

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended September 30, 2016**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-32686**

**VIACOM INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**20-3515052**  
(I.R.S. Employer  
Identification Number)

**1515 Broadway  
New York, NY 10036  
(212) 258-6000**

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

**Securities Registered Pursuant to Section 12(b) of the Act:**

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.001 par value	NASDAQ Global Select Market
Class B Common Stock, \$0.001 par value	NASDAQ Global Select Market

**Securities Registered Pursuant to Section 12(g) of the Act:**

None

(Title Of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of the close of business on March 31, 2016, the last business day of the registrant's most recently completed second fiscal quarter, there were 49,434,379 shares of the registrant's Class A common stock, par value \$0.001 per share, and 346,607,330 shares of its Class B common stock, par value \$0.001 per share, outstanding. The aggregate market value of Class A common stock held by non-affiliates as of March 31, 2016 was approximately \$452.6 million (based upon the closing price of \$45.30 per share as reported by the NASDAQ Global Select Market on March 31, 2016, the last trading day of the quarter). The aggregate market value of Class B common stock held by non-affiliates as of March 31, 2016 was approximately \$14.2 billion (based upon the closing price of \$41.28 per share as reported by the NASDAQ Global Select Market on March 31, 2016, the last trading day of the quarter).

As of October 31, 2016, 49,431,379 shares of our Class A common stock and 347,381,178 shares of our Class B common stock were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Viacom Inc.'s Notice of 2017 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, are incorporated by reference into this Annual Report on Form 10-K (Portion of Item 5; Part III).

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## PART I

### Item 1. *Business.*

#### OVERVIEW

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, applications (“apps”), games, consumer products, social media experiences and other entertainment content for audiences in more than 180 countries. We operate through two reporting segments: *Media Networks* and *Filmed Entertainment*. References in this document to “Viacom,” “Company,” “we,” “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

On September 29, 2016, our Board of Directors (the “Board”) received a letter from National Amusements, Inc. (“National Amusements”) requesting that the Board explore a potential combination of Viacom and CBS Corporation (“CBS”). The letter indicated that National Amusements is not willing to accept or support any acquisition of Viacom by a third party or any transaction that would result in National Amusements surrendering its controlling position in Viacom. National Amusements, directly and through subsidiaries, owns approximately 80% of the voting shares of both Viacom and CBS and approximately 10% of Viacom’s total common stock outstanding. Subsequently, our Board formed a special committee of independent directors to consider the request from National Amusements and any proposed transaction, and the special committee has hired independent legal and financial advisers.

On October 31, 2016, we announced the appointment of Robert Bakish as Acting President and Chief Executive Officer, effective November 15, 2016. We also announced that Mr. Bakish was being appointed, effective immediately, to the new role of President and Chief Executive Officer of the recently established Viacom Global Entertainment Group within our *Media Networks* segment.

#### Media Networks

Our Media Networks segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. We create, acquire and distribute programming and other content for our audiences across multiple platforms, which allows our audiences to engage and interact with our content in a variety of ways: through cable and satellite distribution; through over-the-top (“OTT”) services, such as subscription video-on-demand (“SVOD”); on connected televisions, PCs, tablets, smartphones and other connected devices; using apps, browsers and other interfaces; and through a variety of social media platforms.

Viacom Media Networks operates our media networks businesses through three brand groups: the Global Entertainment Group, the Nickelodeon Group and BET Networks. Viacom Media Networks conducts our global media networks operations, reaching approximately 530 million households in more than 180 countries and more than 40 languages worldwide, via more than 250 locally programmed and operated television channels, including Nickelodeon®, Comedy Central®, MTV®, VH1®, SPIKE®, BET®, CMT®, TV Land®, Nick at Nite®, Nick Jr.®, Channel 5® (in the United Kingdom ( “UK”)), Logo®, Nicktoons®, TeenNick® and Paramount Channel™. Viacom Media Networks also operates branded experiences including channels on streaming services and social media platforms such as DIRECTV NOW and Snapchat Discover.

On October 31, 2016, we announced that the Global Entertainment Group had been established as a new brand group to combine Viacom International Media Networks (“VIMN”), our former Music & Entertainment Group (which included MTV, Comedy Central, VH1, Spike and Logo), as well as TV Land and CMT. We also announced that our former Kids & Family Group would be reestablished as the Nickelodeon Group.

Our *Media Networks* segment generates revenues from advertising sales, affiliate fees and ancillary revenues. Revenues from the *Media Networks* segment accounted for 79%, 78% and 73% of our revenues for the fiscal years 2016, 2015 and 2014, respectively, after the elimination of intercompany revenues.

#### Filmed Entertainment

Our *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures®, Paramount Animation®, Nickelodeon Movies™, MTV Films® and Paramount Television™ brands. Paramount Pictures is a major global producer and distributor of filmed entertainment and has a library consisting of approximately 3,500 motion pictures and a number of television programs. Paramount distributes motion

pictures theatrically and through download-to-own, DVDs and Blu-ray discs, transactional video-on-demand (“TVOD”), SVOD, pay, basic cable and free television and other platforms and devices in the United States and internationally for itself and for third parties. Paramount Television™ develops, finances and produces programming for television and other platforms.

Our *Filmed Entertainment* segment generates revenues primarily from the release and/or distribution of motion pictures theatrically, through home entertainment, and by licensing to television and digital platforms. It also generates revenue from the licensing and distribution of television programming and through ancillary activities. Revenues from the *Filmed Entertainment* segment accounted for 21%, 22% and 27% of our revenues for the fiscal years 2016, 2015 and 2014, respectively, after the elimination of intercompany revenues.

## **Business Strategy**

We produce and distribute television programming, motion pictures and other creative entertainment content to serve diverse audiences worldwide. We manage our global portfolio of brands to provide entertainment experiences across a wide variety of media platforms and engage consumers in many facets of their lives. With this in mind, our strategic priorities are to:

- Focus on the creation of high-quality original content, which is the primary driver of multi-platform viewing and engagement, theatrical admissions and library revenues, as well as the creation of original content to build value for new platforms;
- Work with our business partners, while retaining maximum flexibility and rights ownership, to apply technology-driven innovation to expand the distribution of our content, improve the consumer experience across multiple platforms, and develop engaging new consumer products, recreation and hospitality initiatives;
- Continue to develop our sophisticated data capabilities and to pioneer new methods to improve monetization and measurement of viewing of, and audience engagement with, our content across all platforms; and
- Continue to build our international scale and capabilities by capitalizing on opportunities in new markets and expanding our reach in existing territories with the most potential for growth.

## **Corporate Information**

We were organized as a Delaware corporation in 2005 in connection with our separation from CBS, which was effective January 1, 2006. Our principal offices are located at 1515 Broadway, New York, New York 10036. Our telephone number is (212) 258-6000 and our website is [www.viacom.com](http://www.viacom.com). Information included on or accessible through our website is not intended to be incorporated into this report.

## **MEDIA NETWORKS**

The *Media Networks* segment is comprised of three brand groups - the Global Entertainment Group, the Nickelodeon Group and BET Networks - that operate as Viacom Media Networks. Viacom Media Networks operates our media networks businesses in the United States (“U.S.”) and internationally.

### **Media Networks Revenues**

Our *Media Networks* segment generates revenues in three categories: (i) advertising revenues, (ii) affiliate revenues and (iii) ancillary revenues. In fiscal year 2016, advertising revenues, affiliate revenues and ancillary revenues were approximately 48%, 46% and 6%, respectively, of total revenues for the *Media Networks* segment.

### **Advertising Revenues**

Our *Media Networks* segment generates revenues from the sale of advertising and from marketing services.

Our advertising revenues generally depend on the number of viewers and viewership demographics. Ratings and demographic information for advertising purposes are determined by third-party research companies such as The Nielsen Company (US), LLC (“Nielsen”) and comScore, Inc. (“comScore”), and by a combination of third- and first-party data.

Our *Media Networks* properties appeal to key audiences attractive to advertisers. For example, MTV appeals to teen and young adult demographics, Nickelodeon appeals to kids and their families and BET appeals to African-American audiences. Demand and pricing for our advertising depend on the attractiveness of our offerings to advertisers, viewership, and overall market conditions. We also drive additional demand through integrated sales of multi-platform advertising and marketing opportunities

and through our integrated marketing services, providing unique branded entertainment and custom sponsorship opportunities to our advertisers.

Domestically, we sell a certain amount of our advertising inventory in advance each year in the upfront market, and other inventory in the scatter market closer to the time a program airs. Upfront sales and pricing for each new cable broadcast year are largely established in our third fiscal quarter and reflected in advertising revenue principally beginning in the first quarter of our subsequent fiscal year as marketing plans are finalized and orders are fulfilled to deliver advertising across various programs and dayparts. Pricing for advertising within our programming is generally established based on projected impression delivery, which may be guaranteed on a fixed price per impression unit basis. For advertising sold based on impression guarantees, audience deficiency may result in an obligation to deliver additional units, reducing inventory available for scatter sales. Scatter advertising is sold throughout the year at pricing reflecting market conditions at the time of sale and customization of services delivered. Most scatter advertising is also sold based on impression guarantees. To the extent we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience rating has been satisfied.

Internationally, advertising markets vary from jurisdiction to jurisdiction; however, we do not typically sell our inventory in advance in an upfront market. The majority of our international inventory is sold in the equivalent of the U.S. scatter market, and in a number of markets we are represented by third-party sales houses. The terms of these relationships vary. In the UK, for example, which is our largest market outside the U.S., we are represented by a third party to whom we sell the inventory on our television channels in the form of commercial impacts at a price calculated in accordance with a pre-agreed pricing metric. This third party then resells those impacts to UK agencies and advertisers.

Our advertising revenues may be affected by the strength of advertising markets and general economic conditions, and may fluctuate depending on the success of our programming, as measured by viewership, at any given time. Measured viewership may vary due to the success of our programming, the platforms on which our programming is available, the timing of availability of new episodes of popular programming and the performance of competing programs and other entertainment alternatives for viewers, as well as variations related to the methods used by third parties to measure viewership. Advertising revenues may also fluctuate due to seasonal variations, the timing of holidays and significant programming events such as awards shows and premieres. Typically, advertising revenues are highest in the first and fourth quarters of our fiscal year.

We continue to invest in proprietary data platforms and advanced analytics that enable our customers to better target and measure the impact of their advertising. Our Viacom Vantage™ platform combines data from multiple sources, which may include both first- and third-party data, in a predictive environment to deliver enhanced consumer targeting and campaign measurement. Our Viacom Echo™ platform offers enhanced measurement for advertisers looking to tap into our significant social reach. Customized programs and proprietary analytics provide a strategic perspective on engagement across multiple social platforms including Facebook, Twitter, YouTube, Instagram, Snapchat and Tumblr. In fiscal year 2016, we announced Vantage Intent™, a collaborative effort with American Express, which uses our predictive analytics and American Express's unique data to help marketers reach consumers even earlier in their purchase consideration process.

### ***Affiliate Revenues***

Our *Media Networks* segment generates revenues through affiliate fees from distributors of our programming and program services, such as cable television operators, direct-to-home satellite television operators, Internet distributors, mobile networks and SVOD and other OTT services.

Our agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of these affiliate agreements are staggered. Under SVOD and other OTT agreements, we make multiple programs available for distribution on one or more dates, and our revenue under these OTT agreements is recognized upon the availability of the programs licensed and therefore revenue will fluctuate depending on the timing of when programming is made available throughout the license period.

### ***Ancillary Revenues***

In our *Media Networks* segment, ancillary revenues are principally derived from (i) consumer products, which includes licensing our brands and intellectual property, creation and publishing of interactive games across various platforms (including mobile, PC and console) and recreation experiences, (ii) viewing of our programming through download-to-own and download-to-rent services and the sale of DVDs and Blu-ray discs and (iii) television syndication.

Our ancillary revenues vary based on consumer spending, the popularity of our programming, volume of content available during a particular period and acceptance of our or our partners' products.

## Media Networks Properties

Viacom Media Networks operates our media networks businesses through three brand groups based on target audience, similarity of programming and other factors: the Global Entertainment Group, the Nickelodeon Group and BET Networks. Our core media networks experiences are generally delivered through cable and satellite distribution; through SVOD and other OTT services; on connected televisions, PCs, tablets, smartphones and other connected devices; using apps, browsers and other interfaces; and through a variety of social media platforms.

Worldwide, Viacom Media Networks' program services reach approximately 530 million households in more than 180 countries and more than 40 languages worldwide, via more than 250 locally programmed and operated television channels. Viacom Media Networks also operates branded experiences including channels on streaming services and social media platforms such as DIRECTV NOW and Snapchat. During the quarter ended September 30, 2016, its online properties collectively averaged approximately 53.9 million unique visitors per month domestically and users spent an average of 853 million minutes per month with its branded apps.

Through VIMN, Viacom Media Networks operates the international extensions of our multimedia brands MTV, VH1, Nickelodeon, Comedy Central, BET and SPIKE, certain program services created specifically for international and/or non-English speaking audiences, such as the Paramount Channel in a variety of territories, Colors in India, and British public service broadcaster Channel 5, one of UK broadcasting's premier brands. VIMN continues to grow Viacom Media Networks' international operations into a strategically integrated portfolio, with content, technology and expertise across a multitude of brands and regions. In fiscal year 2016, VIMN launched 16 new channels, including in the Middle East and Africa.

Our most important media networks properties are discussed below. Unless otherwise indicated, the domestic television household numbers are according to Nielsen, the Internet monthly unique user and video stream data is according to comScore Media/Video Metrix (U.S. data only unless otherwise indicated), and the average app usage data and the international reach statistics are derived from internal data coupled with external sources when available.

### Global Entertainment Group

The Global Entertainment Group offers brands, content, products and services that reach a diverse group of adults and young adults worldwide who love comedy, music, pop culture and general entertainment.

*Domestic:* Our principal U.S. properties in this group include:



#### COMEDY CENTRAL

- Comedy Central, whose programs garnered 18 Emmy nominations and 4 Emmy awards in 2016, is a leading destination for comedic talent and all things comedy, featuring award-winning late night, sketch, scripted and animated series, along with stand-up specials and series. Comedy Central also produces nationwide stand-up tours and has its own record label. During fiscal year 2016, Comedy Central sponsored the 13<sup>th</sup> annual New York Comedy Festival, re-launched Comedy Central Radio on SiriusXM and announced a new *South Park* game, *The Fractured But Whole*, the sequel to the best-selling and critically-acclaimed *South Park* game *The Stick of Truth*.
- Programming highlights in fiscal year 2016 included the reboot of *The Daily Show with Trevor Noah* and series premieres of *Idiotsitter*, *Not Safe with Nikki Glaser* and *Legends of Chamberlain Heights*, along with new seasons of returning favorites including *South Park*'s historic 20th season, *Inside Amy Schumer*, *Broad City*, *Drunk History*, *Tosh.0*, *Workaholics*, *Another Period*, *Nathan For You*, *@midnight with Chris Hardwick*, the limited series *Time Traveling Bong* and *The Comedy Central Roast* of TV icon Rob Lowe.
- In September 2016, Comedy Central reached approximately 91.1 million domestic television households and approximately 285 million households in more than 146 countries worldwide.

- Comedy Central’s online, mobile and app experiences include comedycentral.com, a leading online video platform featuring exclusive Comedy Central content; the Comedy Central Discover channel on Snapchat, which features library and original content; and a number of apps such as CC: Stand Up and Comedy Central’s “TV Everywhere” app, which offers full episodes of its series the day after they premiere, stand-up series and specials and short-form originals, among other content. In the quarter ended September 30, 2016, the Comedy Central online properties averaged approximately 9.2 million monthly unique visitors and, according to internal data, approximately 58 million content video streams each month, and users spent an average of 70.2 million minutes per month with the Comedy Central “TV Everywhere” app.



## MTV

- MTV is a global youth culture brand that creates original music and pop culture content for all media platforms. Its multiplatform portfolio includes domestic linear television networks MTV, MTV2, mtvU, MTV Classic and MTV Live; MTV.com; the MTV App; and channels across all leading social media platforms that reach more than 220 million followers. MTV is also home to MTV News, a multiplatform editorial outlet covering music, politics and pop culture. In fiscal year 2016, MTV launched the MTV Podcast Network with Panoply and debuted the Marc Jacobs Collaboration at the *MTV Video Music Awards*.
- MTV’s top series include the long-running *Teen Mom* franchise, scripted drama *Teen Wolf*, *Catfish: The TV Show*, *Ridiculousness*, *Are You The One?* and *The Challenge*. New series launches in fiscal year 2016 included fantasy action adventure series *The Shannara Chronicles*, female-oriented scripted comedies *Mary + Jane* and *Loosely Exactly Nicole*, and *Wonderland*, MTV’s first weekly live music series in nearly 20 years. For fiscal year 2016, MTV had six of the top 30 series on basic cable television among its viewers in the P18-34 demographic, according to Nielsen.
- MTV’s signature programming event is the *MTV Video Music Awards*. The 2016 *MTV Video Music Awards* included performances by Beyoncé and Rihanna, drew 6.5 million viewers across its live linear simulcast and was the most streamed across platforms in the show’s history, attracting more than 194 million video streams during and in the three days following the initial airing. MTV’s additional annual tentpole programming events include the *MTV Movie Awards*, the *MTV Woodies* and the *MTV Fandom Awards*.
- In September 2016, MTV reached approximately 89.6 million domestic television households and approximately 372 million households in 178 countries worldwide via over 60 MTV channels.
- MTV’s digital portfolio includes online, mobile and app experiences across music, pop culture, politics and exclusive content related to its series and programming events. In the quarter ended September 30, 2016, MTV.com averaged approximately 17.2 million monthly unique visitors and approximately 38 million content video streams each month, and users spent an average of 101.8 million minutes per month with MTV-branded apps. MTV maintains a significant presence across Facebook, Twitter, Instagram, Foursquare, Tumblr, Pinterest and Snapchat.



## MTV2

- MTV2, MTV2.com and the MTV2 mobile app offer music and lifestyle destinations and experiences with content targeting male millennials aged 12 to 34 and featuring original music, live-action sports and irreverent lifestyle programming.
- Programming highlights included *Guy Code*, *Nick Cannon Presents: Wild N’Out*, *Joking Off* and *Uncommon Sense with Charlamagne*.
- MTV2 reached approximately 77.5 million domestic television households in September 2016.
- In the quarter ended September 30, 2016, MTV2.com averaged approximately 110,000 monthly unique visitors and approximately 181,000 content video streams each month, according to internal data. As of September 30, 2016, MTV2 had approximately 6.8 million Facebook fans and more than 512,000 Twitter followers.



#### MTV Classic

- MTV Classic launched on August 1, 2016, the 35<sup>th</sup> anniversary of MTV's launch. MTV Classic features a mix of fan-favorite series and music programming from MTV's history, with a special focus on the 1990s and early 2000s.
- Programming highlights include *Beavis & Butthead*, *Laguna Beach*, *Jackass*, *Cribs* and *Punk'd*.
- In September 2016, MTV Classic reached approximately 55.7 million domestic television households and approximately 64 million households in the U.S., UK and Ireland.



#### VH1

- VH1 is a leading lifestyle brand for millennials, with the *Love & Hip Hop* and *Black Ink Crew* franchises being among VH1's six of the top 10 unscripted shows on cable television as of September 30, 2016, according to Nielsen. VH1's programming slate features the revival of *America's Next Top Model*, *Martha and Snoop's Potluck Dinner Party*, the topical series *The Amber Rose Show* and *The Breaks*, a scripted series based on the network's critically acclaimed original film, and a return to premier events with *Big in 2015*, *Dear Mama*, a televised special dedicated to mothers, and, most recently, *Hip Hop Honors*, VH1's highest rated tentpole event in 15 years. As of September 30, 2016, VH1 had achieved five consecutive quarters of ratings growth and was the second most social network in all of cable television (based on number of tweets), according to Nielsen.
- In September 2016, VH1 reached approximately 89.3 million domestic television households and approximately 232.9 million households in 144 countries worldwide via VH1-branded channels.
- VH1's online, mobile and app experiences feature a diverse array of content centered on VH1 shows, pop culture, celebrities and lifestyle topics, including original series, exclusive events and entertainment news. VH1 operates VH1.com, the VH1 "TV Everywhere" app and branded and show experiences on several social media platforms. In September 2016, VH1 launched *Love & Hip Hop: The Game*, a mobile experience based on the hit franchise. Within two weeks, the game had been downloaded 500,000 times in 197 countries. In the quarter ended September 30, 2016, VH1.com averaged approximately 5.3 million monthly unique visitors and 18 million content video streams each month, and users spent an average of 58 million minutes per month with VH1's "TV Everywhere" app. As of September 30, 2016, VH1 had a combined 42.3 million social media followers.



#### SPIKE

- SPIKE is a general entertainment brand featuring a mix of original and acquired programming, sports series, specials, live events and movies.
- Programming highlights included the series premieres of *Jail: Big Texas* and *Tracks*; returning favorites such as *Lip Sync Battle* and *Lip Sync Battle: TMI*, *Bar Rescue*, *Ink Master*, *Cops*, Bellator MMA Premiere Boxing Championships and *The I Am Series* with *I Am JFK*; and tentpoles such as Spike's *Guys Choice Awards*.
- During fiscal year 2016, SPIKE expanded *Lip Sync Battle* into a multiplatform franchise through the Lip Sync Battle Cruise Experience with Carnival Cruise Lines, the Lip Sync Battle app and a line of Lip Sync Battle-inspired merchandise.
- In September 2016, SPIKE reached approximately 86.9 million domestic television households and approximately 130 million households worldwide.
- SPIKE's online, mobile and app experiences include SPIKE.com, the online destination featuring SPIKE content, the SPIKE app, a "TV Everywhere" app and other apps such as Bellator. In the quarter ended September 30, 2016, SPIKE.com averaged approximately 1.3 million monthly unique visitors and, according to internal data, 2 million content video streams each month, and users spent an average of 7.9 million minutes per month with the TV Everywhere app.



