IN THE SUPREME COURT OF NEW YORK
NEW YORK COUNTY

JOHN D'ADDARIO, Derivatively on Behalf of Nominal Defendant VIACOM, INC., Plaintiff, v. GEORGE S. ABRAMS, DAVID R. ANDELMAN, JOSEPH A. CALIFANO, JR., WILLIAM S. COHEN, PHILIPPE P. DAUMAN, THOMAS E. FRESTON, ALAN C. GREENBERG, LESLIE MOONVES, CHARLES PHILLIPS, JR., SHARI REDSTONE, SUMNER M. REDSTONE, FREDERIC V. SALERNO, WILLIAM SCHWARTZ, ROBERT D. WALTER, Defendants, and VIACOM, INC., Nominal Defendant.	)	Index No. 602526/05 **JURY TRIAL DEMANDED**

DERIVATIVE COMPLAINT

Plaintiff, by his attorneys, submits this Derivative Complaint (the "Complaint") against the defendants named herein.

NATURE OF THE ACTION

1. This is a shareholder's derivative action brought for the benefit of nominal defendant Viacom, Inc. ("Viacom" or the "Company") against the members of its Board of

Directors (the "Board") and certain executive officers of the Company seeking to remedy defendants' breaches of fiduciary duties and unjust enrichment.

PARTIES

2. Plaintiff John D'Addario is, and was at all relevant times, a shareholder of nominal defendant Viacom.

3. Nominal defendant Viacom is a Delaware corporation with its principal executive offices located at 1515 Broadway, New York, New York 10036. According to its public filings, Viacom is a diversified worldwide entertainment company.

4. Defendant Sumner M. Redstone ("Redstone") has served as Chairman of the Board and as Chief Executive Officer of the Company at all times relevant hereto. Redstone owns a majority of the equity of, and thus controls, privately-held National Amusements, Inc. ("National Amusements"). National Amusements owns and/or controls, among other things, approximately 71.2% of Viacom's Class A Common Stock, which is Viacom's only class of voting stock, and approximately 6.5% of Viacom's Class B Common Stock. According to Viacom's proxy statement filed with the SEC on April 15, 2005 (the "2005 Proxy"), National Amusements is "the Company's controlling stockholder." Redstone is the father of defendant Shari Redstone.

5. Defendant Thomas E. Freston ("Freston") has served as Co-President and Co-Chief Operating Officer of Viacom since July 1, 2004.

6. Defendant Leslie Moonves ("Moonves") has served as Co-President and Co-Chief Operating Officer of Viacom since July 1, 2004.

7. Collectively, defendants Redstone, Freston, and Moonves will be referred to herein as the "Officer Defendants."

8. Defendant Robert D. Walter ("Walter") has served as a director of Viacom and as Chairman of the Compensation Committee of the Board (the "Compensation Committee") at all times relevant hereto.

9. Defendant Frederic V. Salerno ("Salerno") has served as a director of Viacom and as a member of the Compensation Committee at all times relevant hereto. Salerno's daughter Amy Salerno is employed in the Business Development Department of Viacom subsidiary Showtime Networks, Inc. at an annual salary of $105,000.

10. Defendant William Schwartz ("Schwartz") has served as a director of Viacom and as a member of the Compensation Committee at all times relevant hereto.

11. Defendant Shari Redstone ("Shari Redstone") has served as a director of Viacom at all times relevant hereto. Redstone recently named Shari Restone as Non-Executive Vice Chairman of the Board. Shari Redstone serves as President of National Amusements.

12. Defendant George S. Abrams ("Abrams") has served as a director of Viacom at all times relevant hereto. Abrams is one of Redstone's personal attorneys and represented Redstone in his 1999-2002 divorce proceedings. Abrams serves as a trustee of various Redstone family trusts; serves as a director of National Amusements; and provides legal and governmental consulting services to Viacom, for which he receives fees of $120,000 per year.

13. Defendant David R. Andelman ("Andelman") has served as a director of Viacom at all times relevant hereto. Andelman is one of Redstone's personal attorneys and represents Redstone in a lawsuit, currently pending in Probate Court in Cambridge, Massachusetts, brought

against Redstone and other members of the Redstone family by Redstone's brother Edward Redstone. Andelman also serves as a director of National Amusements.

