

**HOW TO CALCULATE YOUR TAX BASIS IN THE BLOCKBUSTER STOCK YOU RECEIVED IN EXCHANGE FOR VIACOM STOCK**

You can use the following worksheet to calculate your tax basis allocation between the Blockbuster Class A and Class B shares received as a result of the exchange offer that expired on October 5, 2004. Shareholders who choose to sell shares of their Blockbuster Class A or Blockbuster Class B common stock will need to apply the same tax basis allocation to determine the taxability of any net gain or loss.

Based on the closing price of Blockbuster Class A and Blockbuster Class B common stock on October 13, 2004 (date of share distribution), 50.7042% of your pre-exchange offer tax basis should be allocated to your shares of Blockbuster Class A common stock (including any fractional share interest) and 49.2958% of your pre-exchange offer tax basis should be allocated to your shares of Blockbuster Class B common stock (including any fractional share interest).

An example is provided below along with space to fill in your actual numbers. In order to use the worksheet, you will need to know the tax basis of your shares of Viacom common stock that were accepted in the exchange offer. If you bought Viacom common stock on more than one occasion, it will be necessary to perform this computation separately for each purchase. The same calculations apply whether your Viacom Class A common stock and/or Viacom Class B common stock was accepted in the exchange offer. **The calculations will, however, need to be performed separately for each class of Viacom common stock exchanged.**

**EXAMPLE**

Assume you purchased 100 shares of Viacom Class B common stock at a price of \$35.00 per share (total tax basis of \$3,500) and these shares were accepted in the exchange offer. You would have received 2.575 Blockbuster Class A common shares and 2.575 Blockbuster Class B common shares for each share of Viacom Class B common stock. This tax basis of \$3,500 must be allocated to the shares of Blockbuster Class A common and to the shares of Blockbuster Class B common stock you received: 50.7042% would be allocated to the Blockbuster Class A common stock and 49.2958% would be allocated to the Blockbuster Class B common stock.

**BLOCKBUSTER CLASS A COMMON STOCK SHARE BASIS**

**Example:** 
$$\begin{matrix} \$3,500 & \times & 0.507042 & = & \$1,774.65 & / & 257.50 & = & \$6.89 \\ \text{Original Tax Basis} & & \text{Allocated Ratio} & & \text{New Total Tax Basis of Blockbuster} & & \text{Total Number of shares} & & \text{New tax basis per share of Blockbuster} \\ & & & & \text{Class A common stock} & & \text{(including any fractional share interest)} & & \text{Class A common stock} \\ & & & & & & & & \text{(including any fractional share interest)} \end{matrix}$$

**Calculate your new tax basis per share of Blockbuster Class A common stock here:**

$$\begin{matrix} \boxed{\phantom{00000}} & \times & 0.507042 & = & \boxed{\phantom{00000000}} & / & \boxed{\phantom{00000}} & = & \boxed{\phantom{00000}} \\ \text{Your Original Tax Basis} & & \text{Allocated Ratio} & & \text{Your New Total Tax Basis of Blockbuster} & & \text{Your Total Number of shares} & & \text{Your new tax basis per share of Blockbuster} \\ & & & & \text{Class A common stock} & & \text{(including your fractional share interest)} & & \text{Class A common stock} \\ & & & & & & & & \text{(including your fractional share interest)} \end{matrix}$$

**BLOCKBUSTER CLASS A COMMON STOCK FRACTIONAL SHARE BASIS**

**Example:** 
$$\begin{matrix} \$6.89 & \times & 0.50 & = & \$3.45 \\ \text{New tax basis per share of Blockbuster} & & \text{Class A} & & \text{Tax Basis of Class A} \\ \text{Class A common stock} & & \text{Fractional Shares} & & \text{Fractional Shares} \end{matrix}$$

Calculate your Blockbuster Class A common stock fractional share basis here:

$$\begin{matrix} \boxed{\phantom{00000}} & \times & \boxed{\phantom{000}} & = & \boxed{\phantom{0000000}} \\ \text{Your new tax basis per share of Blockbuster} & & \text{Your Class A} & & \text{Tax Basis of your Class A} \\ \text{Class A common stock} & & \text{Fractional Shares} & & \text{Fractional Shares} \end{matrix}$$