#### CMT

- CMT is the leading country music and lifestyle destination. Through its linear television network and digital experiences, CMT offers an unparalleled mix of music specials and events, unscripted series, original documentaries and premium scripted shows.



- Programming highlights included series premieres *I Love Kellie Pickler* and *Still the King*, returning favorites *Steve Austin's Broken Skull Challenge*, *Dallas Cowboys Cheerleaders* and licensed series *Reba* and *Last Man Standing*; tentpole events such as the annual *CMT Awards* and *CMT Crossroads*; and CMT's original documentaries, including *The Bandit*.
- In September 2016, CMT reached approximately 79.8 million domestic television households and approximately 91 million households in 8 countries worldwide.
- CMT also has a 24-hour music channel, CMT Pure Country, a branded "TV Everywhere" app and apps *CMT Ultimate Fan* and *CMT Insider*. In the quarter ended September 30, 2016, CMT.com averaged approximately 1.4 million monthly unique visitors and, according to internal data, 870,000 content video streams each month, and users spent an average of 1.6 million minutes per month with the "TV Everywhere" app.



#### TV Land

- TV Land features a mix of original programming, classic and contemporary television shows, specials and iconic movies. TVL Classic airs during weekdays with programming that appeals to adults aged 35 and older. TV Land airs on the same channel as TVL Classic in the evening hours and on weekends, with programming that appeals to adults aged 25 to 54.
- Programming highlights included the series premieres of *Teachers* and *Lopez*, returning original favorites *Younger* and *Impastor*, and licensed favorites such as *Everybody Loves Raymond* and *The King of Queens*.
- TV Land reached approximately 89.3 million domestic television households in September 2016.
- TV Land's online, mobile and app experiences include TVLand.com and the TV Land app, featuring full episodes of TV Land programming. In the quarter ended September 30, 2016, TVLand.com averaged approximately 353,000 monthly unique visitors and, according to internal data, 1.5 million content video streams each month, and users spent an average of 3.7 million minutes per month with the TVLand app.



#### Logo TV

- Logo is a leading entertainment brand inspired by the LGBTQ community. Logo features one-of-a-kind personalities, shows, specials and unique stories.
- Logo has garnered critical acclaim for its content, including a recent Emmy Award for its hit original programs *RuPaul's Drag Race* and *RuPaul's Drag Race All Stars*. Additionally, the network has established the Emmy Award-winning *Logo Documentary Films* and created such innovative programming as *Finding Prince Charming* and the upcoming *Fire Island*, while achieving new ratings records with *Trailblazer Honors*, Logo's signature tentpole event. Logo became the first U.S. network to air the international phenomenon *Eurovision Song Contest*.
- Logo reached approximately 50.6 million domestic television households in September 2016.
- Logo operates multiple websites and apps, including LogoTV.com, NewNowNext.com and the LogoTV app, as well as branded and show experiences across several social media platforms. With original video, written and news content, Logo's digital group is regularly among the top two in ComScore's LGBTQ category. In the quarter ended September 30, 2016, Logo's online properties averaged approximately 2.8 million monthly unique visitors and, according to internal data, 4 million content video streams each month, and users spent an average of 6.5 million minutes per month with the *Logo TV* app. As of September 30, 2016, Logo had a combined 8.4 million social media followers.

Other key domestic Global Entertainment Group properties include mtvU, our on-air, online and on-campus network created by and for the college audience; MTV Films, MTV's motion picture brand; and MTV Live, a music-centric high-definition television channel.

*International:* This group operates internationally as VIMN. The group's principal international properties include international extensions of our multimedia brands, certain program services created specifically for international and/or non-English speaking audiences, and our acquired international properties. This group launched 16 new channels including: Comedy Central in Norway, Australia and Arabia; Spike TV in the Netherlands, Belgium and Australia; the Paramount Channel in Italy and

Thailand/South East Asia; Prima Comedy Channel in the Czech Republic; TeenNick and VH1 in Italy; BET and MTV Hits in France, Rishtey Cineplex in India; and My5 in the UK. Some of our principal properties in this group are described below.



#### **Channel 5**

- Channel 5, a UK public service broadcaster, and its sister channels air a broad mix of popular content, including factual programming, entertainment, reality, sports, acquired and original drama, and preschool programming through its award-winning Milkshake brand.
- Programming highlights in fiscal year 2016 included a UK version of the popular US entertainment show *Lip Sync Battle*, as well as continued success with the well-known *Celebrity Big Brother* and *Big Brother* franchises.



#### **Paramount Channel**

- Paramount Channel is a 24-hour movie channel available free-to-air in Spain and Italy, and on basic cable television in France, Hungary, Russia, Romania, Sweden, Poland, Thailand/South East Asia and various Latin American countries, including Brazil, Mexico, Chile and Argentina. VIMN continues to manage Paramount Channel's ongoing international expansion.
- Programming highlights in fiscal year 2016 included classic and contemporary films from the Paramount library and other Hollywood studios as well as domestic and international television series.



#### **Colors**

- Colors is a highly-rated Hindi-language general entertainment paid channel operated by our Viacom 18 joint venture. Colors is available in India, the UK, Ireland, Australia, New Zealand, South East Asia, the Middle East and North Africa, and as Aapka Colors in Canada and the U.S.
- In fiscal year 2016, our Viacom 18 joint venture in India launched a new regional entertainment channel in the Kannada language called Colors Super, which features fiction shows, reality programming and feature films, and a new channel, Rishtey Cineplex, featuring Hindi movies. Viacom 18 also operates additional regional entertainment channels COLORS Marathi, COLORS Kannada, COLORS Bangla, COLORS Oriya and COLORS Gujarati.
- Colors programming highlights in fiscal year 2016 included *Kawach - Kaali Shaktiyon Se*, *Naagin*, *Kasam* and other non-fiction programs such as *24-Season 2*, *Khatron Ke Khiladi*, *India's Got Talent*, *Bigg Boss* and *Jhalak Dikhhla Jaa*.



#### **J-One**

- J-One airs the best in Japanese animated programming in France, one of the world's biggest consumers of manga animation.
- Programming highlights in fiscal year 2016 included simulcast Japanese animation; J-Pop and K-Pop music videos; Japanese MTV Unplugged concerts and award ceremonies such as the *VMAJs* in partnership with MTV Asia; Asian game shows; and locally produced editorial content.

## Nickelodeon Group

The Nickelodeon Group provides high-quality entertainment, content and services designed for kids ages 2-17 and their families. Our principal properties in this group include:



### Nickelodeon and Nick at Nite

- Nickelodeon, now in its 37<sup>th</sup> year, is a diverse, global business and the destination for all things kids. Nickelodeon has been the number-one-rated advertising-supported basic cable network for 21 consecutive years, featuring both original and licensed series for kids. Nickelodeon produces and distributes television programming worldwide, has a global consumer products licensing business, licenses its brands for recreation experiences such as hotels, theme parks and live entertainment, and offers a number of premium apps.
- Nickelodeon programming highlights in fiscal year 2016 included the series premieres of *The Loud House*, *Shimmer and Shine* and *School of Rock*; returning hits *Alvinnn!!!* and *the Chipmunks*, *Blaze and the Monster Machines*, *Game Shakers*, *Henry Danger*, *Nicky, Ricky, Dicky & Dawn*, *The Thundermans*, *Paw Patrol*, *Teenage Mutant Ninja Turtles* and *SpongeBob SquarePants*; daily scripted series *Make It Pop* and game show *Paradise Run*; and tentpoles such as *The Kids' Choice Awards*, *Kids' Choice Sports*, *Worldwide Day of Play* and *The HALO Awards*.
- Nick at Nite, which airs on the same cable channel as Nickelodeon in the evening hours, primarily features licensed contemporary family comedies. Nick at Nite programming highlights included *Friends*, *George Lopez*, *Fresh Prince of Bel-Air* and *Full House*.
- Nickelodeon and Nick at Nite reached approximately 91.4 million domestic television households in September 2016. Nickelodeon's brands are seen globally by approximately 493.5 million households across 178 countries, via approximately 90 locally programmed channels and branded blocks.
- Nick's online, mobile and app experiences include, among others, Nick.com, the online destination for all things Nickelodeon, featuring video streaming of Nick content and games. In the quarter ended September 30, 2016, Nick.com sites averaged 4 million monthly unique visitors and, according to internal data, 43 million content video streams each month.
- Nickelodeon develops and publishes mobile apps for its kids and family audiences. Nickelodeon's "TV Everywhere" app features short-form videos, games and full episodes, as well as popular interactive features like the "Do Not Touch" button, and has won a number of awards, including the Emmy Award in 2013 for "Outstanding Creative Achievement in Interactive Media - User Experience and Visual Design" and "Best App or Website" at the 2014 Broadcast Digital Awards in the UK. In the quarter ended September 30, 2016, users spent an average of 242.2 million minutes per month with the Nick app. Nickelodeon apps also include hit game apps based on our top shows, like *SpongeBob Moves In*, *TMNT: Portal Power* and *Game Shakers' Sky Whale*.
- Nickelodeon Movies is Nickelodeon's motion picture brand. Nickelodeon also developed a live stage production, *The SpongeBob Musical*, in conjunction with a premier Broadway team. The musical opened in Chicago in fiscal year 2016.



### Nick Jr.

- Nick Jr. seeks to educate and entertain preschoolers, providing kids an opportunity to engage with characters they love while building their imaginations, gaining key cognitive and social-emotional skills and learning about the world around them. Nick Jr. offers parents and their kids entertaining and enriching activities geared toward their interests, ages and developmental levels.
- Nick Jr. programming highlights included Nickelodeon preschool hits such as *Paw Patrol*, *Blaze and the Monster Machines* and *Shimmer and Shine* and licensed originals such as *Peppa Pig*, *Teletubbies* and *Max & Ruby*.
- Nick Jr. reached approximately 73.5 million domestic television households in September 2016.
- Nick Jr.'s online, mobile and app experiences include NickJr.com, which includes "TV Everywhere" capability for long form content streaming as well as games, short form content and other interactive elements such as Alpha buttons. In the quarter ended September 30, 2016, NickJr.com averaged 2.4 million monthly unique visitors and, according to internal data, 133 million content video streams each month.

- Nick Jr.'s "TV Everywhere" app features educational videos and learning activities for preschoolers and full episodes of Nick Jr. programming for authenticated subscribers. In the quarter ended September 30, 2016, users spent an average of 345.9 minutes per month with the Nick Jr. app. *Noggin*, Nickelodeon's mobile subscription app for preschoolers, features award-winning shows and music and educational videos. Other top Nickelodeon apps for preschoolers include *Paw Patrol*, *Pups Take Flight* and *Blaze and the Monster Machines - Racing Game*.



#### TeenNick

- TeenNick appeals to kids 6-11 by day with Nickelodeon original live action hits such as *Sam & Cat*, *Victorious*, *iCarly*, *Zoey 101* and *Drake & Josh*. TeenNick also features signature originals like *TeenNick's Top 10*.
- In addition, TeenNick is home to The Splat, a programming block targeting millennials with iconic Nick library content from the 90s. The Splat also extends online at thesplat.com and across social media platforms.
- TeenNick reached approximately 70.9 million domestic television households in September 2016.
- TeenNick.com features clips of TeenNick shows, as well as games and quizzes. In the quarter ended September 30, 2016, TeenNick.com averaged 83,000 monthly unique visitors and, according to internal data, had an average of 6,000 content video streams each month.



#### Nicktoons

- Nicktoons is a leading cartoon destination for kids and features signature franchises and fan favorites such as *Teenage Mutant Ninja Turtles*, *The Fairly OddParents*, *SpongeBob SquarePants*, *Sanjay & Craig* and *Breadwinners*.
- Nicktoons also acts as the home for the Nick Sports block; programing highlights included *NASCAR Hammer Down* and *Top Ten Trick Shots*.
- Nicktoons reached approximately 64.9 million domestic television households in September 2016.

#### BET Networks

BET Networks is a leading provider of entertainment brands, content and services targeted to African-American audiences and consumers of Black culture worldwide. Our principal properties in this group include the flagship BET channel, CENTRIC, BET Gospel and BET Hip Hop.



#### BET

- BET is the nation's leading television network providing entertainment, music, news and public affairs programming to African-American audiences. BET is a leading consumer brand in the urban marketplace with a diverse group of branded businesses, including BET, its core channel that focuses on young Black adults; BET Gospel, which features gospel music and spiritual programming; and BET Hip Hop, which spotlights hip hop music programming and performances. BET's programming received 13 NAACP Image Awards nominations in 2016 - the most among all cable networks and the second most among all networks, broadcast and cable.
- BET programming highlights in fiscal year 2016 included the premieres of *Zoe Ever After*, *Criminals at Work*, *One Shot*, *Music Moguls*, *F in Fabulous*, *Inside the Label* and *Chasing Destiny*; returning favorites such as *Being Mary Jane*, which was the top-rated scripted series on cable among African-Americans in the 18-49 demo for the third straight season, *Real Husbands of Hollywood*, *The Game* and *Sunday Best All Stars*; acquisitions such as *House of Payne*; and tentpoles such as the BET Awards '16, which was part of the fourth annual BET Experience, BET's long weekend celebration of music, entertainment and Black culture, and was attended by 165,000 people, *BET Honors Awards*, *Black Girls Rock*, *BET Hip Hop Awards*, *Soul Train Awards* and *Celebration of Gospel*.





- BET reached approximately 85.5 million domestic television households in September 2016.
- Internationally, BET is available in more than 40 million households and airs as BET Africa, BET UK and BET France, providing BET programming as well as local series, news and interstitials. BET France launched in fiscal year 2016 along with BET Play, doubling BET's reach. BET Play is Viacom's first direct-to-consumer OTT offering for adults. Available in approximately 100 countries and territories, BET Play provides hundreds of hours of content, including BET original series, awards shows, stand-up comedy, reality shows and documentaries, as well as a live feed of BET Soul and live streams of BET's award shows like the *BET Awards*, *BET Hip Hop Awards* and *Soul Train Awards*.
- BET.com is a leading online destination for African-American audiences, offering users content and interactive features for news, music, community, culture and other areas tailored to the unique interests and issues of African-Americans. BET.com also provides interactive entertainment content for BET Networks' program services. In the quarter ended September 30, 2016, BET.com averaged approximately 13.3 million monthly unique visitors.
- The *BET Now* app provides fans access to a library of full episodes of current BET shows and classics. In the quarter ended September 30, 2016, users spent an average of 3 million minutes per month with BET-branded apps.
- BET Mobile delivers music, gaming and video content to its target audiences on mobile devices and digital services across all major service providers.



#### **CENTRIC**

- CENTRIC is the first network designed for black women, reflecting the lifestyle of today's African-American and multicultural adult viewer and delivering a variety of music artists, along with culturally relevant movies, series, live performances, specials and reality programming.
- CENTRIC programming highlights in fiscal year 2016 included series premieres *The Round* and *My Current Situation*, the *Soul Train Awards*, *Soul Sessions* and the *Centric Live Concert* series.
- CENTRIC reached approximately 52.3 million domestic television households in September 2016.

#### **Media Networks Competition**

Our media networks generally compete with other widely distributed cable networks, the broadcast television networks and digital programming services and platforms. Our media networks compete for advertising revenue with other cable and broadcast television networks, connected outlets such as websites, apps, social media and other online experiences, radio programming and print media. Each programming service also competes for audience share with competitors' programming services that target or include the same audience. For example, Nickelodeon's programming and services compete for younger viewers, and BET's programming and services compete for consumers of African-American culture, with other entertainment services, including on cable and broadcast networks, digital distribution outlets and other content platforms. We also compete with other cable networks for affiliate fees and distribution. Our networks compete with other content creators for directors, actors, writers, producers and other creative talent and for new program ideas and the acquisition of popular programming. Competition from these sources, other entertainment offerings and/or audience leisure time may affect our revenues and costs.

#### **FILMED ENTERTAINMENT**

Our *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Animation, Nickelodeon Movies, MTV Films and Paramount Television brands. It also distributes films released under the Paramount Vantage, Paramount Classics and Insurge Pictures brands. Motion pictures produced, acquired and/or distributed by the *Filmed Entertainment* segment are first exhibited theatrically in domestic and/or international markets and then released in various markets through download-to-own, DVDs and Blu-ray discs, TVOD, SVOD, pay television, basic cable television, free television, free video-on-demand and, in some cases, by airlines and hotels.

In fiscal year 2016, the *Filmed Entertainment* segment released 15 films in the domestic theatrical market. Paramount's film strategy focuses on releases that represent a mix of franchise films and smaller productions, acquired films and distribution

arrangements. Paramount's film slate is designed to represent a variety of genres, styles and levels of investment and risk - with the goal of creating entertainment for both worldwide appeal and more specific audiences. Paramount supports its releases by developing innovative marketing, promotion and release strategies for its films. Paramount expects its total film slate to include approximately 15 theatrical releases in fiscal year 2017.

Paramount has an extensive library consisting of approximately 1,200 motion picture titles produced by Paramount and acquired rights to approximately 2,300 additional motion pictures and a number of television programs. The library includes many Academy Award® winners, including, for example, *Titanic*, *Braveheart*, *Forrest Gump*, *The Godfather*, *An Inconvenient Truth*, *There Will Be Blood*, *Wings*, which won the first Academy Award® ever awarded for Best Picture in 1929, and recent Academy Award nominees such as *The Big Short*, *Selma* and *The Wolf of Wall Street*. The Paramount library also includes classics such as *The Ten Commandments*, *Breakfast at Tiffany's* and *Sunset Boulevard* and a number of successful franchises such as *Transformers*, *Star Trek*, *Mission: Impossible* and *Paranormal Activity*.

Paramount Television, Paramount's television production division, draws on Paramount's extensive library of film properties and also develops original programming for television and digital platforms. In fiscal year 2016, Paramount Television produced a live telecast of *Grease* for FOX, which garnered 10 Emmy nominations and 5 Emmy awards. Paramount Television has various programs in pre-production, production and post-production (including *Shooter*, which is expected to premiere on USA Network on November 15, 2016) and numerous projects in development for various television networks and other platforms, including NBC, Netflix and Amazon.

Our joint venture with Metro-Goldwyn-Mayer Studios Inc. ("MGM Studios") and Lions Gate Films, Inc. ("Lionsgate") provides a multi-platform premium entertainment service called EPIX™ that offers Paramount, Lionsgate, MGM Studios and certain third-party films, as well as original content, to cable, satellite, SVOD and other subscribers through a premium pay television channel and television and digital SVOD services. During fiscal year 2016, EPIX developed its first two original series, including *Berlin Station*, which was produced by Paramount Television and premiered in October 2016. We do not consolidate EPIX in our financial results.

## Filmed Entertainment Revenues

Our *Filmed Entertainment* segment generates revenues in four categories: (i) theatrical revenues, (ii) home entertainment revenues, (iii) licensing revenues and (iv) ancillary revenues. In fiscal year 2016, theatrical revenues, home entertainment revenues, licensing revenues and ancillary revenues were approximately 23%, 29%, 41% and 7%, respectively, of total revenues for the *Filmed Entertainment* segment.

### Theatrical Revenues

Paramount generates revenues worldwide from the theatrical release and/or distribution of motion pictures, primarily from audience ticket sales. In addition to the traditional 2D format, certain of Paramount's theatrical releases are made available in 3D and/or IMAX format, tickets for which are generally sold at premium pricing.

Each motion picture is a separate and distinct product with its revenues, and ultimate profitability, dependent upon many factors, among which audience response, domestically and internationally, is of fundamental importance. Theatrical revenues may also be affected by the number, timing and mix of competitive releases in any given period, consumer tastes and consumption habits, and overall economic conditions, including trends in discretionary spending. The theatrical success of a motion picture is a significant factor in determining the revenues it is likely to generate in home entertainment markets and licensing arrangements for television and other platforms. Revenues from motion picture theatrical releases tend to be cyclical with increases around the holidays that fall during the first quarter of our fiscal year, and in the summer months during our fourth quarter.

In fiscal year 2016, Paramount theatrically released in domestic and/or international markets *Star Trek Beyond*, *Daddy's Home*, *Teenage Mutant Ninja Turtles: Out of the Shadows*, *The Big Short*, *10 Cloverfield Lane*, *13 Hours: The Secret Soldiers of Benghazi*, *Paranormal Activity: The Ghost Dimension*, *Zoolander 2*, *Ben-Hur* and *Whiskey Tango Foxtrot*, among others. Paramount's fiscal year 2017 slate is expected to include *Transformers: The Last Knight*, *Baywatch*, *Allied*, *Jack Reacher: Never Go Back*, *Fences*, *XXX: The Return of Xander Cage*, *Ghost in the Shell*, *God Particle*, *Arrival* and *Office Christmas Party*.



### **Home Entertainment Revenues**

Home entertainment revenues are derived from the worldwide sales and distribution of DVDs and Blu-ray discs relating to the motion pictures released theatrically by Paramount and programming of other Viacom brands such as Nickelodeon, MTV, Comedy Central and BET, as well as certain acquired films and content distributed on behalf of third parties such as CBS. Home entertainment revenues are also derived from the viewing of our films through TVOD and download-to-own services around the world, for a fee and/or on a revenue-sharing basis. Revenue for video-on-demand and similar arrangements is recognized as the content is exhibited based on end-customer purchases as reported by the distributor.

Our home entertainment revenues may be affected by the number, timing and mix of releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and overall economic conditions, including trends in discretionary spending. The mix of our revenues from home entertainment activities continues to shift away from physical products toward consumption through various platforms and apps.

