viacom, upon demand, and any holders of Blockbuster Common Stock who have not theretofore complied with this Article II shall thereafter look only to Viacom for the Merger Consideration to which they are entitled pursuant to this Article II.

(f) No Liability. Neither Viacom nor Blockbuster shall be liable to any holder of shares of Blockbuster Common Stock for any such shares of Viacom Common Stock (or dividends or distributions with respect thereto) or VCRs from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(g) Withholding Rights. Viacom or the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to

any holder of shares of Blockbuster Common Stock such amounts as Viacom or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by Viacom or the

Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Blockbuster Common Stock in respect of which such deduction and withholding was made by Viacom or the Exchange Agent.

SECTION 2.03. Stock Transfer Books. At the Effective Time, the stock transfer books of Blockbuster shall be closed, and there shall be no further registration of transfers of shares of Blockbuster Common Stock thereafter on the records of Blockbuster. On or after the Effective Time, any Certificates presented to the Exchange Agent or Viacom for any reason shall be converted into the Merger Consideration.

SECTION 2.04. Stock Options. At the Effective Time, Blockbuster's obligations with respect to each outstanding Blockbuster Stock Option (as defined in Section 3.03) to purchase shares of Blockbuster Common Stock, as amended in the manner described in the following sentence, shall be assumed by Viacom. The Blockbuster Stock Options so assumed by Viacom shall continue to have, and be subject to, the same terms and conditions as set forth in the stock option plans and agreements pursuant to which such Blockbuster Stock Options were issued as in effect immediately prior to the Effective Time, except that each such Blockbuster Stock Option shall be exercisable for (A) that number of whole shares of (i) Viacom Class A Common Stock equal to the product of the number of shares of Blockbuster Common Stock covered by such Blockbuster Stock Option immediately prior to the Effective Time multiplied by the Class A Exchange Ratio and rounded up to the nearest whole number of shares of Viacom Class A Common Stock and (ii) Viacom Class B Common Stock equal to the product of the number of shares of Blockbuster Common Stock covered by such Blockbuster Stock Option immediately prior to the Effective Time multiplied by the Class B Exchange Ratio and rounded up to the nearest whole number of shares of Viacom Class B Common Stock and (B) that number of VCRs equal to the product of the number of shares of Blockbuster Common Stock covered by such Blockbuster Stock Option immediately prior to the Effective Time multiplied by the VCR Exchange Ratio. Each warrant held by employees or directors of Blockbuster shall be converted into a Viacom warrant on the same terms and conditions except that each such warrant shall be exercisable for (A) that number of whole shares of (i) Viacom Class A Common Stock equal to the product of the number of shares of Blockbuster Common Stock covered by such warrant immediately prior to the Effective Time multiplied by the Class A Exchange Ratio and rounded up to the nearest whole number of shares of Viacom Class A Common Stock and (ii) Viacom Class B Common Stock equal to the product of the number of shares of Blockbuster Common Stock covered by such warrant immediately prior to the Effective Time multiplied by the Class B Exchange Ratio and

rounded up to the nearest whole number of shares of Viacom Class B Common Stock and (B) that number of VCRs equal to the product of the number of shares of Blockbuster Common Stock covered by such warrant immediately prior to the Effective Time multiplied by the VCR Exchange Ratio. Viacom shall (i) reserve for issuance the number of shares of Viacom Common Stock that will become issuable upon the exercise of such Blockbuster Stock Options pursuant to this Section 2.04 and (ii) promptly after the Effective Time issue to each holder of an outstanding Blockbuster Stock Option a document evidencing the assumption by Viacom of Blockbuster's obligations with respect thereto under this Section 2.04. Nothing in this Section 2.04 shall affect the schedule of vesting with respect to the Blockbuster Stock Options to be assumed by Viacom as provided in this Section 2.04; provided, however, that Blockbuster and Viacom shall use their best efforts to secure from each of the executives previously identified by mutual agreement of Blockbuster and Viacom (the "Designated Executives"), as promptly as practicable following the execution of this Agreement, a waiver of (i) the accelerated vesting of Blockbuster Stock Options held by such Designated Executive (such waiver to lapse (and vesting of such Blockbuster Stock Option to occur if such option has not already vested in accordance with the applicable vesting schedule) upon the termination of such Designated Executive's employment with Blockbuster or Viacom for any reason) and (ii) the triggering of the right of such Designated Executive to cause Blockbuster to acquire his Blockbuster Stock Options for cash, in each case resulting from the execution of this Agreement and the transactions contemplated hereby, in consideration for Blockbuster entering into an employment agreement acceptable to Blockbuster and Viacom with such Designated Executive. In addition to the adjustment provided

by Section 2.04, effective as of the Effective Time, the terms of each Blockbuster Stock Option held by a Blockbuster employee who as of the date hereof is not subject to the reporting requirements of Section 16(a) of the Exchange Act, and, subject, at Blockbuster's discretion, to any stockholder approvals it determines are necessary, any non employee director, shall be amended to provide that, if such Blockbuster employee's employment is terminated without cause, or such directorship shall cease, such Blockbuster Stock Option shall not expire prior to the second anniversary of the Effective Time; provided, however, that in no event shall the maximum term of such Blockbuster Stock Option be extended.

SECTION 2.05. Dissenting Shares. (a) If provided for under Delaware Law, notwithstanding any other provision of this Agreement to the contrary, shares of Blockbuster Common Stock that are outstanding immediately prior to the Effective Time and which are held by stockholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall have demanded properly in writing appraisal for such shares in accordance with Section 262 of Delaware Law and who shall not have withdrawn such demand or otherwise have forfeited appraisal rights (collectively, the "Dissenting Shares") shall not be converted into or represent the right to receive the Merger Consideration. Such stockholders shall be entitled to receive payment of the appraised value of such shares of Blockbuster Common Stock held by them in accordance with the provisions of such

Section 262, except that all Dissenting Shares held by stockholders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights to appraisal of such shares of Blockbuster Common Stock under such Section 262 shall thereupon be deemed to have been converted into and to have become exchangeable, as of the Effective Time,

for the right to receive, without any interest thereon, the Merger Consideration, upon surrender, in the manner provided in Section 2.02, of the certificate or certificates that formerly evidenced such shares of Blockbuster Common Stock.

(b) Blockbuster shall give Viacom (i) prompt notice of any demands for appraisal received by Blockbuster, withdrawals of such demands, and any other instruments served pursuant to Delaware Law and received by Blockbuster and (ii) the opportunity to direct all negotiations and proceedings with respect to demands for appraisal under Delaware Law. Blockbuster shall not, except with the prior written consent of Viacom, make any payment with respect to any demands for appraisal, or offer to settle, or settle, any such demands.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BLOCKBUSTER

Blockbuster hereby represents and warrants to Viacom that:

SECTION 3.01. Organization and Qualification; Subsidiaries. (a) Each of Blockbuster and each Material Blockbuster Subsidiary (as defined below) is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect (as defined below). Blockbuster and each Material Blockbuster Subsidiary are duly qualified or licensed as foreign corporations to do business, and are in good standing, in each jurisdiction where the character of the properties owned, leased or operated by them or the nature of their business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing that would not,

individually or in the aggregate, have a Blockbuster Material Adverse Effect. The term "Blockbuster Material Adverse Effect" means any change or effect that is or would be materially adverse to the business, results of operations or financial condition of Blockbuster and the Blockbuster Subsidiaries, taken as a whole; provided that from and after the date on which the issuance and sale of shares of Viacom Class B Common Stock contemplated by the Subscription Agreement (the "Subscription Agreement") dated as of the date of this Agreement between Viacom and Blockbuster is consummated (the "Subscription Date"), the term "Blockbuster Material Adverse Effect", for purposes of Article III and Section 7.02(a) only, shall be changed to mean any change or effect that is or would be materially adverse to the financial condition of Blockbuster and the Blockbuster Subsidiaries, taken as a whole, excluding any changes or effects caused by changes in general economic conditions or changes generally affecting Blockbuster's industry..

(b) Each subsidiary of Blockbuster (a "Blockbuster Subsidiary") that constitutes a Significant Subsidiary of Blockbuster within the meaning of Rule 1-02 of Regulation S-X of the Securities and Exchange Commission (the "SEC") is referred to herein as a "Material Blockbuster Subsidiary".

SECTION 3.02. Certificate of Incorporation and By-Laws. Blockbuster has heretofore made available to Viacom a complete and correct copy of the Certificate of Incorporation and the By-Laws or equivalent organizational documents, each as amended to date, of Blockbuster and each Material Blockbuster Subsidiary. Such Certificates of Incorporation, By-Laws and equivalent organizational documents are in full force and effect. Neither Blockbuster nor any Material Blockbuster Subsidiary is in violation of any provision of its Certificate of Incorporation, By-Laws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect.

SECTION 3.03. Capitalization. The authorized capital stock of Blockbuster consists of 300,000,000 shares of

Blockbuster Common Stock and 500,000 shares of Preferred Stock, par value $1.00 per share ("Blockbuster Preferred Stock"). As of December 31, 1993, (i) 247,487,375 shares of Blockbuster Common Stock were issued and outstanding, all of which were validly issued, fully paid and nonassessable, (ii) no shares were held in the treasury of Blockbuster, (iii) 18,564,443 shares were reserved for future issuance pursuant to outstanding employee stock options granted pursuant to Blockbuster's 1987 Stock Option Plan, as amended, 1989

Stock Option Plan, as amended, 1990 Stock Option Plan, as amended, 1991 Employee Director Stock Option Plan, 1991 Non-Employee Director Stock Option Plan and any other employee stock option plan or program (any employee or director stock option issued under any such plan being a "Blockbuster Stock Option") and (iv) 7,138,859 shares were reserved for future issuance pursuant to the terms of outstanding warrants to purchase shares of Blockbuster Common Stock. As of the date hereof, no shares of Blockbuster Preferred Stock are issued and outstanding. Except as set forth in Section 3.03 of the Disclosure Schedule previously delivered by Blockbuster to Viacom (the "Blockbuster Disclosure Schedule"), or except as set forth in this Section 3.03, there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of Blockbuster or any Material Blockbuster Subsidiary or obligating Blockbuster or any Material Blockbuster Subsidiary to issue or sell any shares of capital stock of, or other equity interests in, Blockbuster or any Material Blockbuster Subsidiary. All shares of Blockbuster Common Stock subject to issuance as aforesaid, upon issuance on

the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in Section 3.03 of the Blockbuster Disclosure Schedule, there are no material outstanding contractual obligations of Blockbuster or any Blockbuster Subsidiary to repurchase, redeem or otherwise acquire any shares of Blockbuster Common Stock or any capital stock of any Material Blockbuster Subsidiary, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Blockbuster Subsidiary or any other person. Each outstanding share of capital stock of each Material Blockbuster Subsidiary is duly authorized, validly issued, fully paid and nonassessable and each such share owned by Blockbuster or another Blockbuster Subsidiary is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on Blockbuster's or such other Blockbuster Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever.