14. Defendant Joseph A. Califano, Jr. ("Califano") has served as a director of Viacom at all times relevant hereto.

15. Defendant William S. Cohen ("Cohen") has served as a director of Viacom at all times relevant hereto.

16. Defendant Philippe P. Dauman ("Dauman") has served as a director of Viacom at all times relevant hereto. Dauman previously served as General Counsel and Secretary of Viacom from 1993 to 1998, Executive Vice President of Viacom from 1994 to 2000, and Deputy Chairman of Viacom from 1996 to 2000. Dauman serves as a trustee of various Redstone family trusts, as a director of National Amusements.

17. Defendant Alan C. Greenberg ("Greenberg") has served as a director of Viacom at all times relevant hereto. Greenberg is an investment banker who serves as Chairman of the Executive Committee of The Bear Stearns Companies, Inc. ("Bear Stearns"). Greenberg, a close friend of Redstone's for more than 25 years, advised Redstone in connection with Redstone's 1993 acquisition of Paramount Communications, Inc. and his 1994 acquisition of Blockbuster, Inc. According to the 2005 Proxy, "Bear Stearns administers the Company's stock repurchase program and served as co-dealer manager for the Company's split-off of Blockbuster, which was completed in October 2004. Bear Stearns is expected to continue to perform certain broker services for the Company and may provide investment banking services from time to time." Hence, Bear Stearns has received, and expects to continue to receive, millions of dollars in investment banking and other fees from Viacom.

18. Defendant Charles Phillips, Jr. ("Phillips") has served as a director of Viacom at all times relevant hereto.

19. Collectively, defendants Redstone, Walter, Salerno, Schwartz, Shari Redstone, Abrams, Andelman, Califano, Cohen, Dauman, Greenberg, and Phillips will be referred to herein as the "Director Defendants."

20. Collectively, the Officer Defendants and Director Defendants will be referred to herein as the "Individual Defendants."

DUTIES OF THE INDIVIDUAL DEFENDANTS

21. By reason of their positions as officers, directors, and/or fiduciaries of Viacom and because of their ability to control the business and corporate affairs of Viacom, the Individual Defendants owed Viacom and its shareholders fiduciary obligations of good faith, loyalty, and candor, and were and are required to use their utmost ability to control and manage Viacom in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interests of Viacom and its shareholders so as to benefit all shareholders equally and not in furtherance of their personal interest or benefit. Each director and officer of the Company owes to Viacom and its shareholders the fiduciary duty to exercise good faith and diligence in the administration of the affairs of the Company and in the use and preservation of its property and assets, and the highest obligations of fair dealing.

22. To discharge their duties, the officers and directors of Viacom were required to exercise reasonable and prudent supervision over the management, policies, practices and controls of the Company. By virtue of such duties, the officers and directors of Viacom were

required to, among other things, refrain from unduly benefitting themselves and other Company insiders at the expense of the Company.

FACTUAL ALLEGATIONS

23. In the 2005 Proxy, Viacom stated:

> On June 1, 2004, Mel Karmazin, the Company's President and Chief Operating Officer, resigned. In connection with such resignation, Mr. Redstone considered potential successors in light of the succession planning previously performed by Mr. Redstone and the Board. Mr. Redstone recommended that the Board elect Mr. Freston and Mr. Moonves as Co-Presidents and Co-Chief Operating Officers, a recommendation that was discussed and considered at several meetings of the Board and the Corporate Governance Committee.
>
> In accepting such recommendation, the Board considered, among other things:
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> - That the Company required a new succession plan for Mr. Redstone, who had announced his intention to retire as Chief Executive Officer by December 2007, and the desire that the Chief Operating Officer role be filled by an executive or executives who would be likely candidates to succeed Mr. Redstone as Chief Executive Officer;
> - Mr. Freston's extraordinary success in operating MTV Networks and Mr. Moonves' extraordinary success in operating the CBS television network and other CBS television assets;
> - That Mr. Freston and Mr. Moonves were well known and highly regarded by the directors and Mr. Redstone and by the Company's stockholders and the public both as talented executives in the creative area and as highly effective managers;
> - The importance to the Company of retaining the services of Mr. Freston and Mr. Moonves;
> - That neither executive had experience in the top operating position of a large publicly-held corporation, but by accepting the recommendation these executives would be in a position to gain such experience prior to Mr. Redstone's retirement as Chief Executive Officer; and