Key home entertainment releases in fiscal year 2016 included *Mission: Impossible - Rogue Nation*, *Terminator: Genisys*, *Daddy's Home*, *10 Cloverfield Lane*, *13 Hours: The Secret Soldiers of Benghazi*, *The Big Short* and *Zoolander 2*.

### **Licensing Revenues**

Paramount generates fees by licensing films and television programs produced, acquired or distributed by Paramount that are licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to SVOD, pay and basic cable television, free television and free video-on-demand services.

Revenue from the licensing of film and television exhibition rights is recognized upon availability for airing by the licensee and will fluctuate depending on the number and mix of available titles in any given territory.

Licensing revenues in fiscal year 2016 were generated from films including *Mission: Impossible - Rogue Nation*, *Paranormal Activity: The Ghost Dimension* and *Terminator: Genisys* that were licensed to platforms such as Netflix, Amazon, iTunes, Google Play and Flixster and from television titles including *Grease Live!*

### **Ancillary Revenues**

Paramount generates ancillary revenues by providing production and facilities services to third parties, primarily at Paramount's studio lot. Paramount also generates ancillary revenues by licensing its brands for consumer products, themed restaurants, hotels and resorts, live stage plays, film clips and theme parks. Licensing revenues are typically derived from royalties based on the licensee's revenues, with an advance and/or guarantee against future expected royalties, and may vary based on the popularity of the brand or licensed product with consumers.

### **Motion Picture Production and Distribution**



Paramount produces many of the motion pictures it releases. It also acquires films from third parties and distributes films and other content on behalf of third parties. In some cases, Paramount co-finances and/or co-distributes films with third parties, including other studios. Paramount distributes some motion pictures worldwide, and may engage a third-party distributor for certain pictures in certain territories. Paramount also enters into film financing arrangements from time to time under which third parties participate in the financing of the production costs of a film or group of films, typically in exchange for a partial copyright interest.

Domestically, Paramount generally performs its own marketing and distribution services for theatrical releases and its own sales and marketing services for home entertainment releases. Paramount has agreements in place with Warner Bros. Home Entertainment Inc. for the distribution of physical DVD and Blu-ray discs relating to approximately 700 Paramount catalog titles for which Paramount retains all digital rights, which runs through December 2016, and with Universal Studios, Inc. ("Universal") for certain back-office and distribution services for all physical DVD and Blu-ray discs released by Paramount in the U.S. and Canada. Under an agreement that runs through June 2017, Paramount also distributes CBS's library of television

and other library content on DVD and Blu-ray disc on a worldwide basis. Internationally, Paramount, through its international affiliates, generally distributes its theatrical releases through its own distribution operations or, in some territories, through United International Pictures, a company that Paramount and Universal own jointly. For home entertainment releases, Paramount's physical DVD and Blu-ray discs are distributed in certain international territories by Universal Pictures Home Entertainment and in certain other territories by Paramount licensees. Paramount also distributes films domestically and internationally on download-to-own, TVOD, SVOD and television platforms. In the first domestic pay television distribution window, Paramount's feature films initially theatrically released in the United States are generally exhibited on EPIX.

Producing, marketing and distributing motion pictures and other content can involve significant costs, and can also cause our financial results to vary depending on the timing of a motion picture's release. For example, marketing costs are generally incurred before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows to generate public interest in our films, and are expensed as incurred. As a result, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition, and profitability for the film may not be realized until well after its theatrical release. Therefore, the results of the *Filmed Entertainment* segment can be volatile as films work their way through the various distribution windows.

### Filmed Entertainment Competition

Our *Filmed Entertainment* segment competes for audiences for its motion pictures, television programming and other entertainment content with the motion pictures and content released by other major motion picture studios, independent film producers and television producers, as well as with other forms of entertainment and consumer spending outlets. Our competitive position primarily depends on the amount and quality of the content produced, its distribution and marketing success and public response. We also compete for creative talent, including producers, actors, directors and writers, and scripts for motion pictures, all of which are essential to our success. Our motion picture brands also compete with studios and other producers of entertainment content for distribution of motion pictures through the various distribution windows (such as television and home entertainment) and on digital platforms.

### SOCIAL RESPONSIBILITY

Viacom is deeply committed to leveraging its global stage and audience connections to make a positive impact on the communities we serve. Our social responsibility efforts are an integral part of our day-to-day operations, inextricably linked to our core business. Through volunteerism, philanthropic investments, initiatives and strategic partnerships, we aim to inspire stakeholders to take action. Viacom's social responsibility work is overseen by Viacomcommunity, Viacom's social action umbrella, and driven by the Viacom Corporate Responsibility Council (VCRC), comprised of leaders across every brand and business.

Viacom educates, engages and empowers audiences around the world with a vast array of programs in the following areas of focus: building inclusive societies, pioneering social change, promoting healthy living, inspiring future generations, empowering our employees and managing our business responsibly. A full list of and detailed information on each of our social responsibility initiatives is available at [www.viacomcommunity.com](http://www.viacomcommunity.com). (Information included on, or accessed through, that website is not intended to be incorporated into this Form 10-K.)

Following are just a few examples:



#### Get Schooled

- In partnership with Viacom and The Bill & Melinda Gates Foundation, Get Schooled leverages the power of pop culture to inspire and empower students to graduate from high school and succeed in college. The organization partners with over 2,000 middle and high schools around the country and engages close to two million students.



#### MTV Staying Alive Foundation

- VIMN's multi-award-winning MTV Staying Alive Foundation engages in fighting the stigma, spread and threat of the HIV and AIDS epidemic globally by creating engaging media content and funding youth-led, grassroots prevention projects.



#### MTV Look Different

- MTV's Emmy Award-winning "Look Different" campaign helps America's youth better recognize and challenge hidden racial, gender and anti-LGBT biases, empowering them to create a more equal future.





#### **VH1 Save The Music Foundation**

- VH1 Save The Music Foundation is committed to ensuring that music instruction is a core component in a complete education. The organization restores instrumental music education in America’s public schools, and to date has donated \$51 million dollars’ worth of new musical instruments to nearly 2,000 public schools across the country, giving 2.6 million children the tools and confidence to excel in academics and in life.



#### **CMT Empowering Education**

- CMT Empowering Education provides viewers with a multitude of tools to aid them in tackling and overcoming the most common perceived obstacles to education.



#### **Nickelodeon’s Worldwide Day of Play**

- Nickelodeon’s annual Worldwide Day of Play encourages kids to get up and get active by suspending programming for three hours in the afternoon across our platforms while thousands of local partners nationwide host activities focused on just playing. The Road to Worldwide Day of Play, underway throughout the summer, travels to communities where kids are hometown heroes making play happen.



#### **Veterans Operation Wellness (VOW)**

- Spike’s VOW campaign uses the multi-platform resources of Spike to positively impact the lives of veterans with the goal of inspiring them - and the larger public that wants to support them - to make commitments to their health and wellness, and lead a healthier life through physical fitness, a healthier diet and veteran community activities.



#### **BET Next Level**

- BET Next Level is an education campaign that encourages young people to see education as an opportunity for advancement in their careers and in their lives.



#### **Logo Global Ally**

- Global Ally is a year-long storytelling project from Logo that will provide inside looks into the lives of international LGBTQ people and feature ways to send direct messages of solidarity and support to activists around the world.



#### **Paramount’s Kindergarten to Cap & Gown**

- Paramount Pictures’ signature program mentors students through their educational experience, targeting three partner schools in Paramount’s Los Angeles neighborhood.

### **REGULATION AND PROTECTION OF OUR INTELLECTUAL PROPERTY**

We are fundamentally a media content company, so the trademark, copyright, patent and other intellectual property laws that protect our brands and entertainment content are of paramount importance to us. See the section entitled “INTELLECTUAL PROPERTY” below for more information on our brands. Our businesses and the intellectual property they create or acquire are subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities, and our international rights and operations are subject to laws and regulations of local countries and pan-national bodies such as the European Union (“EU”). The laws and regulations affecting our businesses are constantly subject to change as are the protections that those laws and regulations afford us. The discussion below does not describe all present and proposed laws and regulations affecting our businesses and other factors could arise or increase in importance.

#### **Certain Regulations Affecting Our Business**

##### *Set-Top Box Rule-Making*

In February 2016, the FCC issued a notice of proposed rule-making to increase competition in the cable and satellite set-top box market. As initially conceived, the FCC rules would require multi-channel video programming distributors (“MVPDs”) to provide competitors (i) channel-by-channel information about what video programming is available; (ii) information about what a competitive device or software is permitted to do with that video programming, such as recording; and (iii) the video programming itself. Such rules would permit MVPD competitors to re-package and monetize cable service, potentially threatening cable programmers’ advertising revenue and raising other concerns for cable programmers, including Viacom. In formal comments to the agency, the cable, satellite and telecommunications industries opposed the proposal, expressing concern with any competitive set-top box rule that would negatively impact protections incorporated into programming

distribution agreements, including protections related to advertising, copyright enforcement, program diversity and consumer privacy. In September 2016, FCC Chairman Thomas Wheeler announced a shift away from the agency's initial proposal, but provided few details. The Commission may approve final rules by the end of 2016; there can be no assurance regarding what such final rules may provide or what the impact on the Company may be.

#### *Children's Programming*

Since 1990, federal legislation and FCC rules have limited the amount and content of commercial matter that may be shown on cable channels during programming designed for children 12 years of age and younger. In 2006, the FCC amended its rules to limit the display of certain commercial website addresses during children's programming. Some policymakers have sought limitations on food and beverage marketing in media popular with children and teens, and in 2013, the White House hosted a summit to encourage voluntary efforts to limit food marketing to children. Restrictions on the television advertising of foods high in fat, salt and sugar to children aged 15 and under have been in place in the UK since 2007 and were enacted in Ireland in 2013. Various laws with similar objectives have also been enacted in France, Mexico, Chile, Peru, Taiwan and South Korea, and significant pressure for similar restrictions continues to be felt globally, most acutely in Australia, Brazil, Canada, Colombia, India, Slovenia, South Africa and Turkey. The implementation of these or similar limitations and restrictions could have a negative impact on our *Media Networks* advertising revenues, particularly for our networks with programming for children and teens.

#### *Children's Privacy*

Other laws and regulations intended to protect the interests of children include measures designed to protect the privacy of minors online. The U.S. Children's Online Privacy Protection Act limits the collection of personal information online from children under 13 years of age by operators of websites or online services. We have been required to limit some functionality on our websites and apps as a result of these regulations. Such regulations also limit the types of advertising we are able to sell on these sites and apps and impose strict liability for certain actions of advertisers, which could affect advertising demand and pricing. State and federal policymakers are also considering regulatory and legislative methods to protect consumer privacy on the Internet, and these efforts have focused particular attention on children and teens.

#### *UK Regulations Affecting Channel 5 Business*

As a public service broadcaster ("PSB") in the UK, Channel 5 is subject to certain OFCOM broadcasting regulations that impose detailed obligations including mandating the proportion of total programming and programming during peak hours that must be original productions; the hours devoted to news and current affairs; and the proportion of commissioned programming that must be made by independent producers. Channel 5 has also undertaken to air a certain amount of UK-originated children's programming. Like all UK broadcasters, Channel 5 must abide by the OFCOM Broadcasting Code, which contains content and scheduling regulations surrounding such issues as harm and offense, protection of individuals under the age of 18, privacy, fairness and product placement; and by OFCOM's Code on the Scheduling of Television Advertising, which contains regulations surrounding the amount and scheduling of advertising. In addition, parties have in the past retransmitted the programming of Channel 5 without a license under a claim that such retransmission was lawful; the law in this area remains unsettled.

#### *EU Commission's Digital Single Market Strategy*

The European Commission (the "EC") continues to aggressively pursue its Digital Single Market ("DSM") Strategy, which contained a broad range of proposals designed to create a more complete EU-wide market for digital goods and services, several of which are likely to impact Viacom's businesses. The territorial nature of copyright has been identified by the EC as one of the main barriers to a single European market, and there has been strong pressure from politicians to undermine content owners' commercial freedom to distribute exclusively on a territorial basis.

The EC published DSM-related legislative proposals in each of May 2016 and September 2016. Several of these proposals, currently under consideration by the European Parliament and Council, are of particular relevance to Viacom's business practices in Europe given their potential for curtailing content owners' exclusive control over distribution decisions for film and television productions. For example, the EC has proposed a Portability Regulation, which requires online content providers to ensure that their subscribers can access content while temporarily in another EU country. Another regulation seeks to extend the EU Satellite and Cable Directive to permit EU-wide licenses for rights included in broadcasters' online ancillary services, with the aim of making it easier for platforms to respond to passive sales requests for those services from other EU countries without contravening copyright law. Both of these proposals undermine the principle of territorial exclusivity under copyright and would make it difficult for content owners to enforce their rights. A further proposal would entitle talent to seek additional non-contractual compensation through the courts for highly-successful works, and could force us to publicly disclose confidential and proprietary revenue information.

The EC has also proposed a number of reforms to the Audio-Visual Media Services Directive, which sets content and advertising rules for European broadcasters. These include a reduction in the level of advertising regulation for “traditional” linear channels, an extension of child protection obligations to “video sharing sites,” some changes to the operation of the “country of origin” rule, which allows broadcasters to be regulated in a single jurisdiction while broadcasting into other EU countries, and a proposal for a 20% EU content quota for online services. These proposals will also be the subject of Parliamentary and Council scrutiny, with final agreement expected in late 2017. If enacted, these proposals could limit consumer choice and increase consumer costs in the EU.

The ongoing exclusion of the UK from legislative negotiations in the wake of the non-binding referendum in June 2016 on the UK’s withdrawal from the EU (“Brexit”) could lead to additional changes in the regulatory environment that could impact our ability to use UK law under “country of origin” rules for programming in the EU, potential trade barriers between the UK and the EU and between the UK and other countries, and potential content production quota regulations. Given that a portion of our business is conducted in the EU, including the UK, any of these effects of Brexit, and others we cannot anticipate, could have a material adverse effect on our business, operating results, financial condition and cash flows.

#### *Restrictions on Film Distribution*

In addition to the regulations regarding territorial licensing in the EU discussed above, numerous countries around the world impose restrictions on the number and nature of films that may be distributed in that country. Such regulations in China have the greatest impact, as only 34 foreign films can be distributed annually on a revenue share basis based on box office performance. Those films are selected by relevant authorities in China. In November 2015, China’s National People’s Congress issued a draft of its Film Industry Promotion Law for public comment. The period for public comment closed on December 5, 2015. The draft law includes provisions on the development, production, distribution and screening of films, as well as supportive and preferential policies to promote the Chinese film industry. Several provisions could be problematic for theatrical distribution of our feature films in China, including creation of a two-thirds screen quota for domestic Chinese films and a requirement that Chinese cinemas “properly arrange” screenings and time slots for domestic films. The new law could be formally adopted by the end of 2016.

#### *Data Transfers from the EU to the U.S.*

In October 2015, the Court of Justice of the European Union (“CJEU”) invalidated the U.S. - EU Safe Harbor (“Safe Harbor”), a framework permitting the transfer of data from the EU to the U.S. for companies that complied with the framework’s requirements and one of the mechanisms by which data was permissibly transferred from the EU to the U.S. in compliance with the EU Data Protection Directive (the “Directive”). Viacom was first certified under the Safe Harbor in 2011. The CJEU’s decision affected the legal framework within which Viacom was permitted to transfer data from the EU to the U.S., requiring us to rely on alternative mechanisms permitted under the Directive such as consent and EU-specified standard contractual clauses. The Safe Harbor was replaced with the EU - U.S. Privacy Shield (“Privacy Shield”) in July 2016 and, starting on August 1, 2016, the Privacy Shield was made available to companies for self-certification. Viacom has self-certified with the Privacy Shield. Nevertheless, some of the mechanisms permitting transfer of data from the EU to the U.S. have been subject to challenges, whose outcomes remain uncertain.

#### *Program Access*

Under the U.S. Communications Act of 1934, as amended, vertically integrated cable programmers are generally prohibited from entering into exclusive distribution arrangements or offering different prices, terms or conditions to competing MVPDs unless the differential is justified by certain permissible factors set forth in the regulations promulgated by the FCC. Our wholly-owned program services are not currently subject to these program access rules. Because we and CBS are under common control, each company’s businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of the program access rules, and therefore the businesses and conduct of CBS could have the effect of making us subject to the rules. In September 2016, the FCC proposed to expand the scope of its rules implementing the program access provisions of the Communications Act. If Viacom or its programming agreements were to become subject to the program access rules, our flexibility to negotiate the most favorable terms available for our content and our ability to offer cable television operators exclusive programming could be adversely affected.

#### **Protecting our Content from Copyright Theft**

The unauthorized reproduction, distribution, exhibition or other exploitation of copyrighted material interferes with the market for copyrighted works and disrupts our ability to create, distribute and monetize our content. The theft of motion pictures, television and other entertainment content presents a significant challenge to our industry, and we take a number of steps to address this concern. Where possible, we make use of technological protection tools, such as encryption, to protect our content.

We are actively engaged in enforcement and other activities to protect our intellectual property, including monitoring online destinations that distribute or otherwise infringe our content and sending takedown or cease and desist notices in appropriate circumstances; using filtering technologies employed by some user-generated content sites; and pursuing litigation and referrals to law enforcement with respect to websites and other online platforms that distribute or facilitate the distribution and exploitation of our content without authorization. We also are actively engaged in educational outreach to the creative community, labor unions, state and federal government officials and other stake holders in an effort to marshal greater resources to combat copyright theft. Additionally, we participate in various industry-wide enforcement initiatives, public relations programs and legislative activities on a worldwide basis. We have had notable success with site-blocking efforts in Europe and Asia, which can be effective in diverting consumers from piracy platforms to legitimate platforms. We are also making good progress with EU proposals that increase the obligations of online platforms to compensate content owners when their works are used on user-posted content sites.

Notwithstanding these efforts and the many legal protections that exist to combat piracy, the proliferation of content theft and technological tools with which to carry it out continue to be a challenge. The failure to maintain enhanced legal protections and enforcement tools and to update those tools as threats evolve could make it more difficult for us to adequately protect our intellectual property, which could negatively impact its value and further increase the costs of enforcing our rights as we continue to expend substantial resources to protect our content.

## **INTELLECTUAL PROPERTY**

We create, own and distribute intellectual property worldwide. It is our practice to protect our motion pictures, programs, content, brands, formats, characters, games, publications and other original and acquired works, and ancillary goods and services. The following brands, logos, trade names, trademarks and related trademark families are a few of those strongly identified with the product lines they represent and are significant assets of the Company: Viacom®, Nickelodeon®, Comedy Central®, MTV®, MTV2®, VH1®, MTV Classic™, SPIKE®, BET®, CMT®, TV Land®, Nick at Nite®, Nick Jr.®, Channel 5® (UK), Logo®, Nicktoons®, TeenNick®, Paramount Channel™, mtvU®, Palladia®, BET Networks®, CENTRIC®, BET Gospel®, BET Hip Hop®, BET.com®, BET Mobile®, Tr3s®, VIVA™, Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Paramount Animation®, Insurge Pictures®, MTV Films®, Nickelodeon Movies™, Paramount Television™ and other domestic and international program services and digital properties.

## **EMPLOYEES AND LABOR MATTERS**

As of September 30, 2016, we employed approximately 9,300 full-time and part-time employees worldwide, and had approximately 700 additional project-based staff on our payroll. We also use many other temporary employees in the ordinary course of our business.

Through in-house, affiliated and third-party production service companies, our *Filmed Entertainment* division engages the services of writers, directors, performers, musicians and various crew members who are subject to certain industry-wide and/or specially negotiated collective bargaining agreements. The Alliance of Motion Picture and Television Producers is a multi-employer trade association, which, along with and on behalf of hundreds of member companies including Paramount Pictures, negotiates the industry-wide collective bargaining agreements with these parties. The agreements with the writers, directors and performers will expire in 2017. Certain collective bargaining agreements that apply to specific companies have been successfully negotiated or will be negotiated as the need arises in the future.

Through in-house and third-party production service companies in connection with certain of our productions, our *Media Networks* division engages the services of writers, directors, performers, musicians and various crew members who are subject to certain specially negotiated collective bargaining agreements or one-off letter agreements. Since these agreements are entered into on a per-channel or per-project basis, negotiations happen on various agreements throughout the year. The collective bargaining agreements covering various crew members on certain of our *Media Networks* productions are due to expire December 31, 2019.

Any labor dispute with the labor organizations that represent any of these parties could disrupt our operations and reduce our revenues.

## **FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS**

Financial and other information by reporting segment and revenues by geographic area for fiscal years 2016, 2015 and 2014 are set forth in Note 19 to our Consolidated Financial Statements.

**AVAILABLE INFORMATION**

We file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission (the “SEC”). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the SEC pursuant to the Securities Exchange Act of 1934, as amended, will be available free of charge on our website at [www.viacom.com](http://www.viacom.com) (under “Investor Relations”) as soon as reasonably practicable after the reports are filed with the SEC. These documents are also available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K, including “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition,” contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors are discussed in “Item 1A. Risk Factors” below. Other risks, or updates to the risks discussed below, may be described in our news releases and filings with the SEC, including but not limited to our reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

**OUR EXECUTIVE OFFICERS**

The following table sets forth the name, age and position of each person who serves as a Viacom executive officer.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Thomas E. Dooley	60	President and Chief Executive Officer; Director
Wade Davis	44	Executive Vice President, Chief Financial Officer
Michael D. Fricklas	56	Executive Vice President, General Counsel and Secretary
Katherine Gill-Charest	52	Senior Vice President, Controller
DeDe Lea	51	Executive Vice President, Global Government Affairs
Scott Mills	48	Executive Vice President and Chief Administrative Officer

Information about each of our executive officers is set forth below.