SECTION 3.04. Authority Relative to this Agreement. Blockbuster has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions

contemplated hereby. The execution and delivery of this Agreement by Blockbuster and the consummation by Blockbuster of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Blockbuster are necessary

to authorize this Agreement or to consummate the transactions contemplated herein (other than, with respect to the Merger, the approval and adoption of this Agreement by the holders of a majority of the then outstanding shares of Blockbuster Common Stock and the filing and recordation of appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Blockbuster and, assuming the due authorization, execution and delivery by Viacom, constitutes a legal, valid and binding obligation of Blockbuster, enforceable against Blockbuster in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Blockbuster has taken all appropriate actions so that the restrictions on business combinations contained in Section 203 of Delaware Law and Article 6 of Blockbuster's Certificate of Incorporation will not apply with respect to or as a result of the transactions contemplated herein or related hereto.

SECTION 3.05. No Conflict; Required Filings and Consents. (a) Except as set forth in Section 3.05 of the Blockbuster Disclosure Schedule, the execution and delivery of this Agreement by Blockbuster do not, and the performance of the transactions contemplated herein by Blockbuster will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws or equivalent organizational documents of Blockbuster or any Material Blockbuster Subsidiary, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Blockbuster or any Blockbuster Subsidiary or by which any property or asset of Blockbuster or any Blockbuster Subsidiary is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Blockbuster or any Blockbuster Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation

to which Blockbuster or any Blockbuster Subsidiary is a party or by which Blockbuster or any Blockbuster Subsidiary or any property or asset of Blockbuster or any Blockbuster Subsidiary is bound or affected, except, in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Blockbuster from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect.

(b) The execution and delivery of this Agreement by Blockbuster do not, and the performance of this Agreement by Blockbuster will not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, domestic or foreign (each a "Governmental Entity"), except (i) for (A) applicable requirements, if any, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Securities Act of 1933, as amended (the "Securities Act"), state securities or "blue sky" laws ("Blue Sky Laws") and state takeover laws, (B) the pre-merger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), (C) applicable requirements of the Investment Canada Act of 1985 and the Competition Act (Canada), (D) filing and recordation of appropriate merger documents as required by Delaware Law and (E) any non-United States competition, antitrust and investment laws and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Blockbuster from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect.

SECTION 3.06. Compliance. Except as set forth in Section 3.06 of the Blockbuster Disclosure Schedule, neither

Blockbuster nor any Blockbuster Subsidiary is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree (including, without limitation, laws, rules and regulations relating to franchises) applicable to Blockbuster or any Blockbuster Subsidiary or by which any property or asset of Blockbuster or any Blockbuster Subsidiary is bound or affected, or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or

obligation to which Blockbuster or any Blockbuster Subsidiary is a party or by which Blockbuster or any Blockbuster Subsidiary or any property or asset of Blockbuster or any Blockbuster Subsidiary is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect.

SECTION 3.07. SEC Filings; Financial Statements. (a) Blockbuster has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1990 and has heretofore made available to Viacom, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the years ended December 31, 1990, 1991 and 1992, respectively, (ii) its Quarterly Reports on Form 10-Q for the periods ended March 30, 1993, June 30, 1993 and September 30, 1993, (iii) all proxy statements relating to Blockbuster's meetings of stockholders (whether annual or special) held since January 1, 1991 and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and preliminary materials) filed by Blockbuster with the SEC since December 31, 1990 (the forms, reports and other documents referred to in

clauses (i), (ii), (iii) and (iv) above being referred to herein, collectively, as the "Blockbuster SEC Reports"). The Blockbuster SEC Reports and any forms, reports and other documents filed by Blockbuster with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of circumstances under which they were made, not misleading. No Material Blockbuster Subsidiary, except for Spelling Entertainment Group Inc., a Florida corporation ("Spelling"), is required to file any form, report or other document with the SEC.

(b) Spelling has filed all forms, reports and documents required to be filed by it with the SEC since June 30, 1992 and Blockbuster has heretofore made available to Viacom, in the form filed with the SEC (excluding any exhibits thereto), (i) Spelling's Quarterly Reports on Form 10-Q for the periods ended June 30, 1993 and September 30, 1993, (ii) all proxy statements relating to Spelling's meetings of stockholders (whether annual or special) held since May 1, 1993 and (iii) all other forms, reports and

other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and preliminary materials) filed by Spelling with the SEC since May 1, 1992 (the forms, reports and other documents referred to in clauses (i), (ii) and (iii) above being referred to herein, collectively, as the "Spelling SEC Reports"). The Spelling SEC Reports and any forms, reports and other documents filed by

Spelling with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(c) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the Blockbuster SEC Reports and Spelling SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presented the financial position, results of operations and cash flows of Blockbuster and the consolidated Blockbuster Subsidiaries or Spelling and its subsidiaries, as the case may be, as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount).

(d) Except as set forth in Section 3.07 of the Blockbuster Disclosure Schedule or except as and to the extent set forth in the Blockbuster SEC Reports filed with the SEC prior to the date of this Agreement, Blockbuster and the Blockbuster Subsidiaries do not have any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities and obligations which would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect.

SECTION 3.08. Absence of Certain Changes or Events. Since December 31, 1992, except as set forth in Section 3.08 of the Blockbuster Disclosure Schedule, contemplated by this Agreement or disclosed in any Blockbuster SEC Report filed since December 31, 1992 and prior to the date of this Agreement, Blockbuster and the Blockbuster Subsidiaries have conducted their businesses only

in the ordinary course and in a manner consistent with past practice and, since December 31, 1992, there has not been (i) any Blockbuster Material Adverse Effect, (ii) any damage, destruction or loss (whether or not covered by insurance) with respect to any property or asset of Blockbuster or any Blockbuster Subsidiary and having, individually or in the aggregate, a Blockbuster Material Adverse Effect, (iii) any change by Blockbuster in its accounting methods, principles or practices, (iv) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Blockbuster or any Blockbuster Subsidiary or any redemption, purchase or other acquisition of any of their respective securities other than (A) regular quarterly dividends on the shares of Blockbuster Common Stock not in excess of $0.025 per share, (B) regular quarterly dividends on the shares of the common stock of Spelling not in excess of $.020 per share, (C) dividends by a Blockbuster Subsidiary to Blockbuster and (D) to fund pre-established dividend reinvestment plans or (v) other than as set forth in Section 3.03 and pursuant to the plans, programs or arrangements referred to in Section 3.10 and other than in the ordinary course of business consistent with past practice, any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any officers or key employees of Blockbuster or any Blockbuster Subsidiary.

SECTION 3.09. Absence of Litigation. Except as set forth in Section 3.09 of the Blockbuster Disclosure Schedule or except as disclosed in the Blockbuster SEC Reports filed with the SEC prior to the date of this Agreement, there is no claim, action, proceeding or investigation pending or, to the best knowledge of Blockbuster, threatened against Blockbuster or any Blockbuster Subsidiary, or any property or asset of Blockbuster or any Blockbuster Subsidiary, before any court, arbitrator or administrative, governmental or regulatory authority or body, domestic or foreign, which, individually or in the aggregate, would have a Blockbuster Material Adverse Effect. Except as disclosed in the Blockbuster SEC Reports filed with the SEC prior to the date of this Agreement, neither Blockbuster nor any Blockbuster Subsidiary nor any property or asset of

Blockbuster or any Blockbuster Subsidiary is subject to any order, writ, judgment, injunction, decree, determination or award which would have, individually or in the aggregate, a Blockbuster Material Adverse Effect.

SECTION 3.10. Employee Benefit Plans. With respect to all the employee benefit plans, programs and arrangements maintained or contributed to by Blockbuster or any Blockbuster Subsidiary for the benefit of any current or former employee, officer or director of Blockbuster or any Blockbuster Subsidiary (the "Blockbuster Plans"), except as set forth in Section 3.10 of the Blockbuster Disclosure Schedule or the Blockbuster SEC Reports and except as would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect: (i) each Blockbuster Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service (the "IRS") that it is so qualified and nothing has occurred since the date of such letter that could reasonably be expected to affect the qualified status of such Blockbuster Plan; (ii) each Blockbuster Plan has been operated in all material respects in accordance with its terms and the requirements of applicable law; (iii) neither Blockbuster nor any Blockbuster Subsidiary has incurred any direct or indirect liability under, arising out of or by operation of Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), in connection with the termination of, or withdrawal from, any Blockbuster Plan or other retirement plan or arrangement, and no fact or event exists that could reasonably be expected to give rise to any such liability; and (iv) Blockbuster and the Blockbuster Subsidiaries have not incurred any liability under, and have complied in all material respects with, the Worker

Adjustment Retraining Notification Act ("WARN"), and no fact or event exists that could give rise to liability under such act. Except as set forth in Section 3.10 of the Blockbuster Disclosure Schedule, none of the Blockbuster Plans currently maintained by or contributed to by Blockbuster nor any Plan maintained by any entity that together with Blockbuster or the Blockbuster Subsidiaries would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA (a "Blockbuster Affiliate Plan") is subject to Title IV of ERISA. No Blockbuster Plan or Blockbuster Affiliate Plan has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived as of the most recently completed plan year of such plan.

SECTION 3.11. Trademarks, Patents and Copyrights. Blockbuster and the Blockbuster Subsidiaries own, or possess adequate licenses or other valid rights to use, all material patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks, service mark rights, trade secrets, applications to register, and

registrations for, the foregoing trademarks, service marks, know-how and other proprietary rights and information used in connection with the business of Blockbuster and the Blockbuster Subsidiaries as currently conducted, and no assertion or claim has been made in writing challenging the validity of any of the foregoing which, individually or in the aggregate, would have a Blockbuster Material Adverse Effect. To the best knowledge of Blockbuster, the conduct of the business of Blockbuster and the Blockbuster Subsidiaries as currently conducted does not conflict in any way with any patent, patent right, license, trademark, trademark right, trade name, trade name right, service mark or copyright of any third party that, individually

or in the aggregate, would have a Blockbuster Material Adverse Effect.