- The added complications of a management structure with Co-Presidents and Co-Chief Operating Officers as compared to a single individual in such position and the associated added cost to the Company of compensating two executives at that level.

After carefully considering these and other factors, the Corporate Governance Committee determined to recommend to the Board that Mr. Freston and Mr. Moonves be promoted to the position of Co-Presidents and Co-Chief Operating Officers, which recommendation was unanimously approved by the Board.

In determining the compensation appropriate for Mr. Freston and Mr. Moonves, the Compensation Committee considered the above factors and, among other things:

- That Mr. Freston and Mr. Moonves, in line with normal compensation practice, should each receive compensation somewhat higher than they received for their services prior to their promotions and the expansion of their responsibilities;

- The compensation of other executives in the entertainment and media industry for positions most similar to that of the proposed position (recognizing that there were no positions that were precisely the same);

- The advice of the Committee's independent compensation consultant;

- The belief that a significant portion of Mr. Freston and Mr. Moonves' compensation should be performance-related;

- The desire to negotiate, to the extent possible, that as much as possible of the compensation payable to each executive would be tax-deductible to the Company;

- The fact that the success of the Company, as with other companies in the entertainment industry, is highly dependent on the skill of its management; and

- The desire to retain the exclusive services of Mr. Freston and Mr. Moonves, including in furtherance of an orderly succession process.

After carefully considering the foregoing and other factors, the Compensation Committee approved employment agreements for Mr. Freston and Mr. Moonves, effective July 1, 2004, that provided for each executive, among other things, an initial base salary of $5 million per year (of which $2 million per year is deferred); annual bonus compensation under the Senior Executive [Short-Term Incentive Plan ("STIP")], with a target bonus set at 200% of base salary for such year; and a grant of stock options to purchase 1.5 million shares of Class B Common Stock, of which 500,000 vested on December 31, 2004 and the remaining 1,000,000 vests in four equal annual installments, and four annual awards, commencing in 2005, of 115,000 restricted share units that vest upon certification by the Committee that the one-year performance criteria established by the Committee for the year in which the units were granted has been achieved. The contracts provide for a term of five years and for other terms and conditions described below under "Executive Compensation—Employment Agreements."

In connection with approving the new agreements for Mr. Freston and Mr. Moonves, the Committee also approved a revised employment agreement for Mr. Redstone. Consistent with the Committee's belief that the value of Mr. Redstone's base salary (including deferred compensation) and target bonus should be somewhat greater than that of the executives reporting to him, Mr. Redstone's new agreement provides for a salary increase from $1 million to $3.5 million; a reduction in deferred compensation from $4 million to an initial rate of $2 million; and a target bonus of 200% of salary and deferred compensation. Mr. Redstone's agreement provides for the same stock option and restricted share unit awards as are being provided to Mr. Freston and Mr. Moonves and for other terms and conditions described below under "Executive Compensation—Employment Agreements."

In determining the Senior Executive STIP annual bonuses for 2004 for Messrs.

Redstone, Freston and Moonves, the Committee first determined that the Company had achieved the financial target established at the beginning of the year for Mr. Redstone, and the financial target established at the beginning of the second half of 2004 for Mr. Freston and Mr. Moonves, under the Senior Executive STIP for 2004. Under the terms of the plan, this authorized the Committee to award annual bonuses of up to eight times the executive's base salary (including deferred compensation).

In arriving at the actual amount of the 2004 bonus to be awarded to Mr. Redstone,

the Committee employed a process consistent with that employed in prior years. It first determined that the Company had achieved the financial goals established at the beginning of the year under the STIP.