Thomas E. Dooley	Mr. Dooley has been our President and Chief Executive Officer since August 18, 2016. He has informed the Company of his decision to depart the Company but has agreed to remain in his position through November 15, 2016. Prior to his current position, he served as our Senior Executive Vice President beginning in September 2006 and added the additional role of Chief Operating Officer in May 2010. He has served as a member of our Board since January 1, 2006. He served as our Chief Administrative Officer from September 2006 to May 2010 and as our Chief Financial Officer from January 2007 to September 2010. Mr. Dooley was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dauman, from May 2000 until September 2006. Before that, Mr. Dooley held various corporate and divisional positions at the predecessor of Viacom, which he first joined in 1980, including Deputy Chairman and member of its Executive Committee. Mr. Dooley served as a director of Sapphire Industrials Corp. from 2007 to 2010.
Wade Davis	Mr. Davis has been our Executive Vice President, Chief Financial Officer since November 2012. Prior to that, he served as Executive Vice President, Strategy and Corporate Development beginning in August 2009, as Senior Vice President, Mergers & Acquisitions and Strategic Planning from January 2007 to August 2009 and as Senior Vice President of Mergers & Acquisitions beginning January 1, 2006. Prior to joining Viacom, Mr. Davis was an investment banker in the technology and media sectors for more than a decade.

Michael D. Fricklas	Mr. Fricklas has been our Executive Vice President, General Counsel and Secretary since January 1, 2006. Prior to that, he was Executive Vice President, General Counsel and Secretary of the predecessor of Viacom beginning in May 2000 and Senior Vice President, General Counsel and Secretary from October 1998 to May 2000. He first joined Viacom's predecessor in July 1993, serving as Vice President and Deputy General Counsel and assuming the title of Senior Vice President in July 1994.
Katherine Gill-Charest	Ms. Gill-Charest has been our Senior Vice President, Controller and Chief Accounting Officer since October 2010. Prior to that, she was Senior Vice President, Deputy Controller beginning in April 2010 and Vice President, Deputy Controller from May 2007 to April 2010. Prior to joining Viacom, Ms. Gill-Charest served as Chief Accounting Officer of WPP Group USA from November 2005 to May 2007 and as its Vice President, Group Reporting from February 2001 to November 2005.
DeDe Lea	Ms. Lea has been our Executive Vice President, Global Government Affairs since January 2013, having previously served as Executive Vice President, Government Relations beginning in November 2005. Prior to that, she was Senior Vice President, Government Relations of the predecessor of Viacom beginning in September 2005. Prior to that, she served as Vice President of Government Affairs at Belo Corp. from 2004 to 2005 and as Vice President, Government Affairs of Viacom's predecessor from 1997 to 2004.
Scott Mills	Mr. Mills has been our Executive Vice President and Chief Administrative Officer since May 2015. Previously, he was Executive Vice President, Human Resources and Administration beginning in October 2012. Prior to that, he was President and Chief Operating Officer of BET Networks beginning in July 2007, its President of Digital Media from August 2006 to July 2007 and its Chief Financial Officer beginning in 2003. He first joined BET Networks in 1997, serving as Senior Vice President of Strategy & Business Development, and served as Executive Vice President and Chief Operating Officer of BET Interactive from 1999 to 2003. Mr. Mills has served as a director of Principal Financial Group Inc. since July 2016.

**Item 1A. Risk Factors.**

A wide range of risks may affect our business and financial condition and results of operations, now and in the future. We consider the risks described below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

**The Company's Business, Results of Operations and Stock Prices May Be Adversely Affected by the Uncertainty Stemming from Ongoing Transitions Involving Our Board and Management and Related Changes in Strategy, including a Potential Business Combination with CBS and the Recent Creation of our Global Entertainment Group Within our Media Networks Segment**

The recent and highly public controversy relating to the Company's governance created a significant degree of uncertainty with respect to the Company and we have undergone significant transitions on our Board and among our senior management. For example, our former Executive Chairman, President and Chief Executive Officer resigned effective August 18, 2016. His successor, our interim President and Chief Executive Officer, subsequently informed our Board of his decision to remain in the position until November 15, 2016 and to depart the Company thereafter, and on October 31, 2016 we announced that Robert Bakish had been appointed Acting President and Chief Executive Officer as of November 15, 2016.

In addition, on September 29, 2016, our Board received a letter from National Amusements requesting that our Board explore a potential combination of Viacom and CBS. Subsequently, our Board formed a special committee of independent directors to consider the request from National Amusements and any proposed transaction, and the special committee has hired independent legal and financial advisers. We are subject to various uncertainties and risks related to a potential combination with CBS, including that an agreement may or may not be reached with CBS or may take an uncertain amount of time; that such a transaction would not necessarily require approval of our stockholders other than National Amusements; that terms of any potential transaction with CBS (including the applicable price and/or exchange ratio) are not known; and that the effect of any potential transaction (or absence of a transaction) on the Company and its business cannot be ascertained at this time.

Also, we announced on October 31, 2016 the creation of our Global Entertainment Group as a new brand group within our Media Networks segment to combine VIMN, our former Music & Entertainment Group (which included MTV, Comedy Central, VH1, Spike and Logo), as well as TV Land and CMT. We also announced that our former Kids & Family Group



would be reestablished as the Nickelodeon Group to exploit growth opportunities in all facets of the kids segment, including recreation and hospitality.

Some or all of the foregoing factors have had and/or may have an adverse impact on the Company's ability to negotiate contractual arrangements on commercially advantageous terms; to attract, retain and motivate key management and employees; to access the capital markets on the most cost-efficient terms; and otherwise to operate its business in the most efficient manner. Some or all of these factors have caused and/or may cause volatility in our stock price, have imposed and/or may impose significant demands on the time of senior management and have had and/or may have an adverse impact on the business operations, financial position and results of operations of the Company.

**Our Success is Dependent upon Public Acceptance of our Brands, Programming, Motion Pictures and Other Entertainment Content, which is Difficult to Predict**

Consumer acceptance of our brands, entertainment content and retail offerings is key to the success of our business and our ability to generate revenues. The production and distribution of programming, motion pictures and other entertainment content is inherently risky because the revenues we derive from various sources primarily depend on the public's acceptance of our content, which is difficult to predict. Consumer acceptance of our content is affected by our ability to maintain or develop strong brand awareness and target key audiences, the quality and acceptance of competing entertainment content and the availability of alternative forms of entertainment and leisure time activities, including online, mobile and other offerings. Audience tastes change frequently and it is a challenge to anticipate what offerings will be successful at any point in time. We invest substantial capital in our content, including in the production of original content on our networks and in our motion pictures, before learning the extent to which it will garner consumer acceptance. In addition, general economic conditions affect our audience's discretionary spending and therefore their willingness to access our content.

In our *Media Networks* business, consumer acceptance of our brands and programming has a significant impact on the revenues we are able to generate from advertising, affiliate fees, consumer products, and other licensing activities. Our ability to successfully predict and adapt to changing consumer tastes and preferences outside the U.S. also impacts our ability to expand our presence internationally.

In our *Filmed Entertainment* business, the theatrical performance of a motion picture affects not only the theatrical revenues we receive but also those from other distribution channels, such as home entertainment, television, various other platforms and apps and licensed consumer products.

As a result, a lack of consumer acceptance of our offerings could have a material adverse effect on our results of operations in a particular period or longer term.

**Deficiencies in Audience Measurement on Various Platforms Adversely Impacts Our Program Ratings and Adversely Affects Our Advertising and Affiliate Revenues**

Advertising sales are largely dependent on audience measurement, and the results of audience measurement techniques can vary for a variety of reasons, including the platforms on which viewing is measured and variations in the employed statistical sampling methods. While Nielsen's statistical sampling method is the primary measurement technique used in our television advertising sales, we measure and monetize our campaign reach and frequency on and across digital platforms based on other third-party data as well as first-party data using a variety of methods including the number of impressions served and demographics. In addition, multi-platform campaign verification remains in its infancy, and viewership on tablets, smartphones and other mobile devices, which continues to grow rapidly, still is not measured by any one consistently applied method. These variations and changes could have a significant effect on advertising revenues.

In our *Media Networks* business, our advertising revenues typically are a product of measured audience size and pricing, which reflect market conditions and are impacted by measurement difficulties. Depending on the success of our programming at any given time, one or more of our cable networks can experience ratings fluctuations that negatively affect our advertising revenues. The use of new ratings and measurement technologies, and viewership on platforms or devices that is not being measured, could have an impact on our measured audience size. For example, while C-3, a current television industry ratings system, measures live commercial viewing plus three days of DVR and video-on-demand playback, the growing viewership occurring on subsequent days of DVR and video-on-demand playback is excluded from C-3 ratings. Poor ratings can lead to a reduction in pricing and advertising spending. Low audience ratings can also negatively affect our ability to negotiate higher affiliate fees and/or limit a network's distribution potential.

## **Changes in Consumer Behavior Resulting from New Technologies and Distribution Platforms May Affect Our Viewership and Profitability in Unpredictable Ways**

Technology and business models in our industry continue to evolve rapidly. Consumer behavior related to changes in content distribution and technological innovation affect our economic model and viewership in ways that are not entirely predictable.

Consumers are increasingly viewing content on a time-delayed or on-demand basis from traditional distributors, from connected apps and websites and on a wide variety of screens, such as televisions, tablets, mobile phones and other devices. Time-shifting technologies that enable users to fast-forward or skip programming, including commercials, affect the attractiveness of our offerings to advertisers and could therefore adversely affect our revenues. Similarly, new advertising blocking technologies that enable consumers to circumvent online advertisements could also adversely affect our advertising revenues as they impact the attractiveness of our digital offerings to advertisers. In addition, the evolution of consumer preferences away from rental and purchase services towards subscription services may have an economic impact on our revenues that is not completely predictable.

New technologies and distribution platforms are having other effects on the marketplace. Some distributors have taken steps to limit our direct access to consumers or taken positions that they have more expansive rights than we believe we have granted, which, if they prevail, could limit our revenue opportunities. All of these factors create uncertainty in the marketplace, and there can be no assurance that the strategies we develop to address them will be effective.

## **Our Businesses Operate in Highly Competitive Industries**

Companies in the cable network, motion picture, digital and consumer product industries depend on audience acceptance of content, appeal to advertisers and solid distribution relationships. Competition for content, audiences, advertising and distribution is intense and comes from broadcast television, other cable networks (including our own), online and mobile properties, movie studios and independent film producers and distributors, consumer products companies and other entertainment outlets and platforms, as well as from search, social networks, program guides and “second screen” applications. Competition also comes from pirated content.

Increased competition from additional entrants into the market for development and production of original programming, such as Netflix, Amazon and Hulu, increases our content costs as creating competing high quality, original content can require significant investment. Increased competition in the acquisition of programming may also lead to more complex negotiations over acquired rights to the content and the value of the rights we acquire or retain cannot be predicted with certainty in the future.

Our ability to compete successfully depends on a number of factors, including our ability to create or acquire high quality and popular programs and films, adapt to new technologies and distribution platforms, and achieve widespread distribution for our content. More content consumption options increase competition for viewers as well as for programming and creative talent, which can decrease our audience ratings, and therefore potentially our advertising revenues, as well as increase our costs. In addition, our competitors include market participants with interests in multiple media businesses that are often vertically integrated, whereas our *Media Networks* businesses generally rely on distribution relationships with third parties. As more cable and satellite operators, Internet service providers, other content distributors, aggregators and search providers create or acquire their own content, they may have significant competitive advantages, which could adversely affect our ability to negotiate favorable terms or otherwise compete effectively in the delivery marketplace. Our competitors could also have preferential access to important technologies, customer data or other competitive information. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

## **Advertising Market Conditions Could Cause Our Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets**

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers’ current spending priorities and the economy in general, and this may adversely affect our advertising revenues. Natural and other disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of disrupted programming and services, uninterrupted news coverage and economic uncertainty. Our ability to generate advertising revenue is also dependent on demand for our content, the consumers in our targeted demographics, advertising rates and results observed by advertisers. In addition, the pricing and volume of advertising may be affected by shifts in spending



toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

Advertising expenditures may also be affected by regulatory, social or technological change. For example, Federal legislators and regulators have proposed voluntary guidelines on advertising to children in an effort to combat unhealthy eating and childhood obesity, and have considered imposing limitations on the marketing of certain movies and regulating product placement and other program sponsorship arrangements. In addition, privacy regulations make it difficult to measure viewership by children. The threat of regulatory action or increased scrutiny that deters certain advertisers from advertising could adversely affect advertising sales and revenue.

**Theft of Our Content, Including Digital Copyright Theft and Other Unauthorized Exhibitions of Our Content, May Decrease Revenue Received from Our Programming, Motion Pictures and Other Entertainment Content and Adversely Affect Our Businesses and Profitability**

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights in our entertainment content. We are fundamentally a content company and theft of our brands, motion pictures and home entertainment products, television programming, digital content and other intellectual property affects us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the U.S. and Europe and/or that lack effective enforcement of such measures. Such foreign copyright theft often creates a supply of pirated content for major markets as well. The interpretation of copyright, piracy and other laws as applied to our content, and our piracy detection and enforcement efforts, remain in flux, and some methods of copyright enforcement have encountered political opposition. The failure to appropriately enforce and/or the weakening of existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

Content theft is made easier by the wide availability of higher bandwidth and reduced storage costs, as well as tools that undermine encryption and other security features and enable infringers to cloak their identities online. In addition, we and our numerous production and distribution partners operate various technology systems in connection with the production and distribution of our programming and motion pictures, and intentional or unintentional acts could result in unauthorized access to our content. The increasing use of digital formats and technologies heightens this risk. For example, new mobile broadcasting tools enable users to livestream content, including copyrighted content, which can lead to content theft and could have an adverse impact on the monetization of our content. Unauthorized access to our content could result in the premature release of motion pictures or television shows as well as a reduction in legitimate audiences, which would likely have significant adverse effects on the value of the affected programming.

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels, reduces the public's perceived value of our content and inhibits our ability to recoup or profit from the costs incurred to create such works. While legal protections exist, piracy and technological tools with which to engage in copyright theft continue to escalate, evolve and present challenges for enforcement. We are actively engaged in enforcement and other activities to protect our intellectual property, and it is likely that we will continue to expend substantial resources in connection with these efforts. Efforts to prevent the unauthorized reproduction, distribution and exhibition of our content may affect our profitability and may not be successful in preventing harm to our business.

**Increased Costs for Programming, Motion Pictures and Other Rights, and Judgments We Make on the Potential Performance of our Content, May Adversely Affect Our Profits and Balance Sheet**

In our *Media Networks* segment, we have historically produced a significant amount of original programming and other content and continue to invest significantly in this area. The *Filmed Entertainment* segment's core business involves the production, marketing and distribution of motion pictures, the costs of which are significant. We also acquire programming, motion pictures and television series, as well as a variety of digital content and other ancillary rights such as consumer and home entertainment product offerings from other companies, and we pay license fees, royalties and/or contingent compensation in connection with these acquired rights. Our investments in original and acquired programming are significant and involve complex negotiations with numerous third parties. These costs may not be recouped when the content is broadcast or distributed and higher costs may lead to decreased profitability or potential write-downs. Further, rapid changes in consumer behavior have increased the risk associated with all kinds of programming.

The accounting for the expenses we incur in connection with our programming, motion pictures and other content requires that we make judgments about the potential success and useful life of the program or motion picture. If our estimates prove to be incorrect, it may result in the accelerated recognition of the expense and/or write down of the value of the asset. For example, we estimate the ultimate revenues of a motion picture before it is released based on a number of factors, and we then update our estimate of ultimate revenues, including following a film's initial domestic theatrical release, based on expected future and actual results. If we reduce our estimate of ultimate revenues, it may result in the accelerations of capitalized film cost amortization. Similarly, if we determine it is no longer advantageous for us to air a program on our media networks, we would accelerate our amortization of the program costs.

An increase in content acquisition costs could also affect our profits. For example, we license various music rights from the major record companies and music publishers, performing rights organizations and others. Some of these sources of music are highly consolidated and certain music costs are subject to adjudicatory procedures in courts or administrative agencies. There can be no assurance that our cost-containment efforts will be as effective as we would like or that we will recoup our investments in programming or motion pictures, which may negatively affect our profitability.

**Our Revenues, Expenses and Operating Results May Vary Based on the Timing, Mix, Number and Availability of Our Motion Pictures and Other Programming and on Seasonal Factors**

Our revenues, expenses and operating results fluctuate due to the timing, mix, number and availability of our theatrical motion pictures, home entertainment releases and programs for licensing. For example, our operating results may increase or decrease during a particular period relative to the corresponding period in the prior year due to differences in the number and/or mix of films released and the timing of delivery of programming to television and digital distributors. Our operating results also fluctuate due to the timing of the recognition of marketing expenses, which are typically largely incurred prior to the release of motion pictures and home entertainment products, with the recognition of related revenues in later periods.

Our business also has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on audiences' viewing habits and attendance. Typically, our revenue from advertising increases in the first quarter of our fiscal year due to the holiday season, among other factors, and revenue from motion pictures increases in the summer and around holidays. The effects of these variances make it difficult to estimate future operating results based on the results of any specific quarter.

**The Loss of Affiliation Agreements, Renewal on Less Favorable Terms or Adverse Interpretations Could Cause Our Revenues to Decline in Any Given Period or in Specific Markets**

We are dependent upon our agreements with cable television, direct-to-home satellite television and telecommunications operators, subscription and advertising supported video-on-demand services, and other distributors of our programming and program services. We have agreements in place with the major cable and satellite distributors and several SVOD and other OTT content distributors, but there can be no assurance that these agreements will be renewed in the future on terms, including pricing, acceptable to us, or at all. While many consumers have a choice of distributors from which to access our content, the loss of carriage on the most widely available cable and satellite programming tiers could reduce the distribution of our programming and program services and decrease the potential audience for our programs, thereby negatively affecting our growth prospects and revenues from both advertising and affiliate fees. Further, the loss of favorable packaging and positioning opportunities with any distributor could reduce revenues from subscriber fees. In addition, as these affiliate agreements have grown in complexity, the number of disputes regarding the interpretation, and even validity, of the agreements has grown, resulting in greater uncertainty and, from time to time, litigation seeking to circumscribe enforcement of our rights or to seek damages under competition and other laws.

**Consolidation among Cable, Satellite and Telecommunications Service Providers Has Had, and Could Continue to Have, an Adverse Effect on Our Revenue and Profitability**

Consolidation among cable and satellite distributors and telecommunications service providers has given the largest operators considerable leverage and market power in their relationships with programmers. We currently have agreements in place with the major U.S. cable and satellite operators and this consolidation has affected, and could continue to affect, our ability to maximize the value of our content through those distributors. In addition, many of the countries and territories in which we distribute our networks also have a small number of dominant distributors. Continued consolidation within the industry could reduce the number of distributors that carry our programming, subject our affiliate revenues to greater volume discounts, and further increase the negotiating leverage of the cable and satellite television system operators, which could have an adverse effect on our financial condition or results of operations.

## **The Development of Alternative Offerings for Consumers Has Had, and Could Continue to Have, an Adverse Effect on Our Viewership, Revenue and Profitability**

In response to perceived consumer demand, distributors of programming and program services are continuing to develop alternative offerings for consumers. These alternative packages of networks are generally smaller than the traditional cable package, and some allow the consumer to customize its package of networks to a certain extent. To the extent these alternative packages are widely accepted by consumers in lieu of traditional cable packages, we could experience a decline in subscribers to certain of our networks, which could lead to lower affiliate and advertising revenues.

## **Political and Economic Conditions in a Variety of Markets around the World Could Have an Adverse Effect on Our Businesses and Harm Our Financial Condition**

Our businesses operate and have customers, partners and audiences worldwide, and we are focused on expanding our international operations in key markets, some of which are emerging markets. Economic conditions in many different markets around the world therefore affect a number of aspects of our businesses worldwide, in particular revenues in both domestic and international markets derived from advertising sales, theatrical releases, home entertainment distribution, television licensing and sales of consumer products. Economic conditions in each market can also impact the businesses of our partners who purchase advertising on our networks by causing them to reduce their spending on advertising, and can impact our audience's discretionary spending. In addition, as we have expanded our international operations, our exposure to foreign currency fluctuations against the U.S. dollar has increased. Such fluctuations could have an adverse effect on our results of operations and net asset balances, and there is no assurance that downward trending currencies will rebound or that stable currencies will remain unchanged in any period.

In addition, our businesses are exposed to certain political and economic risks inherent in conducting a global business. These include, among others:

- changes in the regulatory environment in the markets where we operate, including the imposition of new regulations or changed interpretations of existing regulations, particularly regarding repatriation of profits, taxation rules and procedures, tariffs or other trade barriers, currency exchange controls, permit requirements, restrictions on foreign ownership or investment, export and market access restrictions, exceptions and limitations on copyright and censorship;
- potential for longer payment cycles;
- issues related to the presence of corruption in certain markets and changes in anti-corruption laws and regulations;
- increased risk of political instability in some markets as well as conflict and sanctions preventing us from accessing those markets;
- wars, acts of terrorism or other hostilities; and
- other financial, political, economic or other uncertainties.

These political and economic risks could create instability in any of the markets where our businesses derive revenues, which could result in a reduction of revenue or loss of investment that adversely affects our businesses and harms our financial condition.

For example, voters in the UK approved the non-binding "Brexit" referendum in June 2016. In order to effect Brexit, a process of negotiation will determine the future terms of the UK's relationship with the EU. Depending upon the terms of Brexit, if any, the UK could lose access to the single EU market and to the global trade deals negotiated by the EU on behalf of its members. The effects of the Brexit vote and the perceptions as to the impact of the withdrawal of the UK from the EU may adversely affect business activity, political stability and economic and market conditions in the UK, the Eurozone, the EU and elsewhere and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the Euro and the British Pound. In addition, Brexit could lead to additional political, legal and economic instability and uncertainty in the EU, including changes in the regulatory environment, which could impact our ability to use UK law under "country of origin" rules for programming in the EU, potential trade barriers between the UK and the EU and between the UK and other countries, and potential content production quota regulations. Given that a portion of our business is conducted in the EU, including the UK, any of these effects of Brexit, and others we cannot anticipate, could have a material adverse effect on our business, operating results, financial condition and cash flows.

