



1515 Broadway  
New York, New York 10036-5794

December 2004

### **Tax Information Regarding the Blockbuster Exchange Offer**

On October 13, 2004, Viacom Inc. (“Viacom”) distributed Class A common stock and Class B common stock of Blockbuster Inc. (“Blockbuster”) to Viacom shareholders whose Viacom common stock (Class A and/or Class B) was accepted in the Blockbuster exchange offer. The Blockbuster exchange offer was fully described in the Prospectus-Offer to Exchange dated September 8, 2004. Viacom shareholders received a distribution of 2.575 shares of Blockbuster Class A common stock and 2.575 shares of Blockbuster Class B common stock for each share of Viacom common stock that was accepted for exchange.

The Blockbuster exchange offer was oversubscribed. As a result, all validly tendered shares of Viacom common stock (except for validly tendered “odd lots”) were accepted on a prorated basis. No fractional shares of Blockbuster Class A common stock or Blockbuster Class B common stock were issued; shareholders otherwise entitled to such fractional shares were paid cash in lieu of such shares.

Viacom obtained a ruling from the Internal Revenue Service on September 30, 2004 that stated that the exchange offer is tax-free and that Viacom shareholders will not recognize any gain or loss for income tax purposes upon receipt of the Blockbuster Class A common stock and Blockbuster Class B common stock except in connection with cash received in lieu of fractional shares. Shareholders will, however, recognize gain or loss when the shares of Blockbuster Class A common stock and Blockbuster Class B common stock received in the exchange offer are sold. **A worksheet is attached to help you determine the tax basis in the Blockbuster common stock you received and calculate the gain from the cash received in lieu of fractional shares.**

**United States Treasury Department regulations require that you sign and attach to your 2004 federal income tax return a statement setting forth certain prescribed information about the Blockbuster exchange offer. A sample statement that you can use for this purpose is attached. In item 3, you will need to insert the number of shares of Viacom Class A common stock and Viacom Class B common stock that were accepted for exchange and your tax basis in those shares. Likewise, in item 4, you will need to insert the number of whole shares of Blockbuster Class A common stock and Blockbuster Class B common stock you received in the distribution as well as the amount of cash paid for any fractional shares.**

*The information in this letter and the attached form and worksheet does not constitute tax advice. The statements made in the letter, form and worksheet do not purport to be complete or to describe tax consequences that may apply to particular categories of shareholders. Each shareholder should consult his or her tax advisor as to the particular consequences of the Blockbuster exchange offer under U.S. federal, state, local, and foreign tax laws.*

**ATTACHMENT TO FEDERAL TAX RETURN FOR THE PERIOD  
INCLUDING OCTOBER 13, 2004**

**Statement of a Shareholder of Viacom Inc. That Received a Distribution of  
Blockbuster Class A Common Stock and Blockbuster Class B Common Stock**

**Filed in Accordance with Treasury Regulation § 1.355-5(b) and § 1.368-3(b)**

1. The undersigned, a shareholder of Viacom Inc., received a distribution on October 13, 2004, of shares of common stock of Blockbuster Inc. This distribution was the result of the exchange offer described in the Viacom Inc. Prospectus-Offer to Exchange dated September 8, 2004 and was a transaction described in Section 355 of the Internal Revenue Code of 1986, as amended.

2. The names and addresses of the corporations involved are:

a. Viacom Inc.  
1515 Broadway  
New York, New York 10036

b. Blockbuster Inc.  
1201 Elm Street  
Dallas, Texas 75270

3. \_\_\_\_\_ shares of my Viacom Class A Common Stock with an aggregate tax basis of \$\_\_\_\_\_ and \_\_\_\_\_ shares of my Viacom Class B Common Stock with an aggregate tax basis of \$\_\_\_\_\_ were accepted in the exchange offer.

4. The undersigned received \_\_\_\_\_ whole shares of Blockbuster Class A Common Stock and \_\_\_\_\_ whole shares of Blockbuster Class B Common Stock; \$\_\_\_\_\_ was paid in lieu of fractional shares. Both classes of Blockbuster common stock are listed on the New York Stock Exchange. On October 13, 2004, the Blockbuster Class A Common Stock traded in the range of \$7.90 to \$8.15 and the Blockbuster Class B Common Stock traded in the range of \$7.69 to \$7.90.

5. By letter dated September 30, 2004, the Internal Revenue Service ruled that the exchange of Viacom common stock for Blockbuster common stock was a tax-free transaction described in Section 355 of the Internal Revenue Code of 1986, as amended.

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Shareholder Signature