These goals related to the Company's overall achievement of a specified level of [operating income before depreciation, amortization and non-recurring charges (“OIBDA”)] (weighed 75%) and free cash flow (weighed 25%) during 2004. Under the STIP, a corporate multiplier was determined for 2004 based on the Company's level of achievement of these goals as adjusted downward to reflect certain unusual items. The Committee also considered, among other things, the successful execution of the succession plan implemented in connection with Mr. Karmazin's resignation, the assumption of direct oversight of the senior corporate staff and the successful accomplishment of the Blockbuster split-off, and his personal efforts in launching new strategic initiatives, including the creation of worldwide opportunities for growth, and made an initial determination that it would be appropriate to award Mr. Redstone a bonus in the amount set forth in the Summary Executive Compensation Table.

In arriving at the actual amount of the 2004 bonuses to be awarded to Mr. Freston and Mr. Moonves, the Company applied the Company-wide procedures described for Mr. Redstone. The Committee applied the corporate multiplier to the target bonuses for Mr. Freston and Mr. Moonves to determine the amount of their bonuses for the last six months of 2004 after they assumed the positions of Co-Presidents and Co-Chief Operating Officers. In accordance with the terms of the employment agreements for Mr. Freston and Mr. Moonves, the Committee then considered the performance of the respective business units for which they were responsible during the first six months of 2004, including achievement during 2004 by those units of the objectives established at the beginning of the year under the STIP. These objectives generally related to the achievement by these units of a specified level of OIBDA (weighed 75%) and cash flow (weighed 25%). Under the STIP, a multiplier was determined for each of these business units based on its level of performance. The Committee applied the applicable divisional multiplier to each executive's target bonus to determine the amount of their respective bonuses for the first six months of the year, and added together the "divisional" award for the first six months of the year and the "corporate" award for the last six months of the year to arrive at the amount of their bonuses for the full year. The Committee determined that it would be appropriate not to make any further adjustments, after considering among other factors: the success of MTV Networks and the CBS businesses during 2004, the successful transition of responsibilities, the overall positioning of the Company's businesses at the end of the year and other non-quantifiable factors. The Committee then made an initial determination that it would be appropriate to award Messrs. Freston and Moonves bonuses in the amounts set forth in the Summary Executive Compensation Table.

> The Committee Chair advised the non-management directors of the Board with respect to their initial determination of the appropriate bonuses to be awarded to Messrs. Redstone, Freston and Moonves for 2004. The non-management directors reviewed the processes that the Compensation Committee and the Board used to determine the 2004 cash compensation, including the 2004 bonuses, for the Chief Executive Officer and the Co-Chief Operating Officers. To assist with their review, the non-management directors obtained the advice of independent outside counsel. After conducting this review, the non-management directors informed the Compensation Committee that they were in agreement with the process used to determine the 2004 compensation for the Company's Chief Executive Officer and Co-Chief Operating Officers and found no reason for the Committee not to proceed with its initial determinations with respect to the amounts of the 2004 bonuses.
>
> The Compensation Committee then awarded bonuses for the Chief Executive Officer and the Co-Chief Operating Officers in the amounts initially determined by the Committee. The amounts of these bonuses are set forth in the Summary Executive Compensation Table.

24. According to the 2005 Proxy, the Officer Defendants received the following compensation for fiscal year 2004:

Name	**Salary**	**Cash Bonus**	**No. of Stock Options**
Redstone	$4,973,073	$16,500,000	2,050,000
Freston	$4,221,539	$16,000,000	1,900,000
Moonves	$5,773,077	$14,000,000	1,901,410

25. On May 18, 2005, *Bloomberg* published an article by noted compensation expert Graef Crystal which stated:

> Viacom Inc. Chief Executive Officer Sumner Redstone simply isn't a man who is comfortable with dashes -- the kind used in a minus sign. His solution: Ignore them.
>
> How else to explain that when his company reported a $17.5 billion loss in 2004 and saw its stock price decline 18 percent in the same year, Redstone went for the plus sign, securing for himself earnings of $48.5 million and then paying his top two subordinates a total of an additional $90.9 million.