**GAIN/LOSS FROM SALE OF FRACTIONAL SHARES OF BLOCKBUSTER CLASS A COMMON\***

**Example:** 
$$\begin{matrix} (\$7.22^* & \times & 0.50) & - & \$3.45 & = & \$0.16 \\ \text{Class A} & & \text{Class A Fractional} & & \text{Class A Fractional} & & \text{Gain/Loss from Class A} \\ \text{Fractional Shares} & & \text{Share Tax Basis} & & \text{Share Tax Basis} & & \text{Fractional shares sold} \end{matrix}$$

Calculate your Blockbuster Class A common stock fractional share basis here:

$$\begin{matrix} (\$7.22^* & \times & \boxed{\phantom{000}}) & - & \boxed{\phantom{00000}} & = & \boxed{\phantom{00000}} \\ \text{Your Class A} & & \text{Your Class A} & & \text{Your Class A Fractional} & & \text{Gain/Loss from your Class A} \\ \text{Fractional Shares} & & \text{Fractional Shares} & & \text{Share Tax Basis} & & \text{fractional shares sold} \end{matrix}$$

\*Fractional shares were paid based on the price as of October 19, 2004.

**BLOCKBUSTER CLASS B COMMON STOCK SHARE BASIS**

**Example:** 
$$\begin{matrix} \$3,500 & \times & 0.492958 & = & \$1,725.35 & / & 257.50 & = & \$6.70 \\ \text{Original Tax Basis} & & \text{Allocated Ratio} & & \text{New Total Tax Basis of Blockbuster} & & \text{Total Number of shares} & & \text{New tax basis per share of Blockbuster} \\ & & & & \text{Class B common stock} & & \text{(including any fractional share interest)} & & \text{Class B common stock} \\ & & & & & & & & \text{(including any fractional share interest)} \end{matrix}$$

**Calculate your new tax basis per share of Blockbuster Class B common stock here:**

$$\begin{matrix} \boxed{\phantom{00000}} & \times & 0.492958 & = & \boxed{\phantom{00000000}} & / & \boxed{\phantom{00000}} & = & \boxed{\phantom{00000}} \\ \text{Your Original Tax Basis} & & \text{Allocated Ratio} & & \text{Your New Total Tax Basis of Blockbuster} & & \text{Your Total Number of shares} & & \text{Your new tax basis per share of Blockbuster} \\ & & & & \text{Class B common stock} & & \text{(including your fractional share interest)} & & \text{Class B common stock} \\ & & & & & & & & \text{(including your fractional share interest)} \end{matrix}$$

**BLOCKBUSTER CLASS B COMMON STOCK FRACTIONAL SHARE BASIS**

**Example:** 
$$\begin{matrix} \$6.70 & \times & 0.50 & = & \$3.35 \\ \text{New tax basis per share of Blockbuster} & & \text{Class B} & & \text{Tax Basis of Class B} \\ \text{Class B common stock} & & \text{Fractional Shares} & & \text{Fractional Shares} \end{matrix}$$

Calculate your Blockbuster Class B common stock fractional share basis here:

$$\begin{matrix} \boxed{\phantom{00000}} & \times & \boxed{\phantom{000}} & = & \boxed{\phantom{0000000}} \\ \text{Your new tax basis per share of Blockbuster} & & \text{Your Class B} & & \text{Tax Basis of your Class B} \\ \text{Class B common stock} & & \text{Fractional Shares} & & \text{Fractional Shares} \end{matrix}$$

**GAIN/LOSS FROM SALE OF FRACTIONAL SHARES OF BLOCKBUSTER CLASS B COMMON\*\***

**Example:** 
$$\begin{matrix} (\$6.95^{**} & \times & 0.50) & - & \$3.35 & = & \$0.12 \\ \text{Class B} & & \text{Class B Fractional} & & \text{Class B Fractional} & & \text{Gain/Loss from Class B} \\ \text{Fractional Shares} & & \text{Share Tax Basis} & & \text{Share Tax Basis} & & \text{Fractional shares sold} \end{matrix}$$

Calculate your Blockbuster Class A common stock fractional share basis here:

$$\begin{matrix} (\$6.95^{**} & \times & \boxed{\phantom{000}}) & - & \boxed{\phantom{00000}} & = & \boxed{\phantom{00000}} \\ \text{Your Class B} & & \text{Your Class B} & & \text{Your Class B Fractional} & & \text{Gain/Loss from your Class B} \\ \text{Fractional Shares} & & \text{Fractional Shares} & & \text{Share Tax Basis} & & \text{fractional shares sold} \end{matrix}$$

\*\*Fractional shares were paid based on the price as of October 19, 2004.