SECTION 3.12. Taxes. Except as set forth in Section 3.12 of the Disclosure Schedule, Blockbuster and the Blockbuster Subsidiaries have timely filed all federal, state, local and foreign tax returns and reports required to be filed by them through the date hereof and shall timely file all returns and reports required on or before the Effective Time, except for such returns and reports the failure of which to file timely would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect. Such reports and returns are and will be true, correct and complete, except for such failures to be true, correct and complete as would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect. Blockbuster and the Blockbuster Subsidiaries have paid and discharged all federal, state, local and foreign taxes due from them, other than such taxes that are being contested in good faith by appropriate proceedings and are adequately reserved as shown in the audited consolidated balance sheet of Blockbuster dated December 31, 1992 (the "Blockbuster 1992 Balance Sheet") and its most recent quarterly financial statements, except for such failures to so pay and discharge which would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect. Neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting or, to the best knowledge of Blockbuster, threatening to assert against Blockbuster or any Blockbuster Subsidiary any deficiency or material claim for additional taxes or interest thereon or penalties in connection therewith which, if such deficiencies or claims were finally resolved against Blockbuster and the Blockbuster Subsidiaries would, individually or in the aggregate, have a Blockbuster Material Adverse Effect. The accruals and reserves for taxes (including interest and penalties, if any, thereon) reflected in the Blockbuster 1992 Balance Sheet and the most recent quarterly financial statements are adequate in accordance

with generally accepted accounting principles, except where the failure to be adequate would not have a Blockbuster Material Adverse Effect. Blockbuster and the Blockbuster Subsidiaries have withheld or collected and paid over to the appropriate governmental authorities or are properly holding for such payment all taxes required by law to be withheld or collected, except for such failures to have so withheld or collected and paid over or to be so holding for payment which would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect. There are no material liens for taxes upon the assets of Blockbuster or the Blockbuster Subsidiaries, other than liens for current taxes not yet due and payable and liens for taxes that are being contested in good faith by appropriate proceedings. Neither Blockbuster nor any Blockbuster Subsidiary has agreed to or is required to make any adjustment under Section 481(a) of the Code. Neither Blockbuster nor any Blockbuster Subsidiary has made an election under Section 341(f) of the Code. For purposes of this Section 3.12, where a determination of whether a failure by Blockbuster or a Blockbuster Subsidiary to comply with the representations herein has a Blockbuster Material Adverse Effect is necessary, such determination shall be made on an aggregate basis with all other failures within this Section 3.12.

SECTION 3.13. Opinion of Financial Advisor. Blockbuster has received the opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), dated January 7, 1994, to the effect that, as of such date, the Exhange Ratios, taken as a whole, are fair to the stockholders of Blockbuster from a financial point of view, a copy of which opinion has been delivered to Viacom.

SECTION 3.14. Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Blockbuster Common Stock is the only vote of the holders of any class or series of Blockbuster capital stock necessary to approve the Merger.

SECTION 3.15. Brokers. No broker, finder or investment banker (other than Merrill Lynch) is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated herein based upon arrangements made by or on behalf of Blockbuster. Blockbuster has heretofore furnished to Viacom a complete and correct copy of all agreements between Blockbuster and Merrill Lynch pursuant to which such firm would be entitled to any payment relating to the transactions contemplated herein.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF VIACOM

Viacom hereby represents and warrants to Blockbuster that:

SECTION 4.01. Organization and Qualification; Subsidiaries. (a) Each of Viacom and each Material Viacom Subsidiary (as defined below) is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has the requisite power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power, authority and governmental approvals would not, individually or in the aggregate, have a Viacom Material Adverse Effect (as defined below). Viacom and each Material Viacom Subsidiary is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing that would not, individually or in the aggregate, have a Viacom Material Adverse Effect. The term "Viacom Material Adverse Effect" means any change or effect that is or would be materially adverse to the business, results of operations or financial condition of Viacom and the Viacom Subsidiaries, taken as a

whole; provided that from and after the Subscription Date, the term "Viacom Material Adverse Effect", for purposes of Article IV and Section 7.03(a) only, shall be changed to mean any change or effect that is or would be materially adverse to the financial condition of Viacom and the Viacom Subsidiaries, taken as a whole, excluding any changes or effects caused by changes in general economic conditions or changes generally affecting Viacom's industry.

(b) Each subsidiary of Viacom (a "Viacom Subsidiary") that constitutes a Significant Subsidiary of Viacom within the meaning of Rule 1-02 of Regulation S-X of the SEC is referred to herein as a "Material Viacom Subsidiary".

SECTION 4.02. Certificate of Incorporation and By-Laws. Viacom has heretofore made available to Blockbuster

a complete and correct copy of the Certificate of Incorporation and the By-Laws or equivalent organizational documents, each as amended to date, of Viacom and each Material Viacom Subsidiary. Such Certificates of Incorporation, By-Laws and equivalent organizational documents are in full force and effect. Neither Viacom nor any Material Viacom Subsidiary is in violation of any provision of its Certificate of Incorporation, By-Laws or equivalent organizational documents, except for such violations that would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.03. Capitalization. The authorized capital stock of Viacom consists of 100,000,000 shares of Viacom Class A Common Stock, 150,000,000 shares of Viacom Class B Common Stock and 100,000,000 shares of Preferred Stock, par value $.01 per share ("Viacom Preferred Stock"), of which

24,000,000 shares have been designated Series A Preferred Stock (the "Series A Preferred Stock") and 24,000,000 shares have been designated Series B Preferred Stock (the "Series B Preferred Stock"). As of November 30, 1993, (i) 53,449,125 shares of Viacom Class A Common Stock and 67,345,982 shares of Viacom Class B Common Stock were issued and outstanding, all of which were validly issued, fully paid and nonassessable, (ii) no shares were held in the treasury of Viacom, (iii) no shares were held by the Viacom Subsidiaries, and (iv) 224,610 shares of Viacom Class A Common Stock and 3,760,297 shares of Viacom Class B Common Stock were reserved for future issuance pursuant to outstanding employee stock options or stock incentive rights granted pursuant to Viacom's 1989 Long-Term Management Incentive Plan, the Viacom Inc. Stock Option Plan for Outside Directors and any other employee stock option plan or program. Since December 1, 1993 to the date of this Agreement, stock options were granted pursuant to which no shares of Viacom Class A Common Stock and no shares of Viacom Class B Common Stock are subject to issuance. As of the date hereof, 24,000,000 shares of Viacom Series A Preferred Stock and 24,000,000 shares of Viacom Series B Preferred Stock are issued and outstanding. Except as set forth in this Section 4.03 and as contemplated by this Agreement, there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of Viacom or any Material Viacom Subsidiary or obligating Viacom or any Material Viacom Subsidiary to issue or sell any shares of capital stock of, or other equity interests in, Viacom or any Material Viacom Subsidiary, except for (i) options granted since November 30, 1993 in the ordinary course consistent with past practice, (ii) the reservation of 8,570,400 shares of Class B Common

Stock for issuance upon conversion of shares of Viacom Series A Preferred Stock and (iii) the reservation of 17,140,800 shares of Class B Common Stock for issuance upon conversion of shares of Series B Preferred Stock. All shares of Viacom Common Stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in Section 4.03 of the Disclosure Schedule previously delivered by Viacom to Blockbuster (the "Viacom Disclosure Schedule"), there are no material outstanding contractual obligations of Viacom or any Viacom Subsidiary to repurchase, redeem or otherwise acquire any shares of Viacom Common Stock or any capital stock of any Material Viacom Subsidiary, or make any material investment (in the form of a loan, capital contribution or otherwise) in, any Viacom Subsidiary or any other person. Each outstanding share of capital stock of each Material Viacom Subsidiary is duly authorized, validly issued, fully paid and nonassessable and each such share owned by Viacom or another Viacom Subsidiary is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on Viacom's or such other Viacom Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever. The VCRs to be issued pursuant to the Merger will be duly and validly authorized by Viacom and, when issued and delivered pursuant to the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable. The shares of Viacom Class B Common Stock (if any) issuable pursuant to the terms of the VCRs will be duly authorized, validly issued, fully paid and nonassessable. The VCRs constitute legal, valid and binding obligations of Viacom, enforceable against Viacom in accordance with their terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 4.04. Authority Relative to this Agreement. Viacom has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated herein. The execution and delivery of this Agreement by Viacom and the consummation by Viacom of the transactions contemplated herein have been duly and validly authorized by all necessary corporate action and the Parent Voting Agreement has been approved by the Viacom Board of

Directors for purposes of Section 203 of Delaware Law and no other corporate proceedings on the part of Viacom are necessary to authorize this Agreement or to consummate the transactions contemplated herein (other than, with respect to the Merger, the approval by the holders of a majority of the then outstanding shares of Viacom Class A Common Stock of (i) this Agreement and the Merger and (ii) to the extent necessary, the amendment to Viacom's Certificate of Incorporation necessary to increase (x) the shares of authorized Viacom Class B Common Stock to a number not less than the number sufficient to consummate the issuance of Shares of Viacom Class B Common Stock contemplated under this Agreement and (y) the size of the Board of Directors of Viacom to a number not less than 12 (collectively, the "Viacom Vote Matter"; and the amendments to Viacom's Certificate of Incorporation described in clauses (x) and (y) being, collectively, the "Viacom Certificate Amendments"), and the filing and recordation of the foregoing amendment to Viacom's Certificate of Incorporation and appropriate merger documents as required by Delaware Law). This Agreement has been duly and validly executed and delivered by Viacom and, assuming the due authorization, execution and delivery by Blockbuster, constitutes a legal, valid and binding obligation of Viacom, enforceable against Viacom in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 4.05. No Conflict; Required Filings and Consents. (a) Except as set forth in Section 4.05 of the Viacom Disclosure Schedule, the execution and delivery of this Agreement by Viacom do not, and the performance of the transactions contemplated herein by Viacom will not,

(i) conflict with or violate the Certificate of Incorporation or By-Laws or equivalent organizational documents of Viacom or any Material Viacom Subsidiary, (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Viacom or any Viacom Subsidiary or by which any property or asset of Viacom or any Viacom Subsidiary is bound or affected, or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the loss of a material benefit under or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Viacom or any Viacom Subsidiary pursuant

to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Viacom or any Viacom Subsidiary is a party or by which Viacom or any Viacom Subsidiary or any property or asset of Viacom or any Viacom Subsidiary is bound or affected, except in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Viacom from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

(b) The execution and delivery of this Agreement by Viacom do not, and the performance of this Agreement by Viacom will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for (A) applicable requirements, if any, of the Exchange Act, Securities Act, state securities or Blue Sky Laws and state takeover laws, (B) the pre-merger notification requirements of the HSR Act, (C) applicable requirements, if

any, of the Communications Act, and of state and local governmental authorities, including state and local authorities granting franchises to operate cable systems, (D) applicable requirements of the Investment Canada Act of 1985 and the Competition Act (Canada), (E) filing and recordation of appropriate merger documents and the Viacom Certificate Amendments as required by Delaware Law and (F) any non-United States competition, antitrust and investment laws and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or delay consummation of the Merger in any material respect, or otherwise prevent Viacom from performing its obligations under this Agreement in any material respect, and would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.06. Compliance. Neither Viacom nor any Viacom Subsidiary is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree applicable to Viacom or any Viacom Subsidiary or by which any property or asset of Viacom or any Viacom Subsidiary is bound or affected, or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Viacom or any Viacom Subsidiary is a party or by which Viacom or any Viacom Subsidiary or any property or asset of Viacom or any Viacom Subsidiary is bound or affected, except for any

such conflicts, defaults or violations that would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.07. SEC Filings; Financial Statements. (a)

Viacom has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1990, and has heretofore made available to Blockbuster, in the form filed with the SEC (excluding any exhibits thereto), (i) its Annual Reports on Form 10-K for the fiscal years ended December 31, 1990, 1991 and 1992, respectively, (ii) its Quarterly Reports on Form 10-Q for the periods ended March 31, 1993, June 30, 1993 and September 30, 1993, (iii) all proxy statements relating to Viacom's meetings of stockholders (whether annual or special) held since January 1, 1991 and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and preliminary materials) filed by Viacom with the SEC since December 31, 1990 (the forms, reports and other documents referred to in clauses (i), (ii), (iii), and (iv) above being referred to herein, collectively, as the "Viacom SEC Reports"). The Viacom SEC Reports and any other forms, reports and other documents filed by Viacom with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No Material Viacom Subsidiary (other than Viacom International Inc., a Delaware corporation ("Viacom International")) is required to file any form, report or other document with the SEC.