Of course, there's another explanation, and that centers on Redstone's control of his New York-based company. Though he held only 11.8 percent of all Viacom shares outstanding as of this past Jan. 31, he owned 71.2 percent of the Class A shares, the only shares that get to vote. So to paraphrase the famous song in the musical ``Damn Yankees,'' ``Whatever Sumner wants, Sumner gets.''

To put Redstone's performance for his shareholders into better perspective, consider that for the three-, two- and one- year time windows, all ended Dec. 31, 2004, Viacom underperformed the Standard & Poor's 500 Index by, respectively, 9.5 percentage points a year, 24.5 percentage points and 28.2 percentage points.

Once again, if we can just ignore those pesky minus signs in front of the just-stated percentages, why we can see at a glance a dramatically improving trend.

No. 8

In a study I just completed and that was the focus of my May 11 column (``XTO's Simpson Leads CEO Pay With $43.9 Million''), Redstone's average annual pay covering the years 2002 through 2004 was $37.8 million, positioning him as the eighth most relatively overpaid CEO among 501 large U.S. companies. His pay turned out to be 274 percent above what you might consider to be the ``going rate.''

But that ``going rate'' gives hardly any credit -- or in Redstone's case debit -- for performance. Were there to be true pay-for-performance, Redstone would turn out to be paid infinitely over the market. That reflects my view that his correct pay, given his performance, should be zero.

A prime reason why Redstone earns so much is that he pays his two top subordinates -- Tom Freston and Leslie Moonves -- so much.

In 2004, Freston earned total pay, by my estimation, of $45.6 million, while Moonves weighed in at almost the same amount -- in his case, $45.3 million.

(Total pay includes the sum of base salary; annual bonus; my estimate for the present value of stock options, measured on the date of grant using the Black-Scholes model; the value on the date of grant of free share awards; payouts under other forms of long- term incentive compensation; and miscellaneous compensation. Data were obtained from Aon Consulting's eComp database.)

The COOs

Freston and Moonves share the title of chief operating officer, with each running a different portfolio of businesses. Given that Viacom had net sales of $22.5 billion in 2004, I arbitrarily assumed that each co-COO at Viacom was responsible for half the net sales, or $11.3 billion each.

I then looked for COOs who run businesses with net sales in the $8 billion to $14 billion range. I found 56 executives in that category. Median total pay was $2.8 million, and not one executive earned the $45 million-plus package of Freston and Moonves.

Leaving them aside, the highest-paid COO was Warren Spector of Bear Stearns Companies Inc. His total pay was $41.7 million.

There are a few differences between Viacom and Bear Stearns:

-- For the year ended Dec. 31, 2004, Viacom reported a net loss of $17.5 billion and a total shareholder return on its Class B shares – the non-voting shares owned by the little people – of negative 17.4 percent. There are those pesky minus signs again.

-- For the year ended Nov. 30, 2004, the end of its 2004 fiscal year, Bear Stearns reported a net income of $1.3 billion and delivered a total return of 36 percent.

Splitting Makes Sense

Lately, Redstone has been advertising that he just might split Viacom into two companies, one to be run by Freston and the other by Moonves.

Doing that would make Freston's and Moonves' pay packages look less bad, because they would now have become full-blooded CEOs. Even so, they would still be earning around 400 percent above the norm.

Maybe splitting the company in two would be a good idea, if only because Redstone himself would no longer be CEO.

You have to wonder why Redstone so cherishes money. As of May 13, his Viacom shareholdings were worth $6.6 billion. And as of last Dec. 31, he also had $80.8 million of paper profits in his 13.4 million unexercised option shares.

The total of these sums rounds to $6.7 billion. In addition, he receives $53.7 million in annual dividends on his 191.7 million shares.

Whatever He Wants

You would think with all of that, the soon-to-be (May 27) 82- year-old Redstone, wouldn't think he needed to take scores of millions more in pay each year.

I figure Redstone will continue to draw obscene pay from Viacom or from the two companies into which Viacom splits. He can, after all, elect himself non-executive chairman of both new boards.