## **Changes in U.S. or Foreign Communications Laws, Laws Affecting Intellectual Property Rights or Other Regulations May Have an Adverse Effect on Our Business**

Our program services and online, mobile and app properties are subject to a variety of laws and regulations, including those relating to intellectual property, content regulation, user privacy, data protection and consumer protection, among others. For example, there are various laws and regulations intended to protect the interests of children, including limits on the amount and content of advertising that may be shown during children's programming and measures designed to protect the privacy of minors, which affect our Nickelodeon businesses in particular. In addition, the U.S. Congress, the FCC and certain foreign governments currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could directly or indirectly affect the operations or ownership of our media properties. For example, the FCC recently proposed regulations intended to increase competition in the cable set-top box market, which, if approved, could lead to government oversight of certain provisions of programming distribution agreements and disruption to the cable business model. Further, Congress has held hearings to consider significant changes in copyright law.

Our businesses are also impacted by the laws and regulations of the foreign jurisdictions in which we, or our partners, operate, including quotas, tax regimes, currency restrictions and data protection regimes.

Our businesses could be adversely affected by new laws and regulations, the threat that additional laws or regulations may be forthcoming, as well as our ability to enforce legal rights and changes in existing laws (or changes in interpretation) by courts and regulators. We could incur substantial costs to comply with new laws and regulations or substantial penalties or other liabilities if we fail to comply. We could also be required to change or limit certain of our business practices, which could impact our ability to generate revenues.

Furthermore, laws in some non-U.S. jurisdictions differ in significant respects from those in the United States, and the enforcement of such laws can be inconsistent and unpredictable. This could impact our ability to expand our operations and undertake activities that we believe are beneficial to our business.

## **We Could be Subject to Material Liabilities as a Result of Changes in Tax Laws, Regulations and Administrative Practices, Interpretations and Policies**

We are subject to taxation in the U.S. and numerous international jurisdictions. Our tax rates are impacted by the tax laws, regulations and administrative practices, interpretations and policies in federal, state and local and international territories where our businesses operate, and may be subject to significant change. In addition, our tax returns are routinely audited and litigation or settlements may occur. Such changes, audit settlements or litigation may result in the recognition of an additional charge to our income tax provision in the period and may adversely affect our effective income tax rate or cash payments and may therefore affect our operating results, cash flows and financial condition.

## **We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in the Disclosure of Confidential Information, Disruption of Our Programming and Motion Picture Services, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses**

Our online, mobile and app offerings, as well as our internal and certain partners' systems, involve the storage and transmission of our and our users' proprietary and personal information (including third-party and employee data), and we and our partners rely on various technology systems in connection with the production and distribution of our programming and motion pictures. Although we monitor our security measures regularly, they may be breached due to employee or partner error, computer malware or ransomware, viruses, hacking and phishing attacks, natural or other disasters, terrorist attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to our data or our users' data. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques, implement adequate preventative measures or remediate any intrusion on a timely or effective basis. Moreover, the development and maintenance of these preventative and detective measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. Any such breach or unauthorized access could result in a loss of our, our partners' or our users' proprietary information, a disruption of our services or a reduction of the revenues we are able to generate from such services, damage to our brands and reputation, a loss of confidence in the security of our offerings and services, and significant legal and

financial exposure related to damages caused by these risks, the cost of remediation, and liability to third parties for harm caused by unauthorized access to their data, as well as potential liability related to regulatory, consumer or other actions, such as actions related to data collection and other data privacy concerns, each of which could potentially have an adverse effect on our business and operating results.

#### **We Could Be Adversely Affected by Strikes and Other Union Activity**

We and our business partners engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. Some of our collective bargaining agreements are industry-wide agreements, and we may lack practical control over the negotiations and terms of the agreements. In addition, any labor disputes may disrupt our operations and reduce our revenues, and we may not be able to negotiate favorable terms for a renewal, which could increase our costs.

#### **The Loss of Key Talent Could Disrupt Our Business and Adversely Affect Our Revenues**

Our business depends upon the continued efforts, abilities and expertise of not only our corporate and divisional executive teams, but also the various creative talent and entertainment personalities with whom we work. For example, we employ or contract with several entertainment personalities with loyal audiences and we produce motion pictures with highly regarded directors, producers, writers, actors and other talent. These individuals are important to achieving the success of our programs, motion pictures and other content. There can be no assurance that these individuals will remain with us or will retain their current appeal, or that the costs associated with retaining this and new talent will be reasonable. If we fail to retain these individuals on current terms or if our entertainment personalities lose their current appeal or we fail to attract new talent, our revenues and profitability could be adversely affected.

#### **The Failure, Destruction and/or Breach of Satellites and Facilities that We Depend Upon to Distribute Our Programming Could Adversely Affect Our Business and Results of Operations**

We use satellite systems to transmit our program services to cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Notwithstanding certain back-up and redundant systems, transmissions may be disrupted as a result of local events, such as extreme weather, that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. Failure to do so could have a material adverse effect on our business and results of operations. There can be no assurance that such failure or breach would not have an adverse effect on our financial condition.

#### **Our Obligations Related to Guarantees, Litigation and Joint Ventures Could Adversely Impact Our Financial Condition**

We have both recorded and potential liabilities and costs related to discontinued operations and former businesses, including, among other things, potential liabilities to landlords if Famous Players Inc. defaults on certain theater leases. We have also made certain investments in joint ventures and have future funding obligations, which may not be recouped until well after our initial investment, if at all. We are also involved in pending and threatened legal proceedings from time to time, the outcome of which is inherently uncertain and difficult to predict. It is uncertain at what point any of these or new liabilities may affect us, and there can be no assurance that our reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due. Therefore, there can be no assurance that these liabilities will not have an adverse effect on our financial condition.

#### **Through National Amusements' Voting Control of Viacom and CBS, Certain Directors and Stockholders May Face Actual or Potential Conflicts of Interest, and National Amusements is in a Position to Control Actions that Require, or May be Accomplished by, Stockholder Approval**

National Amusements, directly and indirectly, is the controlling stockholder of both Viacom and CBS. National Amusements owns shares in Viacom representing approximately 79.8% of the voting interest in Viacom and approximately 10% of Viacom's combined common stock. National Amusements is controlled by Sumner M. Redstone, who is the Chairman and Chief Executive Officer of National Amusements, through the Sumner M. Redstone National Amusements Trust (the "SMR Trust"), which owns shares in National Amusements representing 80% of the voting interest of National Amusements. Shares of National Amusements held by the SMR Trust are voted solely by Mr. Redstone until such time as his incapacity or death. Upon Mr. Redstone's incapacity or death, (1) Shari Redstone, who is the non-executive Vice Chair of Viacom and the President and a director of National Amusements, will also become a trustee of the SMR Trust and (2) the shares of National Amusements held by the SMR Trust will be voted by the trustees of the SMR Trust. The trustees of the SMR Trust include Mr. Redstone and

David Andelman, a member of the boards of directors of National Amusements and CBS. Mr. Redstone serves as our Chairman Emeritus and as the Chairman Emeritus of CBS. Ms. Redstone, who is Mr. Redstone's daughter, also serves as the non-executive Vice Chair of the Board of Directors of CBS.

The National Amusements ownership structure and the common directors among National Amusements, Viacom and CBS could create, or appear to create, potential conflicts of interest when the directors and controlling stockholder of the commonly controlled entities face decisions that could have different implications for each entity. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and CBS. Potential conflicts of interest, or the appearance thereof, could also arise when we and CBS enter into any commercial arrangements with each other, despite review by our directors not affiliated with CBS. Our certificate of incorporation and the CBS certificate of incorporation both contain provisions related to corporate opportunities that may be of interest to us and to CBS, and these provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

In addition, National Amusement's voting control of us allows it to control the outcome of corporate actions that require, or may be accomplished by, stockholder approval, including the election and removal of directors and transactions involving a change in control. For so long as National Amusements retains voting control of us, our stockholders other than National Amusements will be unable to affect the outcome of any corporate actions. The interests of National Amusements may not be the same as the interests of our other stockholders, who must rely on our independent directors to represent their interests.

**We, National Amusements and CBS, and our Respective Businesses, Are Attributable to Each Other for Certain Regulatory Purposes, Which May Limit Business Opportunities or Impose Additional Costs**

So long as we, National Amusements and CBS are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, certain rules under the Employee Retirement Income Security Act of 1974 and certain rules regarding political campaign contributions in the United States, among others. The businesses of each company may continue to be attributable to the other companies for FCC and other purposes even after the companies cease to be commonly controlled, if the companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of any of these other companies may have the effect of limiting the activities or strategic business alternatives available to us, including limitations to which we contractually agreed in connection with our separation from CBS, or may impose additional costs on us.

**Item 1B. Unresolved Staff Comments.**

Not applicable.

**Item 2. Properties.**

In addition to the properties described below, we own and lease office, studio, production and warehouse space and broadcast, antenna and satellite transmission facilities throughout the United States and around the world for our businesses. We consider our properties adequate for our present needs.

**Viacom**

- Our world headquarters is located at 1515 Broadway, New York, New York, where we lease approximately 1.4 million square feet for executive, administrative and business offices for the Company and certain of our operating divisions. The lease runs through June 2031, with two renewal options based on market rates at the time of renewal for ten years each thereafter.

**Viacom Media Networks**

- In addition to occupying space at 1515 Broadway in New York, we lease the following major office facilities: (a) approximately 400,000 square feet at 345 Hudson Street, New York, New York, through 2022, (b) approximately 175,000 square feet at two facilities in Santa Monica, California, under leases that expire between 2016 and 2017 and (c) approximately 278,000 square feet at 1540 Broadway, New York, New York, through 2021.
- We have entered into a 12-year lease for approximately 210,000 square feet of office space at Columbia Square, 1575 North Gower Street, Los Angeles, California. Upon expected occupancy in December 2016, this facility will serve as

the West Coast Headquarters for Viacom Media Networks and BET and will replace their current facilities in Santa Monica.

- Viacom Media Networks' Network Operations Center in Hauppauge, New York contains approximately 65,000 square feet of floor space on approximately nine acres of owned land. Its Global Business Services Center in Franklin, Tennessee contains approximately 23,000 square feet of office space under a lease that expires in 2017, and its Global Business Services Center in Budapest, Hungary contains approximately 40,500 square feet of office space under a lease that expires in 2020.
- The Nickelodeon Animation Studio at 231 West Olive Avenue, Burbank, California contains approximately 72,000 square feet of studio and office space. We have entered into a lease for an office building on property located at 203 West Olive Avenue, directly adjacent to the existing Animation Studio, which will contain approximately 103,000 square feet of office space. Occupancy of the new building is expected in December 2016. The leases for the existing and new facilities are co-terminous, expiring in 2036.
- Nickelodeon's Live Action Studio contains approximately 108,000 square feet of stage and office space at Burbank Studios, 3000 West Alameda Avenue, Burbank, California, under a lease expiring in 2024.
- Viacom International Studios located at 50 NW 14th Street, Miami, Florida, contains approximately 60,000 square feet of sound stages, production facilities and office space, under a facilities license agreement expiring in 2018.
- CMT's headquarters in Nashville, Tennessee occupies approximately 86,000 square feet of space for CMT's executive, administrative and business offices and its studios, under leases expiring in 2020.
- BET's headquarters at One BET Plaza in Washington, D.C. contains approximately 192,000 square feet of office and studio space, the majority of which is leased pursuant to ground leases that expire in 2024 (with renewal options for an additional 35 years), and the balance of which is owned.
- Internationally, VIMN occupies approximately 140,000 square feet of space at its owned and leased Hawley Crescent facilities in London and leases approximately 84,000 square feet of space in Berlin through a lease expiring in 2017.

### **Filmed Entertainment**

- Paramount owns the Paramount Pictures Studio situated at 5555 Melrose Avenue, Los Angeles, California, located on approximately 62 acres of land, and containing approximately 1.85 million square feet of floor space used for executive, administrative and business offices, sound stages, production facilities, theatres, equipment facilities and other ancillary uses. Paramount has embarked on a planned 25-year expansion and revitalization project for the studio.
- Paramount Pictures International has offices in Chiswick, West London, where it leases approximately 45,000 square feet of space used for executive, administrative and business offices and a viewing cinema through 2017.

### **Item 3. Legal Proceedings.**

Litigation is inherently uncertain and always difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the legal matters described below and other litigation to which we are a party are not likely, in the aggregate, to have a material adverse effect on our results of continuing operations, financial position or operating cash flows.

#### *Settlement of Various Litigations Involving National Amusements and the SMR Trust*

Effective August 18, 2016, Viacom entered into an agreement (the "Settlement Agreement") with National Amusements and NAI Entertainment Holdings LLC (together, "NAI"), various members of the Redstone family and related parties, the directors of the Company, and certain other parties. Pursuant to the Settlement Agreement, which was unanimously approved by our Board, among other matters, all claims among Viacom, NAI and the other parties to the Settlement Agreement that are the subject matter of the Settlement Agreement were dismissed and terminated.

#### *Purported Class and Derivative Actions*

Between June 17, 2016 and August 1, 2016, three substantially similar purported class action complaints were filed in the Delaware Chancery Court by purported Viacom stockholders, against Viacom, Viacom's directors and NAI and were subsequently consolidated into one action. The action - brought on behalf of the class of all holders of Viacom Class B common stock except the named defendants and any person or entity affiliated with any of the defendants - alleges claims for breaches of fiduciary duty against the incumbent director defendants and NAI, and alleges that Viacom's new directors aided and abetted these breaches. In addition to damages and attorneys' fees, the action seeks such relief as the Court deems just and proper. All defendants, including Viacom and certain of its directors, have moved to dismiss the action.



On July 20, 2016, a purported derivative action was commenced in Delaware Chancery Court by a purported Viacom stockholder against Viacom and its directors. The complaint alleges that Viacom’s directors breached their fiduciary duties to Viacom in connection with compensation paid to Mr. Redstone. These breaches, it is alleged, permitted a waste of corporate assets and the unjust enrichment of Mr. Redstone. We intend to move to dismiss the action.

**Item 4. *Mine Safety Disclosures.***

Not applicable.



## PART II

### Item 5. Market for Viacom Inc.'s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our voting Class A common stock and non-voting Class B common stock are listed and traded on The NASDAQ Global Select Market under the symbols “VIA” and “VIAB”, respectively.

The table below shows, for the periods indicated, the high and low sales prices per share of our Class A and Class B common stock as reported in FactSet markets services.

	Sales Price	
	Low	High
<b>Class A common stock – Fiscal 2016</b>		
4th Quarter	\$ 38.61	\$ 50.40
3rd Quarter	\$ 37.90	\$ 50.81
2nd Quarter	\$ 33.88	\$ 50.55
1st Quarter	\$ 41.30	\$ 54.69
<b>Class A common stock – Fiscal 2015</b>		
4th Quarter	\$ 38.06	\$ 65.55
3rd Quarter	\$ 64.27	\$ 72.72
2nd Quarter	\$ 63.50	\$ 76.29
1st Quarter	\$ 66.11	\$ 78.08
<b>Class B common stock – Fiscal 2016</b>		
4th Quarter	\$ 34.11	\$ 46.69
3rd Quarter	\$ 34.40	\$ 46.29
2nd Quarter	\$ 30.11	\$ 47.47
1st Quarter	\$ 39.01	\$ 53.35
<b>Class B common stock – Fiscal 2015</b>		
4th Quarter	\$ 36.32	\$ 65.47
3rd Quarter	\$ 63.98	\$ 73.52
2nd Quarter	\$ 63.11	\$ 76.29
1st Quarter	\$ 65.86	\$ 78.00

During fiscal 2016 and 2015, our Board of Directors declared the following cash dividends to stockholders of record on both our voting Class A common stock and non-voting Class B common stock:

Declaration Date	Dividend per Share	Record Date	Payment Date
September 21, 2016	\$0.200	September 26, 2016	October 3, 2016
May 18, 2016	\$0.400	June 15, 2016	July 1, 2016
January 14, 2016	\$0.400	March 13, 2016	April 1, 2016
November 11, 2015	\$0.400	December 15, 2015	January 4, 2016
August 4, 2015	\$0.400	September 15, 2015	October 1, 2015
May 20, 2015	\$0.400	June 15, 2015	July 1, 2015
January 15, 2015	\$0.330	March 13, 2015	April 1, 2015
November 12, 2014	\$0.330	December 15, 2014	January 2, 2015

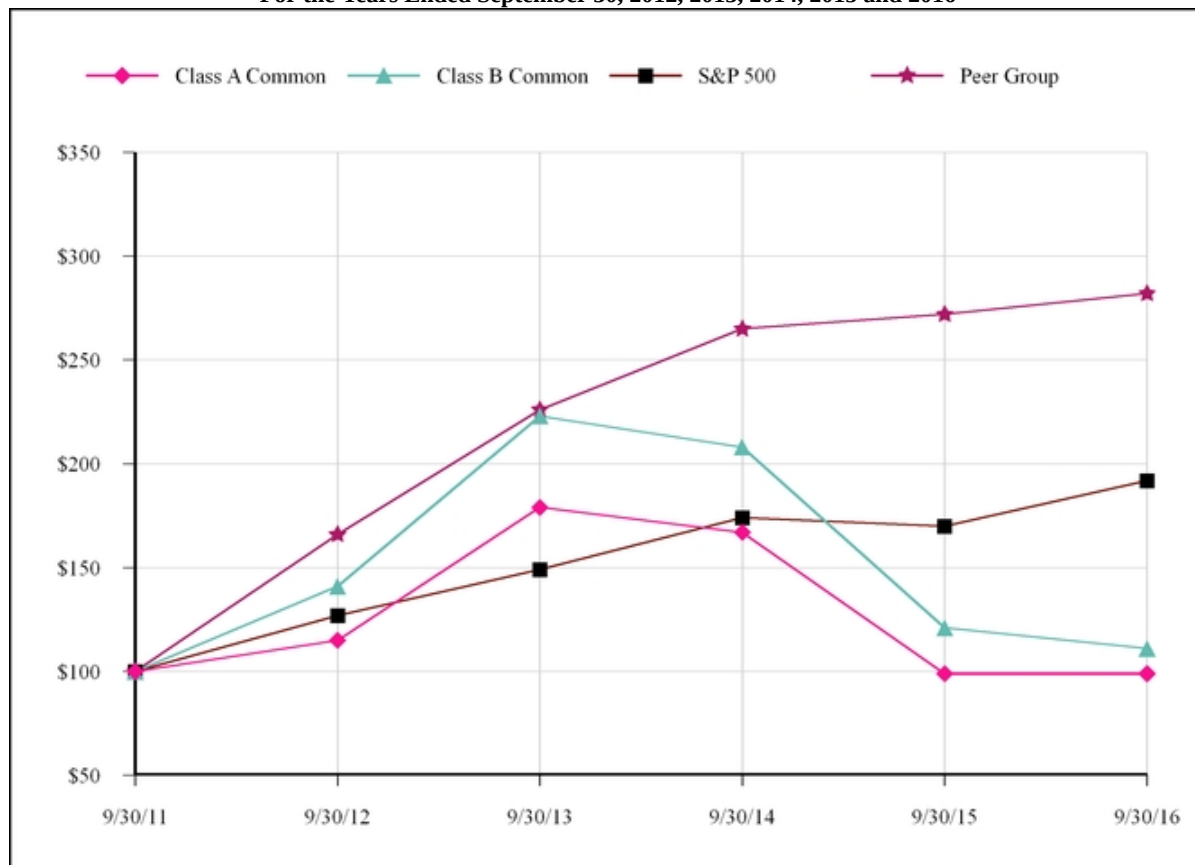
As of October 31, 2016, there were 1,397 record holders of our Class A common stock and 20,802 record holders of our Class B common stock.

## Performance Graph

The following graph compares the cumulative total stockholder return of our Class A common stock and our Class B common stock with the cumulative total stockholder return of the companies listed in the Standard & Poor's 500 Index and a peer group of companies comprised of The Walt Disney Company, Twenty-First Century Fox Inc. (News Corporation prior to June 2013), Time Warner Inc., CBS Corporation, Discovery Communications, Inc. and Scripps Networks Interactive Inc.

The performance graph assumes \$100 invested on September 30, 2011 in each of our Class A common stock, our Class B common stock, the S&P 500 Index and the stock of our peer group companies, including reinvestment of dividends, for the years ended September 30, 2012, 2013, 2014, 2015 and 2016.

**Total Cumulative Stockholder Return**  
**For the Years Ended September 30, 2012, 2013, 2014, 2015 and 2016**



	9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16
Class A Common	\$100	\$115	\$179	\$167	\$99	\$99
Class B Common	\$100	\$141	\$223	\$208	\$121	\$111
S&P 500	\$100	\$127	\$149	\$174	\$170	\$192
Peer Group	\$100	\$166	\$226	\$265	\$272	\$282

## Equity Compensation Plan Information

Information required by this item will be contained in the Proxy Statement for our 2017 Annual Meeting of Stockholders under the heading “Equity Compensation Plan Information,” which information is incorporated herein by reference.

## Item 6. Selected Financial Data.

The selected Consolidated Statement of Earnings data for the years ended September 30, 2016, 2015 and 2014 and the Consolidated Balance Sheet data as of September 30, 2016 and 2015 should be read in conjunction with the audited financial statements, Management’s Discussion and Analysis of Results of Operations and Financial Condition and other financial information presented elsewhere in this report. The selected Consolidated Statement of Earnings for the years ended September 30, 2013 and 2012 and the Consolidated Balance Sheet data as of September 30, 2014, 2013 and 2012 have been derived from audited financial statements not included herein.