(b) Viacom International has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 1992 and Viacom has heretofore made available to Blockbuster, in the form filed with the SEC (excluding any exhibits thereto), (i) Viacom International's Annual Report on Form 10-K for the year ended December 31, 1992, (ii) Viacom International's Quarterly Reports on Form 10-Q for the periods ended March 31, 1993, June 30, 1993 and September 30, 1993, (iii) all proxy statements relating to Viacom International's meetings of stockholders (whether annual or special) held since January 1, 1993 and (iv) all other forms, reports and other registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause

(ii) above and preliminary materials) filed by Viacom International with the SEC since December 31, 1992 (the forms, reports and other documents referred to in clauses (i), (ii), (iii) and (iv) above being referred to herein, collectively, as the "Viacom International SEC Reports"). The Viacom International SEC Reports and any forms, reports and other documents filed by Viacom International with the SEC after the date of this Agreement (x) were or will be prepared in accordance with the requirements of the Securities Act and the Exchange Act, as the case may be, and the rules and regulations thereunder and (y) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(c) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the Viacom SEC Reports and the Viacom International SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presented the consolidated financial position, results of operations and cash flows of Viacom and the consolidated Viacom Subsidiaries or Viacom International or the subsidiaries of Viacom International, as the case may be, as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments which were not and are not expected, individually or in the aggregate, to be material in amount).

(d) Except as and to the extent set forth in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement, Viacom and the Viacom Subsidiaries do not have any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities and obligations which would not, individually or in the aggregate, have a Viacom Material Adverse Effect.

SECTION 4.08. Absence of Certain Changes or Events. Since December 31, 1992, except as contemplated by this Agreement, as set forth in Section 4.08 of the Disclosure Schedule or disclosed in any Viacom SEC Report filed since December 31, 1992 and prior to the date of this Agreement, Viacom and the Viacom Subsidiaries have conducted their businesses only in the ordinary course and in a manner consistent with past practice and, since December 31, 1992

there has not been (i) any Viacom Material Adverse Effect, (ii) any damage, destruction or loss (whether or not covered by insurance) with respect to any property or asset of Viacom or any Viacom Subsidiary and having, individually or in the aggregate, a Viacom Material Adverse Effect, (iii) any change by Viacom in its accounting methods, principles or practices, (iv) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Viacom or any Viacom Subsidiary or any redemption, purchase or other acquisition of any of their respective securities other than dividends by a Viacom Subsidiary to Viacom or (v) other than as set forth in Section 4.03 and pursuant to the plans, programs or arrangements referred to in Section 4.10, other than in the ordinary course of business consistent with past practice, any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted stock awards), stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any officers or key employees of Viacom or any Viacom Subsidiary, except for the establishment of the Viacom Inc. Stock Option Plan for Outside Directors and the grant of options to purchase an aggregate of 25,000 shares thereunder.

SECTION 4.09. Absence of Litigation. Except as disclosed in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement, there is no claim, action, proceeding or investigation pending or, to the best knowledge of Viacom, threatened against Viacom or any Viacom Subsidiary, or any property or asset of Viacom or any Viacom Subsidiary, before any court, arbitrator or administrative, governmental or regulatory authority or body, domestic or foreign, which, individually or in the aggregate, would have a Viacom Material Adverse Effect. Except as disclosed in the Viacom SEC Reports filed with the SEC prior to the date of this Agreement, neither Viacom nor any Viacom Subsidiary nor any property or asset of Viacom or any Viacom Subsidiary is subject to any order, writ, judgment, injunction, decree, determination or award which would have, individually or in the aggregate, a Viacom Material Adverse Effect.

SECTION 4.10. Employee Benefit Plans. With respect to all the employee benefit plans, programs and arrangements maintained or contributed to by Viacom or any Viacom Subsidiary for the benefit of any current or former employee, officer or director of Viacom or any Viacom Subsidiary (the "Viacom Plans"), except as set forth in Section 4.10 of the

Viacom Disclosure Schedule or the Viacom SEC Reports and except as would not, individually or in the aggregate, have a Viacom Material Adverse Effect: (i) none of the Viacom Plans is a multiemployer plan within the meaning of ERISA; (ii) none of the Viacom Plans promises or provides retiree medical or life insurance benefits to any person; (iii) each Viacom Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS that it is so qualified and nothing has occurred since the date of such letter that could reasonably be expected to affect the qualified status of such Viacom Plan; (iv) each Viacom Plan has been operated in all material respects in accordance with its

terms and the requirements of applicable law; (v) neither Viacom nor any Viacom Subsidiary has incurred any direct or indirect liability under, arising out of or by operation of Title IV of ERISA in connection with the termination of, or withdrawal from, any Viacom Plan or other retirement plan or arrangement, and no fact or event exists that could reasonably be expected to give rise to any such liability; and (vi) Viacom and the Viacom Subsidiaries have not incurred any liability under, and have complied in all respects with, WARN, and no fact or event exists that could give rise to liability under such act. Except as set forth in Section 4.10 of the Viacom Disclosure Schedule or the Viacom SEC Reports, the aggregate accumulated benefit obligations of each Viacom Plan subject to Title IV of ERISA (as of the date of the most recent actuarial valuation prepared for such Viacom Plan) do not exceed the fair market value of the assets of such Viacom Plan (as of the date of such valuation).

SECTION 4.11. Trademarks, Patents and Copyrights. Viacom and the Viacom Subsidiaries own, or possess adequate licenses or other valid rights to use, all material patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks, service mark rights, trade secrets, applications to register, and registrations for, the foregoing trademarks, service marks, know-how and other proprietary rights and information used in connection with the business of Viacom and the Viacom Subsidiaries as currently conducted, and no assertion or claim has been made in writing challenging the validity of any of the foregoing which, individually or in the aggregate, would have a Viacom Material Adverse Effect. To the best knowledge of Viacom, the conduct of the business of Viacom and the Viacom Subsidiaries as currently conducted does not conflict in any way with any patent, patent right, license, trademark, trademark right, trade name, trade name right, service mark or copyright of any third party that,

individually or in the aggregate, would have a Viacom Material Adverse Effect.

SECTION 4.12. Taxes. Viacom and the Viacom Subsidiaries have timely filed all federal, state, local and foreign tax returns and reports required to be filed by them through the date hereof and shall timely file all returns and reports required on or before the Effective Time, except for such returns and reports the failure of which to file timely would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Such reports and returns are and will be true, correct and complete, except for such failures to be true, correct and complete as would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Viacom and the Viacom Subsidiaries have paid and discharged all federal, state, local and foreign taxes due from them, other than such taxes that are being contested in good faith by appropriate proceedings and are adequately reserved as shown in the audited consolidated balance sheet of Viacom dated December 31, 1992 (the "Viacom 1992 Balance Sheet") and its most recent quarterly financial statements, except for such failures to so pay and discharge which would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting or, to the best knowledge of Viacom, threatening to assert against Viacom or any Viacom Subsidiary any deficiency or material claim for additional taxes or interest thereon or penalties in connection therewith which, if such deficiencies or claims were finally resolved against Viacom and the Viacom Subsidiaries, would, individually or in the aggregate, have a Viacom Material Adverse Effect. The accruals and reserves for taxes (including interest and penalties, if any, thereon) reflected in the Viacom 1992 Balance Sheet and the most recent quarterly financial statements are adequate in accordance with generally accepted accounting principles, except where the failure to be adequate would not have a Viacom Material Adverse Effect. Viacom and the Viacom Subsidiaries have withheld or collected and paid over to the appropriate governmental authorities or are properly holding for such payment all taxes required by law to be withheld or collected, except for such failures to have so withheld or collected and paid over or to be so holding for payment which would not, individually or in the aggregate, have a Viacom Material Adverse Effect. There are no material liens for taxes upon the assets of Viacom or the Viacom Subsidiaries, other than liens for current taxes not yet due and payable and liens for taxes that are being contested in good faith by appropriate proceedings. Neither Viacom nor any Viacom Subsidiary has agreed to or is required

to make any

adjustment under Section 481(a) of the Code. Neither Viacom nor any Viacom Subsidiary has made an election under Section 341(f) of the Code. For purposes of this Section 4.12, where a determination of whether a failure by Viacom or a Viacom Subsidiary to comply with the representations herein has a Viacom Material Adverse Effect is necessary, such determination shall be made on an aggregate basis with all other failures within this Section 4.12.

SECTION 4.13. Opinion of Financial Advisor. Viacom has received the opinion of Smith Barney Shearson Inc. ("Smith Barney"), dated January 6, 1994, to the effect that, as of such date, the Merger is fair to the stockholders of Viacom from a financial point of view, a copy of which opinion has been delivered to Blockbuster.

SECTION 4.14. Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Viacom Class A Common Stock is the only vote of the holders of any class or series of Viacom capital stock necessary to approve the Viacom Vote Matter.

SECTION 4.15. Brokers. No broker, finder or investment banker (other than Smith Barney) is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated herein based upon arrangements made by or on behalf of Viacom. Viacom has heretofore furnished to Blockbuster a complete and correct copy of all agreements between Viacom and Smith Barney pursuant to which such firm would be entitled to any payment relating to the transactions contemplated herein.