Remember, when you control 71 percent of the voting stock of a company, you can do pretty much any darn thing you please, including ignoring dashes.

26. For fiscal year 2004, Viacom reported an operating loss of $12.969 billion and a net loss of $17.462 billion, the worst losses Viacom has ever sustained. The massive losses in fiscal year 2004 compare to the following financial results in fiscal years 2000 through 2003:

Fiscal Year	Operating Income	Net Income (Loss)
2000	$1.321 billion	$(816.1 million)
2001	$1.460 billion	$(223.5 million)
2002	$4.241 billion	$725.7 million
2003	$4.474 billion	$1.417 billion

27. In light of Viacom's dismal financial performance in fiscal year 2004, the compensation paid to the Officer Defendants for fiscal year 2004 was grossly excessive and unwarranted.

28. Redstone's 2004 compensation is particularly egregious in light of his history of excessive compensation. Since 2000, when Viacom merged with CBS Corporation, Redstone has received the following compensation:

Year	Salary	Cash Bonus	No. of Stock Options
2000	$2,021,862	$15,000,000	2,000,000
2001	$3,300,300	$12,000,000	750,000
2002	$3,629,986	$16,500,000	600,000
2003	$3,993,000	$15,000,000	800,000
2004	$4,973,073	$16,500,000	2,050,000

29. In light of Viacom's massive losses in fiscal year 2004, it could not have been an exercise of good faith business judgment to award Redstone greater compensation for 2004 than for any of the years 2000 through 2003, when Viacom reported billions of dollars in profits.

DERIVATIVE AND DEMAND EXCUSED ALLEGATIONS

30. Plaintiff brings this action derivatively in the right and for the benefit of Viacom to redress breaches of fiduciary duties by and unjust enrichment of the Individual Defendants.

31. Plaintiff will adequately and fairly represent the interests of Viacom and its shareholders in enforcing and prosecuting its rights.

32. Plaintiff is an owner of Viacom common stock and was an owner of Viacom common stock at all times relevant to the Individual Defendants' wrongful course of conduct alleged herein.

33. As a result of the facts set forth herein, plaintiff has not made any demand on the Company's Board of Directors to institute this action. Such demand would be a futile and useless act because the Board is incapable of making an independent and disinterested decision to institute and vigorously prosecute this action for the following reasons:

a. The Board consists of the 12 Director Defendants. The following directors are not independent of Redstone, the Company's Chairman, Chief Executive Officer, and controlling shareholder:

(1) Redstone, who is directly interested in the excessive compensation complained of herein;

(2) Shari Redstone, who has a close familial and business relationship with her father Redstone. The 2005 Proxy identifies Shari Redstone as “Not Independent;”

(3) Abrams, who has a long-standing close business and personal relationship with Redstone, serves as Redstone’s personal attorney, serves as a trustee of various Redstone family trusts, serves as a director of National Amusements, and provides legal and governmental consulting services to Viacom, for which he receives fees of $120,000 per year. The 2005 Proxy identifies Abrams as “Not Independent;”

(4) Andelman, who has a long-standing close business and personal relationship with Redstone, serves as Redstone’s personal attorney, and serves as a director of National Amusements. The 2005 Proxy identifies Andelman as “Not Independent;”

(5) Dauman, who has a long-standing close business and personal relationship with Redstone, serves as a trustee of various Redstone family trusts, and serves as a director of National Amusements. The 2005 Proxy identifies Dauman as “Not Independent;”

(6) Greenberg, who has a long-standing close business and personal relationship with Redstone, advised Redstone in connection with Redstone’s 1993 acquisition of Paramount Communications, Inc. and his 1994 acquisition of Blockbuster, Inc., and serves as Chairman of the Executive Committee of The Bear Stearns Companies, Inc. (“Bear Stearns”). According to the 2005 Proxy, “Bear Stearns administers the Company's stock repurchase program and served as co-dealer manager for the Company's split-off of Blockbuster, which was completed in October 2004. Bear Stearns is expected to continue to perform certain broker services for the Company and may provide investment banking services from time to time.” Bear Stearns has received, and expects to continue to receive, millions of dollars in investment banking and other fees from Viacom;