### CONSOLIDATED STATEMENT OF EARNINGS DATA

(in millions, except per share amounts)	Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues	\$ 12,488	\$ 13,268	\$ 13,783	\$ 13,794	\$ 13,887
Operating income	\$ 2,526	\$ 3,112	\$ 4,082	\$ 3,836	\$ 3,901
Net earnings from continuing operations (Viacom and noncontrolling interests)	\$ 1,471	\$ 2,002	\$ 2,464	\$ 2,449	\$ 2,385
Net earnings from continuing operations attributable to Viacom	\$ 1,436	\$ 1,922	\$ 2,392	\$ 2,407	\$ 2,345
Net earnings from continuing operations per share attributable to Viacom:					
Basic	\$ 3.62	\$ 4.78	\$ 5.54	\$ 4.95	\$ 4.42
Diluted	\$ 3.61	\$ 4.73	\$ 5.43	\$ 4.86	\$ 4.36
Weighted average number of common shares outstanding:					
Basic	396.5	402.2	432.1	486.2	530.7
Diluted	398.0	406.0	440.2	494.8	537.5
Dividends declared per share of Class A and Class B common stock	\$ 1.40	\$ 1.46	\$ 1.26	\$ 1.15	\$ 1.05

### CONSOLIDATED BALANCE SHEET DATA

(in millions)	September 30,				
	2016	2015	2014	2013	2012
Total assets	\$ 22,508	\$ 22,143	\$ 22,985	\$ 23,710	\$ 22,210
Total debt	\$ 11,913	\$ 12,285	\$ 12,699	\$ 11,818	\$ 8,112
Total Viacom stockholders’ equity	\$ 4,277	\$ 3,538	\$ 3,719	\$ 5,193	\$ 7,448
Total equity	\$ 4,330	\$ 3,599	\$ 3,747	\$ 5,190	\$ 7,439

## Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition.

Management’s discussion and analysis of results of operations and financial condition is provided as a supplement to and should be read in conjunction with the consolidated financial statements and related notes to enhance the understanding of our results of operations, financial condition and cash flows. References in this document to “Viacom,” “Company,” “we,” “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

Significant components of the management’s discussion and analysis of results of operations and financial condition section include:

	<u>Page</u>
• <i>Overview</i> : The overview section provides a summary of Viacom and our reportable business segments and the principal factors affecting our results of operations.	<a href="#">34</a>
• <i>Results of Operations</i> : The results of operations section provides an analysis of our results on a consolidated and reportable segment basis for the three years ended September 30, 2016. In addition, we provide a discussion of items affecting the comparability of our results of operations.	<a href="#">39</a>
• <i>Liquidity and Capital Resources</i> : The liquidity and capital resources section provides a discussion of our cash flows for the three years ended September 30, 2016, and of our outstanding debt, commitments and contingencies existing as of September 30, 2016.	<a href="#">47</a>
• <i>Market Risk</i> : The market risk section discusses how we manage exposure to market and interest rate risks.	<a href="#">51</a>
• <i>Critical Accounting Policies and Estimates</i> : The critical accounting policies and estimates section provides detail with respect to accounting policies that are considered by management to require significant judgment and use of estimates and that could have a significant impact on our financial statements.	<a href="#">51</a>
• <i>Other Matters</i> : The other matters section provides a discussion of related party transactions and agreements.	<a href="#">54</a>

## OVERVIEW

### Summary

We are home to premier global media brands that create compelling television programs, motion pictures, short-form content, applications (“apps”), games, consumer products, social media experiences and other entertainment content for audiences in more than 180 countries.

We operate through two reporting segments: *Media Networks* and *Filmed Entertainment*. Our measure of segment performance is adjusted operating income. We define adjusted operating income for our segments as operating income, before equity-based compensation and certain other items identified as affecting comparability, when applicable. Equity-based compensation is excluded from our segment measure of performance since it is set and approved by the Compensation Committee of Viacom’s Board of Directors in consultation with corporate executive management, and is included as a component of consolidated adjusted operating income.

### Media Networks

Our *Media Networks* segment, which includes brands such as Nickelodeon, Comedy Central, MTV, VH1, SPIKE, BET, CMT, TV Land, Nick at Nite, Nick Jr., Channel 5 (in the United Kingdom), Logo, Nicktoons, TeenNick and Paramount Channel, provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. *Media Networks* also operates branded experiences including channels on streaming services and social media platforms such as DIRECTV NOW and Snapchat Discover.

On October 31, 2016, we announced the establishment of our Global Entertainment Group as a new brand group to combine Viacom International Media Networks, our former Music & Entertainment Group, as well as TV Land and CMT (which had previously been part of our Kids & Family Group). We also announced that our former Kids & Family Group would be reestablished as the Nickelodeon Group.

We create, acquire and distribute programming and other content for our audiences across multiple platforms, which allows our audiences to engage and interact with our content in a variety of ways: through cable and satellite distribution; through over-the-top (“OTT”) services, such as subscription video-on-demand (“SVOD”); on connected televisions, PCs, tablets, smartphones and other connected devices; using apps, browsers and other interfaces; and through a variety of social media platforms.

Our *Media Networks* segment generates advertising, affiliate and ancillary revenues.

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### *Advertising Revenues*

Advertising revenues are generated from the sale of advertising and from marketing services. Demand and pricing for our advertising depend on the attractiveness of our offerings to advertisers, viewership, and overall market conditions. We also drive additional demand through: integrated sales of multi-platform advertising and marketing opportunities; our integrated marketing services, which provide unique branded entertainment and custom sponsorship opportunities to our advertisers; and our continued investment in proprietary data platforms and advanced analytics, such as Viacom Vantage and Viacom Echo, that enable our customers to better target and measure the impact of their advertising. Our advertising revenues may be affected by the strength of advertising markets and general economic conditions, and may fluctuate depending on the success and availability of our programming, as measured by viewership, at any given time. Measured viewership may vary due to the success and availability of our programming, the timing of availability of new episodes of popular programming, and the performance of competing programs and other entertainment alternatives for viewers, as well as variations related to the methods used by third parties to measure viewership. Advertising revenues may also fluctuate due to seasonal variations, the timing of holidays and significant programming events such as awards shows and premieres. Typically, advertising revenues are highest in the first and fourth quarters of our fiscal year.

### *Affiliate Revenues*

Affiliate revenues are generated through affiliate fees from distributors of our programming and program services, such as cable television operators, direct-to-home satellite television operators, Internet distributors, mobile networks and SVOD and other OTT services. Our agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of these affiliate agreements are staggered. Under SVOD and other OTT agreements, we make multiple programs available for distribution on one or more dates. Our revenue under these OTT agreements is recognized upon the availability of the programs licensed and therefore revenue will fluctuate depending on the timing of when programming is made available throughout the license period.

### *Ancillary Revenues*

Ancillary revenues are principally derived from (i) consumer products, which includes licensing our brands and intellectual property, creation and publishing of interactive games across various platforms (including mobile, PC and console), and recreation experiences, (ii) viewing of our programming through download-to-own and download-to-rent services and the sale of DVDs and Blu-Ray discs and (iii) television syndication. Our ancillary revenues vary based on consumer spending, the popularity of our programming, volume of content available during a particular period and acceptance of our or our partners’ products.

*Media Networks* segment expenses consist of operating expenses, selling, general and administrative (“SG&A”) expenses and depreciation and amortization.

Operating expenses are comprised of costs related to original and acquired programming, including programming amortization, expenses associated with the distribution of home entertainment products and consumer products licensing, participations and residuals, integrated marketing expenses and other costs of sales. SG&A expenses consist primarily of employee compensation, marketing, research and professional service fees and facility and occupancy costs. Depreciation and amortization expenses reflect depreciation of fixed assets, including transponders financed under capital leases, and amortization of finite-lived intangible assets.

## **Filmed Entertainment**

Our *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Animation, Nickelodeon Movies, MTV Films and Paramount Television brands. Paramount Television develops, finances and produces programming for television and other platforms.

Paramount distributes motion pictures theatrically and through download-to-own, DVDs and Blu-ray discs, transactional video-on-demand (“TVOD”), SVOD, pay, basic cable and free television and other platforms and devices in the United States (“U.S.”) and internationally for itself and for third parties.

Our *Filmed Entertainment* segment generates theatrical, home entertainment, licensing and ancillary revenues.

### *Theatrical Revenues*

Theatrical revenues are generated worldwide from the theatrical release and distribution of motion pictures. Paramount releases films theatrically in domestic and international markets and generates revenues from audience ticket sales. Each motion picture

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is a separate and distinct product with its revenues, and ultimate profitability, dependent upon many factors, among which audience response, domestically and internationally, is of fundamental importance. Theatrical revenues may be also affected by the number, timing and mix of competitive releases in any given period, consumer tastes and consumption habits, and overall economic conditions, including trends in discretionary spending. The theatrical success of a motion picture is a significant factor in determining the revenues it is likely to generate in home entertainment markets and licensing arrangements for television and other platforms. Revenues from motion picture theatrical releases tend to be cyclical with increases around the holidays that fall during the first quarter of our fiscal year, and in the summer months during our fourth quarter.

*Home Entertainment Revenues*

Home entertainment revenues are derived from the worldwide sales and distribution of DVDs and Blu-ray discs relating to the motion pictures released theatrically by Paramount or other Viacom brands such as Nickelodeon, MTV, Comedy Central and BET, as well as certain acquired films and content distributed on behalf of third parties such as CBS. Home entertainment revenues are also derived from the viewing of our films through TVOD and download-to-own services around the world, for a fee and/or on a revenue sharing basis. Our home entertainment revenues may be affected by the number, timing and mix of releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and overall economic conditions, including trends in discretionary spending. The mix of our revenues from home entertainment activities continues to shift away from physical products toward consumption through various platforms and apps.

*Licensing Revenues*

Licensing revenues are revenues from films and television programs produced, acquired and distributed by Paramount that are licensed around the world on a territory by territory basis, for a fee or on a revenue sharing basis, to SVOD, pay and basic cable television, free television and free video-on-demand services. Revenue from the licensing of film and television exhibition rights is recognized upon availability for airing by the licensee and will fluctuate depending on the number and mix of available titles in any given territory.

*Ancillary Revenues*

Ancillary revenues are generated by providing production and facilities services to third parties, primarily at Paramount's studio lot. Paramount also generates ancillary revenues by licensing its brands for consumer products, themed restaurants, hotels and resorts, live stage plays, film clips and theme parks.

*Filmed Entertainment* segment expenses consist of operating expenses, SG&A expenses and depreciation and amortization.

Operating expenses principally include the amortization of costs of our released feature films and television programming (including participations and residuals), print and advertising expenses and other distribution costs. We incur marketing costs before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows. Such costs are incurred to generate public interest in our films and are expensed as incurred; therefore, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition and profitability may not be realized until well after a film's theatrical release. Therefore, the results of the *Filmed Entertainment* segment can be volatile as films work their way through the various distribution windows. SG&A expenses include employee compensation, facility and occupancy costs, professional service fees and other overhead costs. Depreciation and amortization expense principally consists of depreciation of fixed assets.

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## RESULTS OF OPERATIONS

Our summary consolidated results of operations are presented below for the years ended September 30, 2016, 2015 and 2014.

(in millions, except per share amounts)	Year Ended September 30,			2016 vs. 2015		2015 vs. 2014	
				Better/(Worse)		Better/(Worse)	
	2016	2015	2014	\$	%	\$	%
<b>GAAP</b>							
Revenues	\$ 12,488	\$ 13,268	\$ 13,783	\$ (780)	(6)%	\$ (515)	(4)%
Operating income	2,526	3,112	4,082	(586)	(19)	(970)	(24)
Net earnings from continuing operations attributable to Viacom	1,436	1,922	2,392	(486)	(25)	(470)	(20)
Diluted EPS from continuing operations	3.61	4.73	5.43	(1.12)	(24)	(0.70)	(13)
<b>Non-GAAP*</b>							
Adjusted operating income	\$ 2,732	\$ 3,920	\$ 4,125	\$ (1,188)	(30)%	\$ (205)	(5)%
Adjusted net earnings from continuing operations attributable to Viacom	1,465	2,210	2,376	(745)	(34)	(166)	(7)
Adjusted diluted EPS from continuing operations	3.68	5.44	5.40	(1.76)	(32)	0.04	1

\* See "Factors Affecting Comparability" section below for a reconciliation of our reported results to our adjusted results, which are calculated on a non-GAAP basis.

### Factors Affecting Comparability

The Consolidated Financial Statements reflect our results of operations, financial position and cash flows reported in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our results have been affected by certain items identified as affecting comparability. Accordingly, when applicable, we use consolidated adjusted operating income, adjusted earnings from continuing operations before provision for income taxes, adjusted provision for income taxes, adjusted net earnings from continuing operations attributable to Viacom and adjusted diluted earnings per share ("EPS") from continuing operations, among other measures, to evaluate our actual operating performance and for planning and forecasting of future periods. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, operating income, earnings from continuing operations before provision for income taxes, provision for income taxes, net earnings from continuing operations attributable to Viacom and diluted EPS from continuing operations as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies.

The following tables reconcile our reported results (GAAP) to our adjusted results (non-GAAP) for the three years ended September 30, 2016. The tax impacts included in the tables below have been calculated using the rates applicable to the adjustments presented.

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**2016**

	Year Ended September 30, 2016				
(in millions, except per share amounts)	Operating Income	Earnings from Continuing Operations Before Provision for Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results (GAAP)	\$ 2,526	\$ 1,990	\$ 519	\$ 1,436	\$ 3.61
Factors Affecting Comparability:					
Restructuring	206	206	75	131	0.33
Discrete tax benefit	—	—	102	(102)	(0.26)
Adjusted results (Non-GAAP)	<u>\$ 2,732</u>	<u>\$ 2,196</u>	<u>\$ 696</u>	<u>\$ 1,465</u>	<u>\$ 3.68</u>

*Restructuring charge:* We recognized a pre-tax restructuring charge of \$206 million in connection with the separation of certain senior executives. The restructuring charge includes the cost of separation payments of \$138 million and the acceleration of equity-based compensation expense of \$68 million. See Note 14 of the Consolidated Financial Statements for additional information.

*Discrete tax benefit:* The net discrete tax benefit is principally related to a tax accounting method change granted by the Internal Revenue Service, the release of tax reserves with respect to certain effectively settled tax positions and the recognition of capital loss carryforwards, partially offset by a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

**2015**

	Year Ended September 30, 2015				
(in millions, except per share amounts)	Operating Income	Earnings from Continuing Operations Before Provision for Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results (GAAP)	\$ 3,112	\$ 2,503	\$ 501	\$ 1,922	\$ 4.73
Factors Affecting Comparability:					
Restructuring and programming charges	784	784	264	520	1.28
Loss on pension settlement	24	24	9	15	0.04
Loss on extinguishment of debt	—	18	7	11	0.03
Discrete tax benefit	—	—	258	(258)	(0.64)
Adjusted results (Non-GAAP)	<u>\$ 3,920</u>	<u>\$ 3,329</u>	<u>\$ 1,039</u>	<u>\$ 2,210</u>	<u>\$ 5.44</u>

*Restructuring and programming charges:* We recognized pre-tax charges of \$784 million, reflecting \$578 million of programming charges and a \$206 million restructuring charge associated with workforce reductions. See Note 14 of the Consolidated Financial Statements for additional information.

*Loss on pension settlement:* The pre-tax non-cash charge of \$24 million was driven by the settlement of pension benefits of certain participants of our funded pension plan.

*Loss on extinguishment of debt:* In September 2015, we redeemed \$550 million of the total \$918 million outstanding of our 6.250% Senior Notes due April 2016, at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling \$568 million, and accrued interest of \$14 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of \$18 million.

*Discrete tax benefit:* During 2015, we reorganized certain non-U.S. subsidiaries in order to facilitate a more efficient movement of non-U.S. cash and to support the expansion of key areas for growth internationally. The net discrete tax benefit was principally related to excess foreign tax credits attributable to a taxable repatriation of non-U.S. earnings from reorganized entities and the release of tax reserves with respect to certain effectively settled tax positions.



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2014

	Year Ended September 30, 2014				
(in millions, except per share amounts)	Operating Income	Earnings from Continuing Operations Before Provision for Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results (GAAP)	\$ 4,082	\$ 3,514	\$ 1,050	\$ 2,392	\$ 5.43
Factors Affecting Comparability:					
Asset impairment	43	43	17	26	0.06
Loss on extinguishment of debt	—	11	4	7	0.02
Discrete tax benefit	—	—	49	(49)	(0.11)
Adjusted results (Non-GAAP)	<u>\$ 4,125</u>	<u>\$ 3,568</u>	<u>\$ 1,120</u>	<u>\$ 2,376</u>	<u>\$ 5.40</u>

**Asset impairment:** As a result of strategic decisions made by us resulting in channel realignment in several international markets, we recorded a non-cash pre-tax impairment charge of \$43 million related to an international trade name at *Media Networks*.

**Loss on extinguishment of debt:** In April 2014, we redeemed all \$600 million of our outstanding 4.375% Senior Notes due September 2014 at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling \$611 million, and accrued and unpaid interest of \$1 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of \$11 million.

**Discrete tax benefit:** The net discrete tax benefit was principally related to the reversal of deferred taxes on earnings deemed permanently reinvested and the recognition of capital loss carryforwards.

**YEAR ENDED SEPTEMBER 30, 2016 vs. 2015**

**Consolidated Results of Operations**

**Revenues**

Worldwide revenues decreased \$780 million, or 6%, to \$12.488 billion in the year ended September 30, 2016. *Media Networks* revenues decreased \$548 million, or 5%, principally reflecting lower affiliate and advertising revenues. *Filmed Entertainment* revenues decreased \$221 million, or 8%, principally driven by lower theatrical revenues.

**Expenses**

Total expenses decreased \$194 million, or 2%, to \$9.962 billion in the year ended September 30, 2016. The decrease in expenses results from a comparison with the \$784 million of restructuring and programming charges and \$24 million loss on pension settlement in the prior year, partially offset by higher segment expenses and a restructuring charge of \$206 million in the current year. *Filmed Entertainment* expenses increased \$335 million, or 12%, driven by higher operating expenses. *Media Networks* expenses increased \$111 million, or 2%, principally driven by SG&A expenses.

**Operating**

Operating expenses decreased \$184 million, or 3%, to \$6.684 billion in the year ended September 30, 2016. The decrease in operating expenses results from a comparison with the \$578 million programming charge in the prior year, partially offset by higher *Filmed Entertainment* operating expenses.

**Selling, General and Administrative**

SG&A expenses decreased \$9 million to \$2.851 billion in the year ended September 30, 2016. The decrease in SG&A expenses reflects a decline in *Filmed Entertainment* SG&A expenses of \$50 million, or 14%, and a comparison with the \$24 million loss on pension settlement in the prior year, partially offset by an increase of *Media Networks* SG&A expenses of \$91 million, or 4%.

**Operating Income**

Operating income decreased \$586 million, or 19% to \$2.526 billion in the year ended September 30, 2016, reflecting the operating results discussed above. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted operating income decreased \$1.188 billion, or 30%, to \$2.732 billion in the year ended September 30, 2016. *Media Networks* adjusted operating income decreased \$659 million, or 16%, to \$3.484 billion, primarily reflecting revenue declines and increased

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expenses. *Filmed Entertainment* adjusted operating results decreased \$556 million, reflecting the underperformance of current year films and an impairment charge related to the expected performance of an unreleased film. In addition, corporate expenses decreased \$22 million, or 9%, principally due to lower employee-related costs partially offset by expenses resulting from corporate governance matters.

#### Income Taxes

Our effective income tax rate was 26.1% in the year ended September 30, 2016. The net discrete tax benefit of \$102 million, taken together with the tax impact of restructuring, reduced the effective income tax rate by 5.6 percentage points. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 31.7% in 2016.

Our effective income tax rate was 20.0% in the year ended September 30, 2015. The net discrete tax benefit of \$258 million, taken together with the other factors affecting comparability discussed above, reduced the effective income tax rate by 11.2 percentage points. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 31.2% in 2015.

#### Net Earnings from Continuing Operations Attributable to Viacom

Net earnings from continuing operations attributable to Viacom decreased \$486 million, or 25%, to \$1.436 billion in the year ended September 30, 2016, principally due to the decline in tax-effected operating income described above, partially offset by lower interest expense, foreign exchange losses and net earnings attributable to noncontrolling interests. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted net earnings from continuing operations attributable to Viacom decreased \$745 million, or 34%, to \$1.465 billion in the year ended September 30, 2016.

#### Diluted Earnings Per Share from Continuing Operations

Diluted EPS from continuing operations decreased \$1.12 per diluted share to \$3.61 in the year ended September 30, 2016, reflecting the impact of net earnings. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted diluted EPS from continuing operations decreased \$1.76 per diluted share to \$3.68. Foreign exchange had an unfavorable \$0.05 impact on diluted and adjusted diluted EPS from continuing operations.

#### Segment Results of Operations

Transactions between reportable segments are accounted for as third-party arrangements for the purposes of presenting segment results of operations. Typical intersegment transactions include the purchase of advertising by the *Filmed Entertainment* segment on *Media Networks*' properties and the purchase of *Filmed Entertainment*'s feature films exhibition rights by *Media Networks*.