ARTICLE V

CONDUCT OF BUSINESSES PENDING THE MERGER

SECTION 5.01. Conduct of Respective Businesses by Blockbuster and Viacom Pending the Merger. Each of Blockbuster and Viacom covenants and agrees that, between the date of this Agreement and the Effective Time, unless the other party shall have consented in writing (such consent not to be unreasonably withheld), the businesses of each of Blockbuster and Viacom and their respective subsidiaries shall, in all material respects, be conducted in, and each of Blockbuster and Viacom and their respective subsidiaries shall not take any material action except in, the ordinary course of business, consistent with past practice; and each of Blockbuster and Viacom shall use its reasonable best efforts to preserve substantially intact its business

organization, to keep available the services of its and its subsidiaries' current officers, employees and consultants and to preserve its and its subsidiaries' relationships with customers, suppliers and other persons with which it or any of its subsidiaries has significant business relations. By way of amplification and not limitation, except (i) as contemplated by this Agreement, (ii) for any actions taken by Viacom relating to the proposed acquisition by Viacom of Paramount Communications Inc., a Delaware corporation ("Paramount"), (iii) for any actions taken by Blockbuster in its capacity as the controlling stockholder of Spelling that are necessary due to the applicable fiduciary duties to Spelling and the other stockholders of Spelling, as determined by Blockbuster in good faith after consultation with and based upon the advice of independent legal counsel (who may be Blockbuster's regularly engaged independent legal counsel) or (iv) as set forth on Section 5.01 of the Blockbuster Disclosure Schedule or Section 5.01 of the Viacom Disclosure Schedule, neither Viacom nor

Blockbuster nor any of their respective subsidiaries shall, between the date of this Agreement and the Effective Time, directly or indirectly do, or propose or agree to do, any of the following without the prior written consent of the other (provided that the following restrictions shall not apply to any subsidiaries which Blockbuster or Viacom, as the case may be, do not control):

(a) amend or otherwise change the Certificate of Incorporation or By-Laws of Viacom or Blockbuster (except, with respect to Viacom, the Viacom Certificate Amendments);

(b) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, grant or encumbrance of, (i) any shares of capital stock of any class of it or any of its subsidiaries, or any options (other than the grant of options in the ordinary course of business consistent with past practice to employees who are not executive officers of Blockbuster or Viacom or the grant of options previously disclosed by Blockbuster to Viacom prior to the date of this Agreement), warrants, convertible securities or other rights of any kind to acquire any shares of such capital stock, or any other ownership interest (including, without limitation, any phantom interest), of it or any of its subsidiaries (other than the issuance of shares of capital stock in connection with (A) any dividend reinvestment plan or by any Blockbuster Plan with an employee stock fund or employee stock ownership plan feature, consistent with
applicable

securities laws, (B) the exercise of options, warrants or other similar rights outstanding as of the date of this Agreement and in accordance with the terms of such options,

warrants or rights in effect on the date of this Agreement, (C) otherwise permitted to be granted pursuant to this Agreement or (D) any acquisition by Blockbuster permitted by paragraph (e)(i) of this Section 5.01) or (ii) any assets of it or any of its subsidiaries, except for sales in the ordinary course of business or which, individually, do not exceed $10,000,000 or which, in the aggregate, do not exceed $25,000,000;

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock except, (i) in the case of Blockbuster, the regular quarterly dividend payable on or about April 1, 1994 in an amount not to exceed $.025 per share of Blockbuster Common Stock, (ii) in the case of Blockbuster, other regular quarterly dividends in amounts not in excess of $.025 per share per quarter and payable consistent with past practice, (iii) in the case of Spelling, regular quarterly dividends of $.020 per share per quarter and payable consistent with past practice and (iv) dividends declared and paid by a subsidiary of either Blockbuster (other than Spelling) or Viacom (each such dividend to be declared and paid in the ordinary course of business consistent with past practice);

(d) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock other than acquisitions by a dividend reinvestment plan or by any Blockbuster Plan with an employee stock fund or employee stock ownership plan feature, consistent with applicable securities laws;

(e) (i) acquire (for cash or shares of stock) (including, without limitation, by merger, consolidation, or acquisition of stock or assets) any corporation, partnership, other business organization or any division thereof or any assets, except for such acquisitions which, individually, do not exceed $10,000,000 or which, in the aggregate, do not exceed $25,000,000; (ii) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person, or make any loans or advances, except (A) indebtedness incurred by Viacom in connection with the proposed acquisition by Viacom of Paramount and

in connection with this Agreement and the transactions contemplated hereby, (B) indebtedness incurred by Blockbuster in connection with the performance of its obligations under the Subscription Agreement, (C) the refinancing of existing indebtedness, (D) in connection with this Agreement and the transactions contemplated hereby, borrowings under commercial paper programs in the ordinary course of business, (E) borrowings under existing bank lines of credit in the ordinary course of business, (F) in the case of Blockbuster, indebtedness resulting from the issuance of debt securities registered pursuant to the Registration Statement on Form S-3, registration number 33-56154, or (G) indebtedness which, in the aggregate, does not exceed $25,000,000; or (iii) enter into or amend any contract, agreement, commitment or arrangement with respect to any matter set forth in this Section 5.01(e);

(f) increase the compensation payable or to become payable to its executive officers or employees, except for increases in the ordinary course of business in accordance with past practice, or grant any severance or termination pay to, or enter into any employment or severance agreement with any director or executive officer of it or any of its subsidiaries, or establish, adopt, enter into or amend in any material respect or take action to accelerate any rights or benefits under any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension,
retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, executive officer or employee; or

(g) take any action, other than reasonable and usual actions in the ordinary course of business and consistent with past practice, with respect to accounting policies or procedures.

ARTICLE VI

ADDITIONAL COVENANTS

SECTION 6.01. Access to Information; Confidentiality. (a) From the date hereof to the Effective Time, each of Blockbuster and Viacom shall (and shall cause its subsidiaries and officers, directors, employees, auditors and agents to) afford the officers, employees and agents of

the other party (the "Respective Representatives") reasonable access at all reasonable times to its officers, employees, agents, properties, offices, plants and other facilities, books and records, and shall furnish such Respective Representatives with all financial, operating and other data and information as may be reasonably requested.

(b) All information obtained by Blockbuster or Viacom pursuant to this Section 6.01 shall be kept confidential in accordance with the confidentiality agreement, dated July 1, 1993 (the "Confidentiality Agreement"), between Blockbuster and Viacom.

(c) No investigation pursuant to this Section 6.01 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

SECTION 6.02. Directors' and Officers' Indemnification and Insurance. (a) The Certificate of Incorporation and By-Laws of the Surviving Corporation shall

contain the provisions with respect to indemnification set forth in the Certificate of Incorporation and By-Laws of Viacom on the date of this Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of Blockbuster in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), unless such modification is required by law.

(b) From and after the Effective Time, the Surviving Corporation shall indemnify, defend and hold harmless the present and former officers and directors of Blockbuster (collectively, the "Indemnified Parties") against all losses, expenses, claims, damages, liabilities or amounts that are paid in settlement of, with the approval of the Surviving Corporation (which approval shall not unreasonably be withheld), or otherwise in connection with any claim, action, suit, proceeding or investigation (a "Claim"), based in whole or in part on the fact that such person is or was a director or officer of Blockbuster and arising out of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), in each case to the full extent permitted under Delaware Law (and shall pay expenses in advance of the final disposition of any such action or proceeding to each Indemnified Party to the fullest extent permitted under

Delaware Law, upon receipt from the Indemnified Party to whom expenses are advanced of the undertaking to repay such advances contemplated by Section 145(e) of Delaware Law).

(c) Without limiting the foregoing, in the event any

Claim is brought against any Indemnified Party (whether arising before or after the Effective Time) after the Effective Time (i) the Indemnified Parties may retain Blockbuster's regularly engaged independent legal counsel or other independent legal counsel satisfactory to them, provided that such other counsel shall be reasonably acceptable to the Surviving Corporation, (ii) the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefor are received and (iii) the Surviving Corporation will use its reasonable best efforts to assist in the vigorous defense of any such matter, provided that the Surviving Corporation shall not be liable for any settlement of any Claim effected without its written consent, which consent shall not be unreasonably withheld. Any Indemnified Party wishing to claim indemnification under this Section 6.02 upon learning of any such Claim shall notify the Surviving Corporation (although the failure so to notify the Surviving Corporation shall not relieve the Surviving Corporation from any liability which the Surviving Corporation may have under this Section 6.02, except to the extent such failure materially prejudices the Surviving Corporation's position with respect to such claim), and shall deliver to the Surviving Corporation the undertaking contemplated by Section 145(e) of Delaware Law. The Indemnified Parties as a group may retain no more than one law firm (in addition to local counsel) to represent them with respect to each such matter unless there is, under applicable standards of professional conduct (as determined by counsel to the Indemnified Parties), a conflict on any significant issue between the positions of any two or more Indemnified Parties, in which event such additional counsel as may be required may be retained by the Indemnified Parties.

(d) For a period of three years after the Effective Time, the Surviving Corporation shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by Blockbuster (provided that the Surviving Corporation may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous to former officers and directors of Blockbuster) with respect to claims arising from facts or events which occurred before the Effective Time; provided, however, that in no event shall the Surviving Corporation be required to expend pursuant to this Section

6.02(d) more than an amount equal to 200% of current annual premiums paid by Blockbuster for such insurance (which premiums Blockbuster represents and warrants to be $756,000 in the aggregate).

(e) This Section 6.02 is intended to be for the benefit of, and shall be enforceable by, the Indemnified Parties, their heirs and personal representatives and shall be binding on the Surviving Corporation and its respective successors and assigns.

SECTION 6.03. Notification of Certain Matters. Blockbuster shall give prompt notice to Viacom, and Viacom shall give prompt notice to Blockbuster, of (i) the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate or (y) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied and (ii) any failure of Blockbuster or Viacom, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.03 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

SECTION 6.04. Tax Treatment. Each of Blockbuster and Viacom will use its reasonable best efforts to cause the Merger to qualify as a reorganization under the provisions of Section 368(a) of the Code and to obtain the opinions of counsel referred to in Sections 7.02(c) and 7.03(c).

SECTION 6.05. Registration Statement; Joint Proxy Statement. (a) As promptly as practicable after the execution of this Agreement, (i) Viacom and Blockbuster shall prepare and file with the SEC a joint proxy statement relating to the meetings of Blockbuster's stockholders and holders of Viacom Class A Common Stock to be held in connection with the Merger (together with any amendments thereof or supplements thereto,

the "Proxy Statement") and (ii) Viacom shall prepare and file with the SEC a registration statement on Form S-4 (together with all amendments thereto, the "Registration Statement") in which the Proxy Statement shall be included as a prospectus, in connection with the registration under the Securities Act of the shares of Viacom Common Stock and the VCRs to be issued to the stockholders of Blockbuster pursuant to the Merger. Each of Blockbuster and Viacom shall use all reasonable efforts to have or cause the Registration Statement to become

effective as promptly as practicable, and shall take all or any action required under any applicable federal or state securities laws in connection with the issuance of shares of Viacom Common Stock and VCRs pursuant to the Merger. Each of Blockbuster and Viacom shall furnish all information concerning itself to the other as the other may reasonably request in connection with such actions and the preparation of the Registration Statement and Proxy Statement. As promptly as practicable after the Registration Statement shall have become effective, each of Viacom and Blockbuster shall mail the Proxy Statement to its respective stockholders. The Proxy Statement shall include the recommendation of the Board of Directors of each of Viacom and Blockbuster in favor of the Merger, unless otherwise necessary due to the applicable fiduciary duties of the respective directors of Viacom and Blockbuster, as determined by such directors in good faith after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel).

(b) The information supplied by Viacom for inclusion in the Registration Statement and the Proxy Statement shall not, at (i) the time the Registration Statement is declared effective, (ii) the time the Proxy Statement (or any amendment

thereof or supplement thereto) is first mailed to the stockholders of Viacom and Blockbuster, (iii) the time of each of the Stockholders' Meetings (as defined in Section 6.06), and (iv) the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. If at any time prior to the Effective Time any event or circumstance relating to Viacom or any of the Viacom Subsidiaries, or their respective officers or directors, should be discovered by Viacom which should be set forth in an amendment or a supplement to the Registration Statement or Proxy Statement, Viacom shall promptly inform Blockbuster.