(7) Salerno, whose daughter Amy Salerno is employed in the Business Development Department of Viacom subsidiary Showtime Networks, Inc. at an annual salary of $105,000; and

(8) Schwartz, who serves as counsel to Cadwalader, Wickersham & Taft, a law firm to which Viacom paid $998,510 in legal fees in fiscal year 2004;

b. The Director Defendants' approval of grossly excessive and unwarranted compensation for Redstone, Freston, and Moonves could not have been the result of an exercise of good faith business judgment. In light of Viacom's financial performance for fiscal year 2004, there could not have been a legitimate business reason to pay Redstone, Freston, and Moonves the exorbitant compensation set forth herein;

c. There is a substantial likelihood that the Director Defendants, particularly the members of the Compensation Committee, will be held liable for breaching their fiduciary duties by approving the grossly excessive and unwarranted compensation paid to Redstone, Freston, and Moonves for fiscal year 2004. Accordingly, the Director Defendants are incapable of independently and disinterestedly considering a demand to commence and vigorously prosecute this action.

COUNT I
AGAINST THE DIRECTOR DEFENDANTS
FOR BREACH OF FIDUCIARY DUTIES (ENTIRE FAIRNESS)

34. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if set forth fully herein.

35. As alleged herein, a majority of the directors who approved the 2004 compensation of Redstone, Freston, and Moonves were not independent of Redstone. Accordingly, the Director Defendants must prove that the Officer Defendants' 2004 compensation packages are entirely fair to the Company and its shareholders with respect to both the amounts of compensation and the process by which they were approved.

36. The amounts of the Officer Defendants' 2004 compensation are grossly excessive and unwarranted and not entirely fair to the Company and its shareholders.

37. The process by which the Board approved the 2004 compensation packages of the Officer Defendants was not entirely fair to the Company and its shareholders, in that, among other things, the Board did not fairly consider:

a. Viacom's 2004 financial performance, in and of itself or relative to comparable companies;

b. compensation paid to executives of comparable companies;

c. the advice of an independent compensation consultant.

38. As a direct and proximate result of the Director Defendants' foregoing breaches of fiduciary duties, the Company has sustained millions of dollars in damages.

COUNT II
AGAINST THE DIRECTOR DEFENDANTS
FOR BREACH OF FIDUCIARY DUTY OF GOOD FAITH

39. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if set forth fully herein.

40. As alleged herein, each of the Director Defendants owed the Company a fiduciary duty to refrain from unduly benefitting themselves and other Company insiders at the expense of the Company.

41. The Director Defendants breached their fiduciary duty good faith by approving the payment to Redstone, Freston, and Moonves of grossly excessive and unwarranted compensation, as alleged herein.

42. As a direct and proximate result of the Director Defendants' foregoing breaches of fiduciary duties, the Company has sustained millions of dollars in damages.

COUNT III
AGAINST THE OFFICER DEFENDANTS
FOR UNJUST ENRICHMENT

43. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if set forth fully herein.

44. Each of the Officer Defendants received excessive and unwarranted compensation for fiscal year 2004, as alleged herein.

45. It would be unconscionable and against the fundamental principles of justice, equity and good conscience for the Officer Defendants to retain the excessive and unwarranted compensation they received.

46. To remedy the Officer Defendants' unjust enrichment, the Court should enter an order compelling the Officer Defendants to disgorge to the Company all salaries, cash bonuses, and Viacom stock options they received for fiscal year 2004.

WHEREFORE, plaintiff demands judgment as follows:

A. Awarding the Company the amount of damages sustained by the Company as a result of the Director Defendants' breaches of fiduciary duties;

B. Ordering the Officer Defendants to disgorge to the Company all salaries, cash bonuses, and Viacom stock options they received for fiscal year 2004;

C. Granting appropriate equitable relief to remedy the defendants' breaches of fiduciary duties and unjust enrichment;

D. Awarding to plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and

E. Granting such other and further relief as the Court deems just and proper.

Respectfully submitted,

BRODSKY & SMITH, LLC
A Professional Corporation

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