#### Media Networks

(in millions)	Year Ended September 30,		Better/(Worse)	
	2016	2015	\$	%
<b>Revenues by Component</b>				
Advertising	\$ 4,809	\$ 5,007	\$ (198)	(4)%
Affiliate	4,556	4,908	(352)	(7)
Ancillary	577	575	2	—
Total revenues by component	\$ 9,942	\$ 10,490	\$ (548)	(5)%
<b>Expenses</b>				
Operating	\$ 4,063	\$ 4,047	\$ (16)	— %
Selling, general and administrative	2,229	2,138	(91)	(4)
Depreciation and amortization	166	162	(4)	(2)
Total expenses	\$ 6,458	\$ 6,347	\$ (111)	(2)%
<b>Adjusted Operating Income</b>	<b>\$ 3,484</b>	<b>\$ 4,143</b>	<b>\$ (659)</b>	<b>(16)%</b>

#### Revenues

Worldwide revenues decreased \$548 million, or 5%, to \$9.942 billion in the year ended September 30, 2016, driven primarily by lower affiliate and advertising revenues. Domestic revenues were \$8.039 billion, a decrease of \$596 million, or 7%. International revenues were \$1.903 billion, an increase of \$48 million, or 3%. Foreign exchange had a 7-percentage point unfavorable impact on international revenues.

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*Advertising*

Worldwide advertising revenues decreased \$198 million, or 4%, to \$4.809 billion in the year ended September 30, 2016. Domestic advertising revenues decreased 5%. While pricing increased, softer ratings and reduced unit loads at certain of our networks contributed to lower audience delivery, reducing impressions and associated revenue. International advertising revenues were substantially flat. Excluding foreign exchange, which had a 9-percentage point unfavorable impact, international advertising revenues increased 9%, driven by growth in Europe.

*Affiliate*

Worldwide affiliate revenues decreased \$352 million, or 7%, to \$4.556 billion in the year ended September 30, 2016. Domestic affiliate revenues decreased 9%, principally reflecting a difficult comparison to the prior year which included higher revenues from SVOD and other OTT arrangements. Excluding the impact from the timing of product available under SVOD and other OTT arrangements, domestic affiliate revenues declined in the low-single digits, due to a modest decline in subscribers and the impact of rate equalization due to the consolidation of certain distributor agreements, partially offset by rate increases across the remaining subscriber base. International revenues increased 3%. Excluding the impact of foreign exchange, which had a 7-percentage point unfavorable impact, international affiliate revenues increased 10%, driven by new channel launches, increased subscribers, rate increases and the completion of certain SVOD and other OTT arrangements.

*Ancillary*

Worldwide ancillary revenues increased \$2 million to \$577 million in the year ended September 30, 2016. Domestic ancillary revenues decreased 6%, principally reflecting lower television syndication revenue. International ancillary revenues increased 9%. Excluding the impact of foreign exchange, which had a 5-percentage point unfavorable impact, international ancillary revenues increased 14%, driven by increased licensing revenue.

**Expenses**

*Media Networks* segment expenses increased \$111 million, or 2%, to \$6.458 billion in the year ended September 30, 2016.

*Operating*

Operating expenses increased \$16 million to \$4.063 billion in the year ended September 30, 2016. Programming costs increased \$72 million, or 2%. Programming costs increased primarily reflecting 4-percentage points from our continuing investment in original content, partially offset by the net benefit attributable to abandoned or impaired programming. Distribution and other expenses decreased \$56 million, or 11%, primarily driven by lower participation and residuals costs on SVOD arrangements.

*Selling, General and Administrative*

SG&A expenses increased \$91 million, or 4%, to \$2.229 billion in the year ended September 30, 2016, principally driven by higher costs for advertising and promotion, severance and data research, partially offset by 3-percentage points of benefit from our 2015 restructuring.

**Adjusted Operating Income**

Adjusted operating income decreased \$659 million, or 16%, to \$3.484 billion in the year ended September 30, 2016, reflecting the operating results discussed above.

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**Filmed Entertainment**

(in millions)	Year Ended September 30,		Better/(Worse)	
	2016	2015	\$	%
<b>Revenues by Component</b>				
Theatrical	\$ 605	\$ 841	\$ (236)	(28)%
Home entertainment	783	871	(88)	(10)
Licensing	1,100	980	120	12
Ancillary	174	191	(17)	(9)
Total revenues by component	\$ 2,662	\$ 2,883	\$ (221)	(8)%
<b>Expenses</b>				
Operating	\$ 2,738	\$ 2,350	\$ (388)	(17)%
Selling, general and administrative	319	369	50	14
Depreciation and amortization	50	53	3	6
Total expenses	\$ 3,107	\$ 2,772	\$ (335)	(12)%
<b>Adjusted Operating Income/(Loss)</b>	<b>\$ (445)</b>	<b>\$ 111</b>	<b>\$ (556)</b>	NM

NM - Not Meaningful

**Revenues**

Worldwide revenues decreased \$221 million, or 8%, to \$2.662 billion in the year ended September 30, 2016, principally driven by lower theatrical revenues. Domestic revenues were \$1.361 billion, a decrease of \$13 million, or 1%. International revenues were \$1.301 billion, a decrease of \$208 million, or 14%, with foreign exchange having a 3-percentage point unfavorable impact on international revenues.

*Theatrical*

Worldwide theatrical revenues decreased \$236 million, or 28%, to \$605 million in the year ended September 30, 2016. Revenues from our current year releases decreased \$189 million principally due to the comparison with the performance of *Mission: Impossible - Rogue Nation* in the prior year. Significant current year releases included *Star Trek Beyond*, *Daddy's Home*, *Teenage Mutant Ninja Turtles: Out of the Shadows*, *The Big Short* and *10 Cloverfield Lane*, compared with *Mission: Impossible - Rogue Nation*, *Terminator: Genisys*, *The SpongeBob Movie: Sponge Out of Water* and *Interstellar* in the prior year. Carryover revenues decreased \$47 million principally reflecting revenues in the prior year from *Teenage Mutant Ninja Turtles*. Domestic and international theatrical revenues decreased 13% and 41%, respectively. Foreign exchange had a 3-percentage point unfavorable impact on international theatrical revenues.

*Home Entertainment*

Worldwide home entertainment revenues decreased \$88 million, or 10%, to \$783 million in the year ended September 30, 2016, principally reflecting lower revenues associated with third-party distribution and catalog titles. Domestic home entertainment revenues remained substantially flat and international home entertainment revenues decreased 24%. Foreign exchange had a 4-percentage point unfavorable impact on international home entertainment revenues.

*Licensing*

Licensing revenues increased \$120 million, or 12%, to \$1.100 billion in the year ended September 30, 2016, primarily driven by SVOD licensing fees. Domestic and international licensing revenues increased 11% and 13%, respectively.

*Ancillary*

Ancillary revenues decreased \$17 million, or 9%, to \$174 million in the year ended September 30, 2016. Domestic ancillary revenues remained flat, while international ancillary revenues decreased 30% principally due to lower merchandising revenues from *Transformers: Age of Extinction*.

**Expenses**

*Filmed Entertainment* segment expenses increased \$335 million, or 12%, to \$3.107 billion in the year ended September 30, 2016.

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**Operating**

Operating expenses increased \$388 million, or 17%, to \$2.738 billion in the year ended September 30, 2016. Distribution and other costs, principally print and advertising expenses, increased \$225 million, or 24%, primarily driven by higher marketing costs for our current year film slate. Film costs increased \$163 million, or 11%, including a \$115 million impairment charge related to the expected performance of an unreleased film and higher television production costs.

**Selling, General and Administrative**

SG&A expenses decreased \$50 million, or 14%, to \$319 million in the year ended September 30, 2016, principally driven by lower employee costs, including 8-percentage points of benefit from our 2015 restructuring and other discretionary cost decreases.

**Adjusted Operating Income/(Loss)**

Adjusted operating loss was \$445 million in the year ended September 30, 2016, compared with adjusted operating income of \$111 million in 2015. The decline in results reflects the underperformance of current year films, such as *Teenage Mutant Ninja Turtles: Out of the Shadows* and *Zoolander 2*, as well as the impairment charge discussed above. We expect to generate an adjusted operating loss in the *Filmed Entertainment* segment for the quarter ended December 31, 2016, principally reflecting print and advertising expenses associated with our upcoming fiscal 2017 theatrical releases.

**YEAR ENDED SEPTEMBER 30, 2015 vs. 2014****Consolidated Results of Operations****Revenues**

Worldwide revenues decreased \$515 million, or 4%, to \$13.268 billion in the year ended September 30, 2015. Excluding an unfavorable 2% impact of foreign exchange, revenues declined 2%. *Media Networks* revenues increased \$319 million, or 3%, principally reflecting higher affiliate and advertising revenues. *Filmed Entertainment* revenues decreased \$842 million, or 23%, due to lower revenues across the distribution windows. Excluding an unfavorable 2% and 4% impact of foreign exchange, *Media Networks* revenues increased 5% and *Filmed Entertainment* revenues declined 19%, respectively.

**Expenses**

Total expenses increased \$455 million, or 5%, to \$10.156 billion in the year ended September 30, 2015, primarily due to \$784 million of restructuring and programming charges and a \$24 million loss on pension settlement, partially offset by lower total segment expenses and a \$43 million asset impairment charge in the prior year. *Filmed Entertainment* expenses decreased \$748 million, or 21%, driven by lower operating expenses, while *Media Networks* expenses increased \$447 million, or 8%, reflecting higher operating expenses.

**Operating**

Operating expenses increased \$326 million, or 5%, to \$6.868 billion in the year ended September 30, 2015. Consolidated operating expenses included a programming charge of \$578 million, as described in more detail in the “*Factors Affecting Comparability*” section. Operating expenses increased \$425 million, or 12%, at *Media Networks*, and decreased \$681 million, or 22%, at *Filmed Entertainment*.

**Selling, General and Administrative**

SG&A expenses decreased \$39 million, or 1%, to \$2.860 billion in the year ended September 30, 2015. *Filmed Entertainment* SG&A expenses decreased \$56 million, or 13%, and *Media Networks* SG&A expenses increased \$8 million. Consolidated SG&A expenses in 2015 included a \$24 million loss on pension settlement, as described in more detail in the “*Factors Affecting Comparability*” section. In addition, equity compensation declined \$21 million.

**Operating Income**

Operating income decreased \$970 million, or 24%, to \$3.112 billion in the year ended September 30, 2015, reflecting the operating results discussed above. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted operating income decreased \$205 million, or 5%, to \$3.920 billion in the year ended September 30, 2015. *Media Networks* adjusted operating income decreased \$128 million, or 3%, as higher revenues were more than offset by an increase in programming and marketing expenses. *Filmed Entertainment* adjusted operating income decreased \$94 million, or 46%, reflecting lower contribution from films in release across the distribution windows.

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(continued)**

### Income Taxes

Our effective income tax rate was 20.0% in the year ended September 30, 2015. The net discrete tax benefit of \$258 million, taken together with the other factors affecting comparability discussed above, as applicable, reduced the effective income tax rate by 11.2 percentage points. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 31.2% in 2015.

Our effective income tax rate was 29.9% in the year ended September 30, 2014. The net discrete tax benefit of \$49 million, taken together with the other factors affecting comparability discussed above, as applicable, reduced the effective income tax rate by 1.5 percentage points. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 31.4% in 2014.

### Net Earnings from Continuing Operations Attributable to Viacom

Net earnings from continuing operations attributable to Viacom decreased \$470 million, or 20%, to \$1.922 billion in the year ended September 30, 2015, principally due to the decline in tax-effected adjusted operating income described above, an increase in interest expense, reflecting higher levels of debt outstanding, and foreign currency exchange losses, partially offset by higher income from equity in net earnings of investee companies. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted net earnings from continuing operations attributable to Viacom decreased \$166 million, or 7%, to \$2.210 billion in the year ended September 30, 2015.

### Diluted Earnings Per Share from Continuing Operations

Diluted EPS from continuing operations decreased \$0.70 per diluted share to \$4.73 in the year ended September 30, 2015, reflecting lower net earnings partially offset by the impact of fewer outstanding shares. Excluding the items discussed in “*Factors Affecting Comparability*”, adjusted diluted EPS from continuing operations increased \$0.04 per diluted share to \$5.44, reflecting the impact of fewer outstanding shares, partially offset by lower adjusted net earnings. Foreign exchange had an unfavorable \$0.14 impact on diluted and adjusted diluted EPS from continuing operations.

### Segment Results of Operations

Transactions between reportable segments are accounted for as third-party arrangements for the purposes of presenting segment results of operations. Typical intersegment transactions include the purchase of advertising by the *Filmed Entertainment* segment on *Media Networks*' properties and the purchase of *Filmed Entertainment*'s feature films exhibition rights by *Media Networks*.

### Media Networks

(in millions)	Year Ended September 30,		Better/(Worse)	
	2015	2014	\$	%
<b>Revenues by Component</b>				
Advertising	\$ 5,007	\$ 4,953	\$ 54	1 %
Affiliate	4,908	4,660	248	5
Ancillary	575	558	17	3
Total revenues by component	\$ 10,490	\$ 10,171	\$ 319	3 %
<b>Expenses</b>				
Operating	\$ 4,047	\$ 3,622	\$ (425)	(12)%
Selling, general and administrative	2,138	2,130	(8)	—
Depreciation and amortization	162	148	(14)	(9)
Total expenses	\$ 6,347	\$ 5,900	\$ (447)	(8)%
<b>Adjusted Operating Income</b>	<b>\$ 4,143</b>	<b>\$ 4,271</b>	<b>\$ (128)</b>	<b>(3)%</b>

### Revenues

Worldwide revenues increased \$319 million, or 3%, to \$10.490 billion in the year ended September 30, 2015, driven primarily by higher affiliate and advertising revenues. Excluding an unfavorable 2% impact of foreign exchange, worldwide revenues increased 5%. Domestic revenues were \$8.635 billion, an increase of \$10 million. International revenues were \$1.855 billion, an increase of \$309 million, or 20%, primarily due to the acquisition of Channel 5 Broadcasting Limited (“Channel 5”), partially offset by foreign exchange, which had a 10-percentage point unfavorable impact on international revenues.

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**Advertising**

Worldwide advertising revenues increased \$54 million, or 1%, to \$5.007 billion in the year ended September 30, 2015. Domestic advertising revenues decreased 7%. While pricing remained essentially flat, softer ratings caused lower audience delivery, reducing impressions and associated revenue. International advertising revenues increased 60%, reflecting growth in Europe driven by the acquisition of Channel 5, partially offset by the impact of foreign exchange, which had a 10-percentage point unfavorable impact on international advertising revenues.

**Affiliate**

Worldwide affiliate revenues increased \$248 million, or 5%, to \$4.908 billion in the year ended September 30, 2015. Domestic affiliate revenues increased 8%, driven by rate increases as well as the benefit of timing of SVOD and other OTT distribution agreements. Excluding the impact from the timing of product available under SVOD and other OTT agreements, domestic affiliate revenues grew in the mid-single digits. International revenues decreased 7%, principally due to foreign exchange, which had an 11-percentage point unfavorable impact, partially offset by an increase in revenues driven by the launch of new channels and new distribution agreements.

**Ancillary**

Worldwide ancillary revenues increased \$17 million, or 3%, to \$575 million in the year ended September 30, 2015. Domestic ancillary revenues increased 6%, principally reflecting increased licensing revenue. International ancillary revenues decreased 1%, principally due to foreign exchange, which had a 6-percentage point unfavorable impact, partially offset by an increase in revenues driven by the acquisition of Channel 5.

**Expenses**

*Media Networks* segment expenses increased \$447 million, or 8%, to \$6.347 billion in the year ended September 30, 2015, driven by higher operating expenses.

**Operating**

Operating expenses increased \$425 million, or 12%, to \$4.047 billion in the year ended September 30, 2015. Programming costs increased \$372 million, or 12%, driven by the acquisition of Channel 5 and our continuing investment in original programming. Programming costs also include 3-percentage points of benefit attributable to programming abandoned or impaired in the second fiscal quarter, as previously described in the “*Factors Affecting Comparability*” section. Distribution and other expenses increased \$53 million, or 12%, primarily driven by Channel 5 distribution costs.

**Selling, General and Administrative**

SG&A expenses were substantially flat at \$2.138 billion in the year ended September 30, 2015. Higher advertising and promotional expenses related to marketing original programming was offset by lower employee costs, including 2-percentage points of benefit from restructuring activities, as well as lower incentive compensation.

**Depreciation and Amortization**

Depreciation and amortization increased \$14 million, or 9%, to \$162 million in the year ended September 30, 2015, driven by the acquisition of Channel 5.

**Adjusted Operating Income**

Adjusted operating income decreased \$128 million, or 3%, to \$4.143 billion in the year ended September 30, 2015, reflecting the operating results discussed above.



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**Filmed Entertainment**

(in millions)	Year Ended September 30,		Better/(Worse)	
	2015	2014	\$	%
<b>Revenues by Component</b>				
Theatrical	\$ 841	\$ 1,209	\$ (368)	(30)%
Home entertainment	871	1,164	(293)	(25)
Licensing	980	1,115	(135)	(12)
Ancillary	191	237	(46)	(19)
Total revenues by component	\$ 2,883	\$ 3,725	\$ (842)	(23)%
<b>Expenses</b>				
Operating	\$ 2,350	\$ 3,031	\$ 681	22 %
Selling, general and administrative	369	425	56	13
Depreciation and amortization	53	64	11	17
Total expenses	\$ 2,772	\$ 3,520	\$ 748	21 %
<b>Adjusted Operating Income</b>	<u>\$ 111</u>	<u>\$ 205</u>	<u>\$ (94)</u>	(46)%

**Revenues**

Worldwide revenues decreased \$842 million, or 23%, to \$2.883 billion in the year ended September 30, 2015. Excluding an unfavorable 4% impact of foreign exchange, worldwide revenues declined 19%, due to lower revenues across the distribution windows reflecting the mix of films. Domestic revenues were \$1.374 billion, a decrease of \$347 million, or 20%. International revenues were \$1.509 billion, a decrease of \$495 million, or 25%, with foreign exchange having an 8-percentage point unfavorable impact on international revenues.

*Theatrical*

Worldwide theatrical revenues decreased \$368 million, or 30%, to \$841 million in the year ended September 30, 2015. Revenues from our current year releases were lower by \$422 million due to the mix of releases, partially offset by higher carryover revenues of \$54 million from prior year releases, principally from *Teenage Mutant Ninja Turtles*. Significant current year releases included *Mission: Impossible - Rogue Nation*, *Terminator: Genisys*, *The SpongeBob Movie: Sponge Out of Water*, *Interstellar* and *Selma*, while the prior year included *Transformers: Age of Extinction*, *Teenage Mutant Ninja Turtles* and *Noah*. Domestic theatrical revenues decreased 26% and international revenues decreased 34%. Foreign exchange had a 10-percentage point unfavorable impact on international theatrical revenues.

*Home Entertainment*

Worldwide home entertainment revenues decreased \$293 million, or 25%, to \$871 million in the year ended September 30, 2015, reflecting a decline in revenues from third-party distribution titles, carryover revenues from prior year releases and our current year releases due to the mix of titles. Significant titles in the current year included *Teenage Mutant Ninja Turtles*, *Interstellar* and *The SpongeBob Movie: Sponge Out of Water*, while the prior year included *Transformers: Age of Extinction*, *The Wolf of Wall Street*, *Noah* and *Jackass: Bad Grandpa*. Domestic and international home entertainment revenues decreased 16% and 35%, respectively. Foreign exchange had a 7-percentage point unfavorable impact on international home entertainment revenues.

*Licensing*

Licensing revenues decreased \$135 million, or 12%, to \$980 million in the year ended September 30, 2015, primarily driven by the mix of available titles. Domestic and international licensing revenues decreased 19% and 8%, respectively. Foreign exchange had a 5-percentage point unfavorable impact on international licensing revenues.

*Ancillary*

Ancillary revenues decreased \$46 million, or 19%, to \$191 million in the year ended September 30, 2015, primarily driven by a benefit from the sale of certain distribution rights in the prior year. Domestic and international ancillary revenues decreased 19% and 21%, respectively.

**Expenses**

*Filmed Entertainment* segment expenses decreased \$748 million, or 21%, to \$2.772 billion in the year ended September 30, 2015, primarily driven by lower operating expenses.

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**Operating**

Operating expenses decreased \$681 million, or 22%, to \$2.350 billion in the year ended September 30, 2015. Distribution and other costs, principally print and advertising expenses, decreased \$454 million, or 33%, primarily driven by the mix of current year releases. Film costs decreased \$227 million, or 14%, reflecting lower participation costs.

**Selling, General and Administrative**

SG&A expenses decreased \$56 million, or 13%, to \$369 million in the year ended September 30, 2015, principally driven by lower employee costs, including lower incentive compensation and 3-percentage points of benefit from restructuring activities, as previously described in the “*Factors Affecting Comparability*” section.

**Depreciation and Amortization**

Depreciation and amortization decreased \$11 million, or 17%, driven by a decline in amortization expense associated with an intangible asset becoming fully amortized in the prior year.

**Adjusted Operating Income**

Adjusted operating income was \$111 million in the year ended September 30, 2015, compared with \$205 million in 2014, principally reflecting lower contributions from films in release across the distribution windows and the benefit from the sale of certain distribution rights in the prior year.

**LIQUIDITY AND CAPITAL RESOURCES****Liquidity****Sources and Uses of Cash**

Our primary source of liquidity is cash provided through the operations of our businesses. We have access to external financing sources such as our \$2.5 billion five-year revolving credit facility and the capital markets. Our principal uses of cash from operations include the creation of new programming and film content, acquisitions of third-party content, and interest and income tax payments. We also use cash for the repayment of debt, quarterly cash dividends, capital expenditures and acquisitions of businesses, as well as discretionary share repurchases under our stock repurchase program, as deemed appropriate.