(c) The information supplied by Blockbuster for inclusion in the Registration Statement and the Proxy Statement shall not, at (i) the time the Registration Statement is declared effective, (ii) the time the Proxy Statement (or any amendment thereof or supplement thereto) is first mailed to the stockholders of Blockbuster and Viacom, (iii) the time of each of the Stockholders' Meetings, and (iv) the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. If at any time prior to the Effective Time any event or circumstance relating to

Blockbuster or any of the Blockbuster Subsidiaries, or their respective officers or directors, should be discovered by Blockbuster which should be set forth in an amendment or a supplement to the Registration Statement or Proxy Statement, Blockbuster shall promptly inform Viacom.

(d) Viacom represents and warrants to Blockbuster that the information supplied by and relating to Viacom for

inclusion in the Paramount Offer Documents (as defined below) will not, at the time the Paramount Offer Documents are filed with the SEC or are first published, sent or given to stockholders of Paramount, as the case may be, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading. The Paramount Offer Documents shall comply in all material respects as to form with the requirements of the Exchange Act and the rules and regulations thereunder.

(e) Blockbuster represents and warrants to Viacom that the information supplied by and relating to Blockbuster for inclusion in the Paramount Offer Documents will not, at the time the Paramount Offer Documents are filed with the SEC or are first published, sent or given to stockholders of Paramount, as the case may be, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

(f) For the purposes of this Section 6.05, the term "Paramount Offer Documents" shall mean the Tender Offer Statement on Schedule 14D-1 relating to the tender offer by Viacom for shares of common stock of Paramount, the offer to purchase incorporated by reference therein and forms of the related letter of transmittal and any related summary advertisement, together with all supplements and amendments to the foregoing.

SECTION 6.06. Stockholders' Meetings. Blockbuster shall call and hold a meeting of its stockholders and Viacom shall call and hold a meeting of the holders of the Viacom Class A Common Stock (collectively, the "Stockholders' Meetings") as promptly as practicable for the purpose of voting upon the approval, in the case of Blockbuster, of the Merger and, in the case of Viacom, of the Viacom Vote Matter, and Viacom and Blockbuster shall use their reasonable best efforts to hold the Stockholders' Meetings on the same day and as soon as practicable after the date on which the

Registration Statement becomes effective. Blockbuster shall use its reasonable best efforts to solicit from its stockholders proxies in favor of the approval of the Merger, and shall take all other action necessary or advisable to secure the vote or consent of stockholders required by Delaware Law to obtain such approvals, unless otherwise necessary under the applicable fiduciary duties of the respective directors of Blockbuster, as determined by such directors in good faith after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel).

SECTION 6.07. Letters of Accountants. (a) Blockbuster shall use its reasonable best efforts to cause to be delivered to Viacom "comfort" letters of Arthur Andersen, Blockbuster's independent public accountants, dated and delivered the date on which the Registration Statement shall become effective and as of the Effective Time, and addressed to Viacom, in form and substance reasonably satisfactory to Viacom and reasonably customary in scope and substance for letters delivered by independent public accountants in connection with transactions such as those contemplated by this Agreement.

(b) Viacom shall use its reasonable best efforts to cause to be delivered to Blockbuster "comfort" letters of Price Waterhouse, Viacom's independent public accountants, dated the date on which the Registration Statement shall become effective and as of the Effective Time, and addressed to Blockbuster, in form and substance reasonably satisfactory to Blockbuster and reasonably customary in scope and substance for letters delivered by independent public accountants in connection with transactions such as those contemplated by this Agreement.

SECTION 6.08. [Intentionally Deleted]

SECTION 6.09. Further Action; Reasonable Best Efforts. (a) Upon the terms and subject to the conditions hereof, each of the parties hereto shall (i) make promptly its respective filings, and thereafter make any other required submissions under the HSR Act with respect to the transactions contemplated herein, (ii) make promptly filings with or applications to the Federal Communications Commission (the "FCC") with respect to the transactions contemplated herein, if

required and (iii) use its reasonable best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated herein,

including, without limitation, using its reasonable best efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities and parties to contracts with Viacom and Blockbuster and their respective subsidiaries as are necessary for the consummation of the transactions contemplated herein. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall use their reasonable best efforts to take all such action.

(b) Each party shall use its best efforts not to take any action, or enter into any transaction, which would cause any of its representations or warranties contained in this Agreement to be untrue or result in a breach of any covenant made by it in this Agreement.

SECTION 6.10. Debt Instruments. Prior to or at the Effective Time, Blockbuster and each Blockbuster Subsidiary shall use its reasonable best efforts to prevent the occurrence, as a result of the Merger and the other transactions contemplated by this Agreement, of a change in control or any event which constitutes a default (or an event which with notice or lapse of time or both would become a default) under any debt instrument of Blockbuster or any Blockbuster Subsidiary, including, without limitation, debt

securities registered under the Securities Act.

SECTION 6.11. Public Announcements. Viacom and Blockbuster shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or any transaction contemplated herein and shall not issue any such press release or make any such public statement without the prior consent of the other party, which shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement as may be required by law or any listing agreement with a national securities exchange to which Viacom or Blockbuster is a party if it has used all reasonable efforts to consult with the other party and to obtain such party's consent but has been unable to do so in a timely manner.

SECTION 6.12. Listing of Shares of Viacom Common Stock and VCRs. Viacom shall use its reasonable best efforts to cause the shares of Viacom Common Stock and the VCRs to be issued in the Merger to be approved for listing on the AMEX prior to the Effective Time.

SECTION 6.13. Affiliates of Blockbuster.

(a) Within 30 days after the date of this Agreement, (a) Blockbuster shall deliver to Viacom a letter identifying all persons who may be deemed affiliates of Blockbuster under Rule 145 of the Securities Act ("Rule 145"), including, without limitation, all directors and executive officers of Blockbuster and (b) Blockbuster shall advise the persons identified in such letter of the resale restrictions imposed by applicable securities laws. Blockbuster shall use its reasonable best efforts to obtain as soon as practicable from any person who may be deemed to have become an affiliate of Blockbuster after

Blockbuster's delivery of the letter referred to above and prior to the Effective Time, a written agreement substantially in the form of Exhibit 6.13.

(b) If any stockholder of Blockbuster who is identified by Blockbuster as an affiliate of Blockbuster in accordance with paragraph (a) of this Section 6.13 reasonably determines that such stockholder will not be eligible to sell all of the shares (the "Stockholder Shares") of Viacom Common Stock received by such stockholder in the Merger pursuant to Rule 145(d)(1) in the three month period immediately following the Effective Time, Viacom agrees, if requested by such stockholder, to either, at Viacom's option, (i) take such actions reasonably necessary to register the Stockholder Shares for resale pursuant to the Registration Statement or (ii) promptly after the Effective Time, register the Stockholder Shares pursuant to a registration statement on Form S-3. Viacom shall maintain the effectiveness of any such registration statement (subject to Viacom's right to convert to a Form S-3 registration from the Registrtion Statement at any time) until such time as Viacom reasonably determines that such stockholder will be eligible to sell all of the Stockholder Shares then owned by the Stockholder pursuant to Rule 145(d)(1) in the three month period immediately following the termination of the effectiveness of the applicable registration statement. Viacom's obligations contained in this paragraph (b) shall terminate on the second anniversary of the Effective Time.

SECTION 6.14. Conveyance Taxes. Viacom and Blockbuster shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications, or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees, and any similar taxes which become payable in connection with the transactions contemplated hereby that are required or permitted to be filed on or before the Effective Time.

SECTION 6.15. Assumption of Debt and Leases. With respect to debt issued by Blockbuster under indentures qualified under the Trust Indenture Act of 1939 ("Indentures"), Viacom shall execute and deliver to the trustees, under the respective Indentures, Supplemental Indentures, in form satisfactory to the respective trustees, expressly assuming the obligations of Blockbuster with respect to the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all debt securities issued by Blockbuster under the respective Indentures and the due and punctual performance of all the terms, covenants and conditions of the respective Indentures to be kept or performed by Blockbuster, and shall deliver such Supplemental Indentures to the respective trustees under the Indenture. Viacom shall similarly deliver instruments of assumption to the holders of any debt obligations of, holders of warrants of, and the lessors of any real property to, Blockbuster, which debt obligations, warrants or leases expressly require such assumption in order for the Merger to comply with the debt instrument, warrant or lease.

SECTION 6.16. Transactions with Significant Stockholder After the Effective Time. From and after the Effective Time and until the tenth anniversary of the Effective Time, the Surviving Corporation shall not enter into any agreement with any stockholder (the "Significant Stockholder") who beneficially owns more than 35% of the then outstanding securities entitled to vote at a meeting of the stockholders of Viacom that would constitute a Rule 13e-3 (as such rule is in effect today) transaction under the Exchange Act with respect to any class of common stock of Viacom (any such transaction being a "Going Private Transaction"), unless Viacom provides in any agreement pursuant to which such Going Private Transaction shall be effected that, as a condition to the consummation of such Going Private Transaction, (a) the holders of a majority of the shares not beneficially owned by the Significant Stockholder that are voted and present (whether in person or by proxy) at the meeting of stockholders called to vote on such Going Private Transaction shall have voted in favor thereof and (b) a special committee (the "Special Committee") of the Board of Directors of Viacom comprised solely of the independent directors of Viacom shall have (i) approved the terms and conditions of the Going Private Transaction and shall have recommended that the stockholders vote in favor thereof and (ii) received from its financial advisor a written opinion addressed to the Special Committee, for inclusion in the proxy statement to be delivered to the stockholders, and dated the

date thereof, substantially to the effect that the consideration to be received by the stockholders (other than the majority

stockholder) in the Going Private Transaction is fair to them from a financial point of view. Notwithstanding anything to the contrary in this Section 6.16, the restrictions contained in this Section 6.16 shall not apply to any Significant Stockholder if there exists another stockholder who beneficially owns a greater percentage of outstanding securities entitled to vote at the meeting than the Significant Stockholder.

ARTICLE VII

CLOSING CONDITIONS

SECTION 7.01. Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated herein shall be subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived, in whole or in part, to the extent permitted by applicable law:

(a) Effectiveness of the Registration Statement. The Registration Statement shall have been declared effective by the SEC under the Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or, to the knowledge of Viacom or Blockbuster, threatened by the SEC.

(b) Stockholder Approval. This Agreement and the Merger shall have been approved and adopted by the requisite vote of the stockholders of Blockbuster and the Viacom Vote Matter shall have been approved and adopted by the requisite vote of the holders of Viacom Class A Common Stock.

(c) No Order. No Governmental Entity or federal or state court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Merger or any transaction contemplated by this Agreement; provided, however, that the parties shall use their reasonable best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted.

(d) HSR Act. The applicable waiting period under the HSR Act shall have expired or been terminated.

(e) Approvals. Other than the filing of merger documents in accordance with Delaware Law, all authorizations, consents, waivers, orders or approvals required to be obtained, and all filings, notices or declarations required to be made, by Viacom and Blockbuster prior to the consummation of the Merger and the transactions contemplated hereunder shall have been obtained from, and made with, all required Governmental Entities except for such authorizations, consents, waivers, orders, approvals, filings, notices or declarations the failure to obtain or make which would not have a material

adverse effect, at or after the Effective Time, on the financial condition (as existing immediately prior to the consummation of the Merger) of (i) Blockbuster and the Blockbuster Subsidiaries, taken as a whole, or (ii) Viacom and the Viacom Subsidiaries, taken as a whole.

SECTION 7.02. Additional Conditions to Obligations of Viacom. The obligations of Viacom to effect the Merger and the transactions contemplated herein are also subject to the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Blockbuster contained in this Agreement (including, without limitation, Section 6.05), without giving effect to any notification to Viacom delivered pursuant to Section 6.03, shall be true and correct as of the Effective Time as though made on and as of the Effective Time, except (i) for changes specifically permitted by this Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct which would not, individually or in the aggregate, have a Blockbuster Material Adverse Effect. Viacom shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Blockbuster to such effect.

(b) Agreement and Covenants. Blockbuster shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time. Viacom shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Blockbuster to that effect.

(c) Tax Opinion. Viacom shall have received the opinion of Shearman & Sterling, dated on or about the date that is two business days prior to the date the Proxy Statement is first mailed to stockholders of Viacom and Blockbuster, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code, which opinion shall not have been withdrawn or modified in any material respect. The issuance of such opinion shall be conditioned on the receipt of representation letters from each of Viacom, Blockbuster, and certain stockholders of Blockbuster. The specific provisions of each such representation letter shall be in form and substance satisfactory to each of Shearman & Sterling and Skadden, Arps, Slate, Meagher & Flom, and each such representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified in any material respect.

SECTION 7.03. Additional Conditions to Obligations of Blockbuster. The obligation of Blockbuster to effect the Merger and the other transactions contemplated in this Agreement are also subject to the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Viacom contained in this Agreement (including, without limitation, Section 6.05), without giving effect to any notification made by Viacom to Blockbuster pursuant to Section 6.03, shall be true and correct as of the Effective Time, as though made on and as of the Effective Time, except (i) for changes specifically permitted by this Agreement and (ii) that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date, except in any case for such failures to be true and correct that would not, individually or in the aggregate, have a Viacom Material Adverse Effect. Blockbuster shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Viacom to such effect.

(b) Agreements and Covenants. Viacom shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time. Blockbuster shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of Viacom to that effect.

(c) Tax Opinion. Blockbuster shall have received the opinion of Skadden, Arps, Slate, Meagher & Flom, dated on or about the date that is two business days prior to the date the Proxy Statement is first mailed to stockholders of Viacom and Blockbuster, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code, which opinion shall not have been withdrawn or modified in any material respect. The issuance of such opinion shall be conditioned on the receipt of representation letters from each of Viacom, Blockbuster, and certain stockholders of Blockbuster. The specific provisions of each such representation letter shall be in form and substance satisfactory to each of Shearman & Sterling and Skadden, Arps, Slate, Meagher & Flom, and each such representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified in any material respect.

(d) Amendments to Viacom's Certificate of Incorporation. Viacom shall have filed with the Secretary of State of the State of Delaware a Certificate of Amendment to Viacom's Certificate of Incorporation pursuant to which the Viacom Certificate Amendments shall have become effective.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01. Termination. This Agreement may be

terminated at any time prior to the Effective Time, whether before or after approval of this Agreement and the Merger by the stockholders of Blockbuster or the approval by the stockholders of Viacom of the issuance of the shares of Viacom Common Stock in accordance with Article II:

(a) by mutual consent of Blockbuster and Viacom;

(b) by Viacom, upon a breach of any representation, warranty, covenant or agreement on the part of Blockbuster set forth in this Agreement, or if any representation or warranty of Blockbuster shall have become untrue, in either case such that the conditions set forth in Section 7.02(a) or Section 7.02(b), as the case may be, would be incapable of being satisfied by September 30, 1994 (or as otherwise extended); provided

that, in any case, a wilful breach shall be deemed to cause such conditions to be incapable of being satisfied for purposes of this Section 8.01(b);

(c) by Blockbuster, upon a breach of any representation, warranty, covenant or agreement on the part of Viacom set forth in this Agreement, or if any representation or warranty of Viacom shall have become untrue, in either case such that the conditions set forth in Section 7.03(a) or Section 7.03(b), as the case may be, would be incapable of being satisfied by September 30, 1994 (or as otherwise extended); provided that, in any case, a wilful breach shall be deemed to cause such conditions to be incapable of being satisfied for purposes of this Section 8.01(c);

(d) by either Viacom or Blockbuster, if any permanent

injunction or action by any Governmental Entity preventing the consummation of the Merger shall have become final and nonappealable;

(e) by either Viacom or Blockbuster, if the Merger shall not have been consummated before September 30, 1994; provided, however, that this Agreement may be extended by written notice of either Viacom or Blockbuster to a date not later than November 30, 1994, if the Merger shall not have been consummated as a direct result of Viacom or Blockbuster having failed, by September 30, 1994, to receive all required regulatory approvals or consents with respect to the Merger;

(f) by either Viacom or Blockbuster, if this Agreement and the Merger shall fail to receive the requisite vote for approval and adoption by the stockholders of Blockbuster or, with respect to Blockbuster only, Viacom at the Stockholders' Meetings;

(g) by Viacom, if (i) the Board of Directors of Blockbuster shall withdraw, modify or change its recommendation of this Agreement or the Merger in a manner adverse to Viacom or shall have resolved to do any of the foregoing; (ii) the Board of Directors of Blockbuster shall have recommended to the shareholders of Blockbuster a Competing Transaction (as defined below); (iii) a tender offer or exchange offer for 25% or more of the outstanding shares of capital stock of Blockbuster is commenced, and the Board of Directors of Blockbuster recommends that the stockholders of Blockbuster tender their shares in such tender or exchange offer; or (iv) any person shall have acquired beneficial ownership

or the right to acquire beneficial ownership of or any

"group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) shall have been formed which beneficially owns, or has the right to acquire beneficial ownership of, more than 25% of the then outstanding shares of capital stock of Blockbuster; and

(h) by Blockbuster, if the Board of Directors of Blockbuster (x) fails to make or withdraws or modifies its recommendation referred to in Section 6.05(a) if there exists at such time a tender offer or exchange offer or a proposal by a third party to acquire Blockbuster pursuant to a merger, consolidation, share exchange, business combination, tender or exchange offer or other similar transaction or (y) recommends to Blockbuster's stockholders approval or acceptance of any of the foregoing, in each case only if the Board of Directors of Blockbuster, after consultation with and based upon the advice of independent legal counsel (who may be such party's regularly engaged independent legal counsel), determines in good faith that such action is necessary for the Board of Directors of Blockbuster to comply with its fiduciary duties to stockholders under applicable law.

The right of any party hereto to terminate this Agreement pursuant to this Section 8.01 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any party hereto, any person controlling any such party or any of their respective officers or directors, whether prior to or after the execution of this Agreement. For purposes of this Agreement, "Competing Transaction" shall mean any of the following (other than the transactions contemplated under the Agreement) involving a party hereto or any of its subsidiaries: (i) any merger, consolidation, share exchange, business combination, or other similar transaction; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 25% or more of the assets of such party and its subsidiaries, taken as a whole, in a single transaction or series of transactions; (iii) any tender offer or exchange offer for 25% or more of the outstanding shares of capital stock of such party or the filing of a registration statement under the Securities Act in connection therewith; (iv) any person having acquired beneficial ownership or the right to acquire beneficial ownership of, or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) having been formed which beneficially owns or has the right to acquire

beneficial ownership of, 25% or more of the then outstanding shares of capital stock of such party; or (v) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

SECTION 8.02. Effect of Termination. Except as provided in Section 8.05 or Section 9.01, in the event of the termination of this Agreement pursuant to Section 8.01, this Agreement shall forthwith become void, there shall be no liability on the part of Blockbuster or Viacom or any of their respective officers or directors to the other and all rights and obligations of any party hereto shall cease; provided, however, that nothing herein shall relieve any party from liability for the wilful breach of any of its representations, warranties, covenants or agreements set forth in this Agreement.

SECTION 8.03. Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time; provided, however, that, after approval of the Merger by the stockholders of Blockbuster or Viacom, no amendment, which under applicable law may not be made without the approval of the stockholders of Blockbuster or Viacom, may be made without such approval. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 8.04. Waiver. At any time prior to the Effective Time, either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any such extension

or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby.

SECTION 8.05. Fees, Expenses and Other Payments. (a) Subject to paragraph (b) of this Section 8.05, all out-of-pocket costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred by the parties hereto shall be borne solely and entirely by the party which has incurred such costs and expenses (with respect to such party, its "Expenses"); provided, however, that all costs and expenses related to printing, filing and mailing the

Registration Statement and the Proxy Statement and all SEC and other regulatory filing fees incurred in connection with the Registration Statement and the Proxy Statement shall be borne equally by Blockbuster and Viacom.

(b) Blockbuster agrees that if this Agreement shall be terminated pursuant to (i) Section 8.01(b); (ii) Section 8.01(f) because this Agreement and the Merger shall fail to receive the requisite vote for approval and adoption by the stockholders of Blockbuster at the meeting of stockholders of Blockbuster called to vote thereon and at the time of such meeting there shall exist a Competing Transaction; or (iii) Section 8.01(g)(i), (ii) or (iii) or Section 8.01(h) and at the time of such termination there shall exist a Competing Transaction and the terms of such Competing Transaction provide that Blockbuster's stockholders shall receive consideration having a higher per share value than the consideration per share payable to Blockbuster's stockholders under this Agreement then in any such event Blockbuster shall pay to Viacom an amount equal to Viacom's Expenses; provided, however,

that in no event shall Blockbuster be obligated to pay any of Viacom's Expenses exceeding $50,000,000. For purposes of this Section 8.05(b), the per share value of the consideration payable to the Blockbuster stockholders under this Agreement and under the terms of the Competing Transaction shall be the blended weighted average price per share determined as of the close of business on the business day prior to the date this Agreement is terminated.

(c) Any payment required to be made pursuant to Section 8.05(b) shall be made as promptly as practicable but not later than five business days after the delivery by Viacom to Blockbuster of a statement setting forth any of Viacom's Expenses in reasonable detail and shall be made by wire transfer of immediately available funds to an account designated by Viacom.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01. Effectiveness of Representations, Warranties and Agreements. (a) Except as set forth in Section 9.01(b), the representations, warranties and agreements of each party hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any other party hereto, any person controlling any such party or any of their officers or

directors, whether prior to or after the execution of this Agreement.

(b) The representations, warranties and agreements in

this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Article VIII; except that the agreements set forth in Articles I, II and IX and Sections 6.02 and 6.16 shall survive the Effective Time and those set forth in Sections 6.01(b), 8.02 and 8.05 and Article IX hereof shall survive termination.

(c) Notwithstanding anything to the contrary in this Agreement, no action taken by Viacom in connection with the acquisition of Paramount, or effect thereof, shall cause any breach of a representation, warranty or covenant under this Agreement.

SECTION 9.02. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, mailed or transmitted, and shall be effective upon receipt, if delivered personally, mailed by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like changes of address) or sent by electronic transmission to the facsimile numbers specified below:

(a) If to Viacom:

Viacom Inc.
1515 Broadway
New York, New York 10036

Attention: Senior Vice President,
General Counsel and Secretary

Facsimile No.: (212) 258-6134

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022

Attention: Stephen R. Volk, Esq.

Facsimile No.: (212) 848-7179

(b) If to Blockbuster:

Blockbuster Entertainment
Corporation
One Blockbuster Plaza
Fort Lauderdale, Florida 33301-1860

Attention: Vice President,
General Counsel and Secretary

Facsimile No.: (305) 852-3939

with a copy to:

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022

Attention: Roger S. Aaron, Esq.

Facsimile No.: (212) 735-2001

SECTION 9.03. Certain Definitions. For purposes of this Agreement, the term:

(a) "affiliate" means a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person;

(b) "beneficial owner", with respect to any shares of Blockbuster Common Stock, means, unless otherwise defined herein, a person who shall be deemed to be the beneficial owner of such shares (i) which such person or any of its affiliates or associates (as such term is defined in Rule 12b-2 promulgated under the Exchange Act) beneficially

owns, directly or indirectly, (ii) which such person or any of its affiliates or associates has, directly or indirectly, (A) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of consideration rights, exchange rights, warrants or options, or otherwise or (B) the right to vote pursuant to any agreement, arrangement or understanding or (iii) which are beneficially owned, directly or indirectly, by any other persons with whom such person or any of its

affiliates or associates, or any person with whom such person or any of its affiliates or associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares;

(c) "business day" means any day other than a day on which (i) banks in the State of New York are authorized or obligated to be closed or (ii) the New York Stock Exchange is closed;

(d) "control" (including the terms "controlled", "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of stock or as trustee or executor, by contract or credit arrangement or otherwise; and

(e) "subsidiary" or "subsidiaries" of Blockbuster, Viacom, the Surviving Corporation or any other person means any corporation, partnership, joint venture or other legal entity of which Blockbuster, Viacom, the Surviving Corporation or such other person, as the case may be

(either alone or through or together with any other subsidiary), owns, directly or indirectly, 50% or more of the stock or other equity interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

SECTION 9.04. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

SECTION 9.06. Entire Agreement. This Agreement (together with the Exhibit, the Blockbuster Disclosure Schedule, the Viacom Disclosure Schedule and the other documents delivered pursuant hereto) and the Confidentiality Agreement constitute the entire agreement of the parties and supersede all prior agreements and undertakings, both written

and oral, between the parties, or any of them, with respect to the subject matter hereof.

SECTION 9.07. Assignment. This Agreement shall not be assigned by operation of law or otherwise.

SECTION 9.08. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied (other than the provisions of Section 6.02 and 6.16), is intended to or shall confer upon any person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 9.09. Governing Law. Except to the extent that Delaware Law is mandatorily applicable to the Merger and the rights of the stockholders of Blockbuster and Viacom, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

SECTION 9.10. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Viacom and Blockbuster have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ATTEST: VIACOM INC.

By
Name:
Title:

By
Name:
Title:

ATTEST:

BLOCKBUSTER ENTERTAINMENT CORPORATION

By
Name:
Title:

By
Name:
Title:

ANNEX A

VARIABLE COMMON RIGHTS ("VCRs")

Term Sheet

Issuer: Viacom, Inc.

No. of VCRs to be issued:	One VCR per Blockbuster Share issued and outstanding at the time of the Merger, including Blockbuster Shares subject to outstanding employee stock options.
Maturity:	First anniversary of Merger.
Trading/Listing:	VCRs will be certificated and trade separately from Viacom Common Shares. Viacom will use best efforts to list VCRs on AMEX or such other exchange on which its shares are then listed.
Payout:	In the ninety trading day period immediately preceding Maturity (the "Valuation Period"), a value for Viacom B Common Shares ("B Share Value") will be determined. The B Share Value will equal the average closing price on the AMEX (or such other exchange on which such shares are then listed) for a Viacom B Common Share during any 30 consecutive trading days in the Valuation Period which yield the highest such average closing price. Subject to the dilution protection mentioned below, each VCR will represent a fraction of one Viacom B Common Share, such fraction to be determined based upon the B Share Value, as set forth below:

B Share Value	Value of VCR*
$0 to $35.99	.13829
$36 to $40	30 - .32 - .08 - .60615 B Share Value
$40.01 to $47.99	.05929
$48 to $52	36 - .32 - .08 - .60615 B Share Value
$52.01 and above	0
Maximum Payout:	.13829 of one Viacom B Common Share.
Minimum Payout:	0
General Market Adjustment:	The dollar amounts set forth in the table above under "B Share Value" will be reduced by a percentage equal to any percentage decline in excess of 25% in the S&P 400 Index from the Merger to Maturity.
Limitation on Payout:	Notwithstanding the table above, if at any time during the period from the Merger to Maturity the average closing price for a Viacom B Common Share on AMEX (or such other exchange on which such shares are then listed) for any 30 consecutive trading days is: (a) above $40, then the maximum payout, if any, for each VCR will equal .05929 of one Viacom B Common Share; or (b) above $52, then the VCRs will have no value and will automatically terminate.

* Expressed as a fraction of one Viacom B Common Share

Dilution Protection	The number of Viacom B Shares represented by each VCR will be adjusted to appropriately reflect any distribution or dividend paid in Viacom B Shares and any combination, split or reclassification of Viacom B Shares.
Determination of Trading Period	For purposes of determining any period of consecutive trading days, trading days shall not be included if, (i) during the first month following the Effective Time, fewer than 400,000 shares of Viacom B Shares trade, (ii) during the second month following the Effective Time, fewer than 300,000 shares of Viacom B Shares trade, (iii) during the third month following the Effective Time, fewer than 250,000 shares of Viacom B Shares trade and (iv) from and after the first day of the fourth month following the Effective Time, fewer than 200,000 shares of Viacom B Shares trade. Neither Viacom Inc., National Amusements Inc. nor any of their affiliates shall trade

in Viacom B Shares during the period from the Merger to Maturity, except for benefit plan purposes.

EXHIBIT 6.13

FORM OF AFFILIATE LETTER

Viacom Inc.
1515 Broadway
New York, New York 10036

Gentlemen:

I have been advised that as of the date of this letter I may be deemed to be an "affiliate" of Blockbuster Entertainment Corporation, a Delaware corporation (the "Company"), as the term "affiliate" is defined for purposes of paragraphs (c) and (d) of Rule 145 of the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"). Pursuant to the terms of the Agreement

and Plan of Merger dated as of January 7, 1994 (the "Agreement"), between Viacom Inc., a Delaware corporation ("Viacom"), and the Company, the Company will be merged with and into Viacom (the "Merger").

As a result of the Merger, I may receive (A) shares of (i) Class A Common Stock, par value $.01 per share, of Viacom (the "Viacom Class A Common Stock") and (ii) Class B Common Stock, par value $.01 per share, of Viacom (the "Viacom Class B Common Stock"; and, together with the Viacom Class A Common Stock, the "Viacom Common Stock") and (B) VCRs (as defined in the Agreement) (the VCRs, together with the Viacom Common Stock, being the "Viacom Securities"). I would receive such Viacom Securities in exchange for, respectively, shares (or options for shares) owned by me of common stock, par value $.10 per share, of the Company (the "Company Common Stock").

I represent, warrant and covenant to Viacom that in the event I receive any Viacom Securities as a result of the Merger:

A. I shall not make any sale, transfer or other disposition of the Viacom Securities in violation of the Act or the Rules and Regulations.

B. I have carefully read this letter and the Agreement and discussed the requirements of such documents and other applicable limitations upon my ability to sell, transfer or otherwise dispose of Viacom Common Stock to the extent I felt necessary, with my counsel or counsel for the

Company.

C. I have been advised that the issuance of Viacom Securities to me pursuant to the Merger has been registered with the Commission under the Act on a Registration Statement Form S-4. However, I have also been advised that, because at the time the Merger is submitted for a vote of the stockholders of the Company, (a) I may be deemed to be an affiliate of the Company and (b) the distribution by me of the Viacom Securities has not been registered under the Act, I may not sell, transfer or otherwise dispose of Viacom Securities issued to me in the Merger unless (i) such sale, transfer or other disposition is made in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the Act, (ii) such sale, transfer or other disposition has been registered under the Act or (iii) in the opinion of counsel reasonably acceptable to Viacom, such sale, transfer or other disposition is otherwise exempt from registration under the Act.

D. I understand that Viacom is under no obligation to register the sale, transfer or other disposition of the Viacom Securities by me or on my behalf under the Act or to take any other action necessary in order to make compliance with an exemption from such registration available solely as a result of the Merger.

E. I also understand that there will be placed on the certificates for the Viacom Securities issued to me, or any substitutions therefor, a legend stating in substance:

> "THE [SHARES] [RIGHTS] REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE [SHARES] [RIGHTS] REPRESENTED BY THIS CERTIFICATE MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT

DATED , 1994 BETWEEN THE REGISTERED HOLDER HEREOF AND VIACOM INC., A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICES OF VIACOM INC."

F. I also understand that unless a sale or transfer is made in conformity with the provisions of Rule 145, or pursuant to a registration statement, Viacom reserves the right to put the following legend on the certificates issued to my transferee:

"THE [SHARES] [RIGHTS] REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND WERE ACQUIRED FROM A PERSON WHO RECEIVED SUCH SHARES IN A TRANSACTIONTO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933 APPLIES. THE [SHARES] [RIGHTS] HAVE BEEN ACQUIRED BY THE HOLDER NOT WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933."

It is understood and agreed that the legends set forth in paragraphs E and F above shall be removed by delivery of substitute certificates without such legend if the undersigned shall have delivered to Viacom a copy of a letter from the staff of the Commission, or an opinion of counsel reasonably satisfactory to Viacom, in form and substance reasonably satisfactory to Viacom, to the effect that such legend is not required for purposes of the Act.

Execution of this letter should not be considered an admission on my part that I am an "affiliate" of the Company as described in the first paragraph of this letter, nor as a waiver of any rights I may have to object to any claim that I am such an affiliate on or after the date of this letter.

Very truly yours,

Name:

Accepted this day of
, 1994, by

VIACOM INC.

By
Name:
Title:

AGREEMENT AND PLAN OF MERGER

between

VIACOM INC.

and

BLOCKBUSTER ENTERTAINMENT CORPORATION

Dated as of January 7, 1994

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