The *Media Networks* segment consistently generates a significant percentage of our cash flow from operating activities. Advertising is generally purchased by large media buying agencies and our affiliate revenues are earned from cable and satellite television operators and other distributors. The *Filmed Entertainment* segment’s operational results and ability to generate cash flow from operations substantially depend on the number and timing of films and television series in development and production, the level and timing of print and advertising costs and the public’s response to our theatrical film and home entertainment releases. In general, our segments require relatively low levels of capital expenditures in relation to our annual cash flow from operations. This contributes to our ability to generate cash flow for future investment in our content and business operations, which we expect to be able to maintain over time.

We use commercial paper borrowings, backstopped by our credit facility, and the credit facility to fund short-term domestic liquidity needs principally driven by the timing of our domestic operating cash flows. Our cash and cash equivalents totaled \$379 million as of September 30, 2016, of which \$265 million was held by our foreign subsidiaries and is substantially all deemed permanently reinvested in our foreign operations. While we currently do not intend or foresee a need for repatriating funds held in our foreign subsidiaries, should we require additional capital in the U.S., we could elect to repatriate these funds or access external financing. Repatriating funds could result in a higher effective tax rate and cash taxes paid.

We believe that our cash flows from operating activities together with our credit facility provide us with adequate resources to fund our anticipated ongoing cash requirements. We anticipate that future debt maturities will be funded with cash and cash equivalents, cash flows from operating activities and future access to capital markets, including our credit facility.

We may continue to access external financing from time to time depending on our cash requirements, assessments of current and anticipated market conditions and after-tax cost of capital. Our access to capital markets can be impacted by factors outside our control, including economic conditions; however, we believe that our strong cash flows and balance sheet, our credit facility and our credit rating will provide us with adequate access to funding given our expected cash needs. Any new borrowing cost would be affected by market conditions and short and long-term debt ratings assigned by independent rating

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agencies, and there can be no assurance that we will be able to access capital markets on terms and conditions that will be favorable to us.

### **Cash Flows**

The net change in cash and cash equivalents for each of the years ended September 30, 2016, 2015 and 2014 is detailed below:

<b>Cash Flows</b> (in millions)	<b>Year Ended September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash provided by operations	\$ 1,371	\$ 2,313	\$ 2,597
Net cash flow used in investing activities	(299)	(257)	(855)
Net cash flow used in financing activities	(1,173)	(2,477)	(3,100)
Effect of exchange rate changes on cash and cash equivalents	(26)	(73)	(45)
Net change in cash and cash equivalents	\$ (127)	\$ (494)	\$ (1,403)

#### *Operating Activities*

Cash provided by operations was \$1.371 billion in 2016, a decrease of \$942 million compared with 2015, reflecting the impact from lower net earnings, higher film and television production spending and unfavorable working capital requirements.

Cash provided by operations was \$2.313 billion in 2015, a decrease of \$284 million compared with 2014. The decrease primarily reflects an increase in programming spending, partially offset by lower income tax payments.

See Note 17 of the Consolidated Financial Statements for more information regarding income tax payments.

#### *Investing Activities*

Cash used in investing activities was \$299 million in 2016, principally reflecting capital expenditures and contributions made into grantor trusts in connection with the separation of certain senior executives. See Note 14 of the Consolidated Financial Statements for additional information.

Cash used in investing activities was \$257 million in 2015, principally reflecting capital expenditures and our investment in Prism TV Private Limited.

Cash used in investing activities was \$855 million in 2014, principally reflecting the purchase price for the acquisition of Channel 5 and capital expenditures.

#### *Financing Activities*

Cash used in financing activities was \$1.173 billion in 2016, primarily driven by dividend payments of \$635 million, debt repayments of \$368 million and the settlement of share repurchases totaling \$100 million.

Cash used in financing activities was \$2.477 billion in 2015, driven by the settlement of share repurchases totaling \$1.548 billion, dividend payments of \$564 million and net payments of \$410 million from debt transactions. Proceeds of \$990 million from the issuance of senior notes and debentures with an aggregate face value of \$1.0 billion were more than offset by debt repayments of \$1.400 billion.

Cash used in financing activities was \$3.100 billion in 2014, driven by the settlement of share repurchases totaling \$3.529 billion and dividend payments of \$541 million, partially offset by net proceeds of \$884 million from debt transactions. Proceeds of \$1.484 billion from the issuance of senior notes and debentures with an aggregate face value of \$1.5 billion were partially offset by the debt extinguishment payment of \$600 million.

In September 2016, we decreased our quarterly dividend to \$0.20 per share of Class A and Class B common stock from \$0.40 per share, beginning with the dividend paid on October 3, 2016.

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## Capital Resources

### *Capital Structure and Debt*

Our debt outstanding as of September 30, 2016 and 2015 is as follows:

Debt (in millions)	September 30,	
	2016	2015
Senior notes and debentures	\$ 11,793	\$ 12,142
Capital leases and other obligations	120	143
Total debt	<u>\$ 11,913</u>	<u>\$ 12,285</u>

### *Senior Notes and Debentures*

In the third quarter of fiscal 2016, we repaid the \$368 million aggregate principal amount of our 6.250% Senior Notes due April 2016.

Our outstanding senior notes and debentures provide for certain covenant packages typical for an investment grade company. There is one acceleration trigger for certain of the senior notes and debentures in the event of a change in control under certain specified circumstances coupled with ratings downgrades due to the change in control.

At September 30, 2016 and 2015, the total unamortized discount and issuance fees and expenses related to the fixed rate senior notes and debentures was \$459 million and \$478 million, respectively.

On October 4, 2016, we issued a total of \$1.3 billion of senior notes as follows:

- \$400 million in aggregate principal amount of 2.250% senior notes due 2022 at a price equal to 99.692% of the principal amount (the “2022 Senior Notes”); and
- \$900 million in aggregate principal amount of 3.450% senior notes due 2026 at a price equal to 99.481% of the principal amount (the “2026 Senior Notes” and, together with the 2022 Senior Notes, the “Senior Notes”).

The interest rate payable on the Senior Notes will be subject to adjustment from time to time if Moody's Investors Services, Inc. or S&P Global Ratings downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Senior Notes. The interest rate on the Senior Notes would increase by 0.25% upon each credit agency downgrade up to a maximum of 2.00%, and would similarly be decreased for subsequent upgrades.

The proceeds, net of the discount and other issuance fees and expenses, from the issuance of the Senior Notes were \$1.285 billion. We intend to use the net proceeds for the repayment of outstanding senior notes, as detailed below, and borrowings under our commercial paper program, and, to the extent that any proceeds remain, for general corporate purposes.

In October 2016, we delivered notices of redemption to redeem all \$400 million of our outstanding 2.500% senior notes due December 2016 and all \$500 million of our outstanding 3.500% senior notes due April 2017. The redemption is expected to take place on November 14, 2016.

*Credit Facility:* At September 30, 2016 and 2015, there were no amounts outstanding under our \$2.5 billion revolving credit facility due November 2019. The average credit facility amount outstanding for the twelve months ending September 30, 2016 was \$261 million, which had a weighted average interest rate of 1.30%. The credit facility is used for general corporate purposes and to support commercial paper outstanding, if any. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 1.25% to 2.25% based on our current public debt rating. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of September 30, 2016.

*Commercial Paper:* At September 30, 2016 and 2015, there was no commercial paper outstanding. The average commercial paper outstanding for the twelve months ending September 30, 2016 was \$1.3 billion, which had a weighted average interest rate of 0.96%.

*Stock Repurchase Program:* During 2016, we repurchased 2.1 million shares of Class B common stock for an aggregate price of \$100 million, leaving \$4.9 billion of remaining capacity under our \$20.0 billion stock repurchase program. During 2015 and 2014, we repurchased 21.1 million and 40.7 million shares under the program for an aggregate price of \$1.5 billion and \$3.4 billion, respectively.

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### ***Commitments and Contingencies***

Our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years. Additionally, we are subject to a redeemable put option (see Note 10 to our Consolidated Financial Statements).

**Guarantees:** In the course of our business, we both provide and receive the benefit of indemnities that are intended to allocate certain risks associated with business transactions. Similarly, we may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification agreement. See Note 11 of the Consolidated Financial Statements for additional information.

**Leases -** We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. ("Famous Players"). In addition, we have certain indemnities provided by the acquirer of Famous Players.

**Other -** We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business.

**Legal Matters:** See Note 11 of the Consolidated Financial Statements for information regarding legal matters.

**Film Financing Arrangements:** From time to time we enter into film financing arrangements that involve the sale of a partial copyright interest in a film to third-party investors. Since the investors typically have the risks and rewards of ownership proportionate to their ownership in the film, we generally record the amounts received for the sale of copyright interest as a reduction of the cost of the film and related cash flows are reflected in net cash flow from operating activities. We also enter into collaborative arrangements with other studios to jointly finance and distribute theatrical productions ("co-financing arrangements"). A co-financing arrangement typically involves joint ownership of the film asset with each partner responsible for distribution of the film in specific territories. The partners share in the profits and losses of the film in accordance with their respective ownership interest.

### ***Contractual Obligations***

Our contractual obligations include amounts reflected on our balance sheet, as well as off-balance sheet arrangements. At September 30, 2016, our significant contractual obligations, including payments due for the next five fiscal years and thereafter, were as follows:

<b>Contractual Obligations (in millions)</b>	<b>Total</b>	<b>1 year</b>	<b>2-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
<b>Off-balance Sheet Arrangements</b>					
Programming and talent commitments (1)	\$ 1,550	\$ 717	\$ 677	\$ 135	\$ 21
Operating leases (2)	1,768	228	303	275	962
Purchase obligations (3)	1,211	532	383	233	63
<b>On-Balance Sheet Arrangements</b>					
Capital lease obligations (4)	\$ 80	\$ 21	\$ 43	\$ 15	\$ 1
Debt	12,252	900	1,950	900	8,502
Interest payments	8,360	553	1,002	869	5,936
Other long-term obligations (5)	2,162	1,493	580	89	—

(1) Programming and talent commitments include \$1.191 billion relating to media networks programming and \$359 million for talent contracts.

(2) Operating leases include long-term non-cancelable operating lease commitments for office space, equipment, transponders, studio facilities and vehicles.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

(4) Capital lease obligations include capital leases for satellite transponders.

(5) Other long-term obligations principally consist of participations, residuals and programming obligations for content that is available for airing.

Note: The table above does not include \$1.3 billion principal amount of payments with respect to the Senior Notes issued on October 4, 2016. Interest payments for the Senior Notes total approximately \$360 million through maturity.

The table above does not include payments which may result from our defined benefit pension plans of \$504 million, unrecognized tax benefits of \$201 million, including interest and penalties, interest payments to be made under our credit facility and for commercial paper outstanding, \$211 million of redeemable noncontrolling interest and lease indemnification obligations of approximately \$230 million. The amount and timing of payments with respect to these items are subject to a number of uncertainties such that we are unable to make sufficiently reliable estimations of future payments.

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**MARKET RISK**

We are exposed to market risk related to foreign currency exchange rates and interest rates. We use or expect to use derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure, and we do not hold or enter into financial instruments for speculative trading purposes.

**Foreign Exchange Risk**

We conduct business in various countries outside the U.S., resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. Dollar.

We use foreign currency forward contracts to economically hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Euro, the Brazilian Real, the Japanese Yen, the Australian Dollar, the Singapore Dollar and the Canadian Dollar. We also enter into forward contracts to hedge future production costs or programming obligations. The change in fair value of non-designated foreign exchange contracts is included in current period earnings as part of *Other items, net* in the Consolidated Statements of Earnings. We manage the use of foreign exchange derivatives centrally.

At September 30, 2016 and 2015, the notional value of all foreign exchange contracts was \$1.149 billion and \$1.040 billion, respectively. In 2016, \$874 million related to our foreign currency balances and \$275 million related to future production costs. In 2015, \$769 million related to our foreign currency balances and \$271 million related to future production costs.

**Interest Rate Risk**

A portion of our interest expense is exposed to movements in short-term rates. A 1% change to the weighted average interest rate on commercial paper and credit facility amounts outstanding in 2016 would increase or decrease interest expense by approximately \$16 million. Also, interest expense for future long-term debt issues is exposed to movements in long-term rates. Interest rate hedges may be used to modify both of these exposures at our discretion. There were no interest rates hedges outstanding at September 30, 2016 and 2015.

Viacom has issued senior notes and debentures that, at September 30, 2016, had an outstanding balance of \$11.8 billion and an estimated fair value of \$12.8 billion. A 1% increase or decrease in the level of interest rates would decrease or increase the fair value of the senior notes and debentures by approximately \$962 million and \$1.133 billion, respectively.

**Credit Risk**

We continually monitor our positions with, and credit quality of, our customers and the financial institutions that are counterparties to our financial instrument agreements. We are exposed to credit loss in the event of nonpayment by our customers and nonperformance by the counterparties to our financial instrument agreements. However, we do not anticipate nonperformance by the counterparties to our financial instrument agreements and we believe our allowance for doubtful accounts is sufficient to cover any anticipated nonpayment by our customers.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of our financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, which are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates.

Our critical accounting policies are those that are considered by management to require significant judgment and use of estimates and that could have a significant impact on our financial statements. An understanding of our critical accounting policies is necessary to analyze our financial results. Our critical accounting policies include our accounting for film and television production costs, acquired programming rights, revenue recognition, income taxes and goodwill and other intangible assets. The risks and uncertainties involved in applying our critical accounting policies are provided below. Unless otherwise noted, we applied our critical accounting policies and estimation methods consistently in all material respects and for all periods presented, and have discussed such policies with our Audit Committee. For a summary of our significant accounting policies see Note 2 of the Consolidated Financial Statements.

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**Film and Television Production Costs**

We capitalize feature film and television production costs, on a title-specific basis, as *Inventory, net* in the Consolidated Balance Sheets. We use an individual-film-forecast-computation method to amortize original production costs and to accrue estimated liabilities for residuals and participations over the applicable title’s life cycle based upon the ratio of current period to estimated remaining total gross revenues (“ultimate revenues”) for each title. The estimate of ultimate revenues impacts the timing of amortization and accrual of residuals and participations.

Our estimate of ultimate revenues for feature films includes revenues from all sources that are estimated to be earned within 10 years from the date of a film’s initial theatrical release. For acquired film libraries, our estimate of ultimate revenues is for a period within 20 years from the date of acquisition. For feature films, prior to release we estimate ultimate revenues based on the historical performance of similar content and pre-release market research (including test market screenings), as well as incorporating factors of the content itself, including, but not limited to, the expected number of theaters and markets in which the original content will be released, the genre of the original content and the past box office performance of the lead actors and actresses. We believe the most sensitive factor affecting our estimate of ultimate revenues for films intended for theatrical release is domestic theatrical exhibition, as subsequent markets have historically exhibited a high correlation to domestic theatrical performance. Upon a film’s initial release we update our estimate of ultimate revenues based on expected future and actual results. Our estimates of revenues from succeeding windows and markets are revised based on historical relationships to domestic theatrical performance and an analysis of current market trends. We also review and revise estimates of ultimate revenue and participation costs as of each reporting date to reflect the most current available information. If estimates for a film are revised, the difference between amortization expense determined using the new estimate and any amounts previously expensed during that fiscal year are charged or credited to our Consolidated Statement of Earnings in the quarter in which the estimates are revised. The most sensitive factor affecting our estimates for films subsequent to their initial release is the extent of home entertainment sales achieved. In addition to theatrical performance, home entertainment sales vary based on a variety of factors including demand for our titles, the volume and quality of competing products, marketing and promotional strategies, as well as economic conditions.

Ultimate revenues for television programming are limited to the amount of contracted revenue. Accordingly, television production costs in excess of the amount of contracted revenue are expensed as incurred. For original programming broadcast on our networks, capitalized original programming costs are amortized utilizing an individual-film-forecast-computation method over the applicable title’s ultimate revenues based on genre and historical experience, beginning with the month of initial exhibition. The most sensitive factor affecting ultimate revenues is ratings, which are an indication of audience acceptance and directly impact the level of advertising revenues we will be able to generate during the airing of the programming. Poor ratings may result in abandonment of a program, which would require the immediate write-off of any unamortized production costs.

If we believe that the release of our content will not be or has not been favorably received, then we would assess whether the fair value of such content is less than the unamortized portion of its capitalized costs and, if need be, recognize an impairment charge for the amount by which the unamortized capitalized costs exceed the fair value. We utilize the individual-film-forecast-computation method (adjusted to incorporate revenue and related costs, including future exploitation costs, if any, expected to occur in periods beyond 10 years from the date of a film’s initial release) to develop the cash flows which are subsequently discounted to compute the fair value of a title that is being assessed for impairment. The discount rate utilized takes into account the time value of money as well as a risk premium. The risk premium reflects the uncertainties of realizing the expected cash flows of a title which is impacted by the title’s position within its product life cycle.

**Acquired Programming Rights**

Costs incurred in acquiring program rights, including advances, are capitalized and amortized to operating expenses over the license period or projected useful life of the programming, if shorter, commencing upon availability, based on estimated future airings. Program rights and the related liabilities are recorded at the commencement of the licensing period when the cost of the programming is known or reasonably determinable, the program material has been accepted and the programming is available for airing. If initial airings are expected to generate higher revenues an accelerated method of amortization is used. Determining factors used in estimating the useful life of programming include the expected number of future airings, which may differ from the contracted number of airings, the length of the license period and expected future revenues to be generated from the programming. The cost basis of acquired programming is the capitalized cost of each program and is equal to the cost of the programming pursuant to the license agreement less the cumulative amortization recorded for the program. Capitalized costs of rights to program materials are reported in our Consolidated Balance Sheets at the lower of unamortized cost or estimated net realizable value. We evaluate net realizable value of acquired rights programming on a daypart basis. A daypart is defined as an aggregation of programs broadcast during a particular time of day or an aggregation of programs of a similar type. We



**Management's Discussion and Analysis  
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aggregate similar programming based on the specific demographic targeted by each respective program service. Net realizable value is determined by estimating advertising revenues to be derived from the future airing of the programming within the daypart as well as an allocation of affiliate revenues to programming. An impairment charge may be necessary if our estimates of future cash flows of similar programming are insufficient or if programming is abandoned.

**Revenue Recognition***Multiple-Element Arrangements*

We enter into arrangements under which we perform multiple revenue-generating activities. We must allocate consideration to separate units of account in the arrangement, which could impact the timing of revenue recognition.

Advertising revenues are principally generated from the sale of advertising time comprised of multiple commercial units. Each advertising spot comprises a deliverable for accounting purposes. Consideration for these arrangements is allocated among the individual advertising spots based on relative fair value using Viacom-specific prices.

SVOD and other OTT arrangements include multiple programs made available to distributors on one or more dates for a fixed fee. Consideration for such arrangements is allocated among the programs based on relative fair value using management's best estimate considering viewing performance and other factors.

*Gross versus Net Revenue*

We earn and recognize revenues as a distributor on behalf of third parties and through outsourced agency agreements. In such cases, determining whether revenue should be reported on a gross or net basis is based on management's assessment of who our customer is in the transaction. To the extent the end consumer is our customer, we act as the principal in a transaction and revenues earned from the end user are reported on a gross basis. This determination involves judgment and is based on an evaluation of the facts and circumstances of the terms of an arrangement.

*Revenue Allowances*

In accordance with the accounting guidance related to revenue recognition when a right of return exists, revenue allowances are recorded to adjust amounts originally invoiced to the estimated net realizable value of a particular product. Upon the sale of DVDs and Blu-ray discs to wholesalers and retailers, we record a reduction of revenue for the impact of estimated future returns, rebates and other incentives ("estimated returns"). In determining estimated returns, we consider numerous sources of qualitative and quantitative evidence including forecasted sales data, customers' rights of return, units shipped and units remaining at retail, historical return rates for similar product, current economic trends, competitive environment, promotions and sales strategies.

Forecasted sales data is determined by comparing a particular release to product that has similar characteristics where applicable, such as franchise, genre, box office levels and release patterns, using regression analysis, decay rates and other tools. Based on the results of this analysis and the sales strategies to be used for the release, we reserve an appropriate percentage of each dollar of product revenue on a title taking into consideration the qualitative and quantitative factors described above. Forecasted sales data is reviewed and updated throughout each quarter and is consistent with the projections of ultimate revenues used in applying the individual-film-forecast-computation method to amortize our film costs. Accordingly, a change in forecasted sales affects both the revenue allowance and related expenses. Actual sell-through data is reviewed as it becomes available against the forecasted sales data to ensure that estimates continue to be consistent with actual sales performance.

Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue and related expenses in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue and related expenses in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for DVDs and Blu-ray products would have a \$9 million impact on our total revenue for the year ended September 30, 2016. This revenue impact would be partially offset by a corresponding impact on related expenses depending on the margin associated with a specific film and other factors.

**Income Taxes**

Significant judgment is required in determining our annual provision for income taxes and evaluating our income tax positions. Our tax rates are impacted by the tax laws, regulations and policies in federal, state and local and international territories where our businesses operate. Changes to these laws and regulations and uncertainty generated by the prospect of future tax legislation may also affect our income tax positions, in addition to other factors, including our global mix of earnings, acquisitions and dispositions, as well as the tax characteristics of our income. In determining our income tax provisions on a jurisdiction basis,

**Management's Discussion and Analysis  
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(continued)**

we are required to make judgments on the need to record deferred tax assets and liabilities, including the realizability of deferred tax assets. A valuation allowance for deferred tax assets is established if it is more likely than not that a deferred tax asset will not be realized. In evaluating uncertain tax positions, we make determinations of the application of complex tax rules, regulations and practices. We evaluate our uncertain tax positions quarterly based on many factors including, but not limited to, new facts, changes in tax law and information received from regulators. A change in any one of these factors could change our evaluation of an existing uncertain tax position, resulting in the recognition of an additional charge or benefit to our income tax provision in the period and may result in fluctuations in our effective income tax rate. Additionally, our income tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our income tax provisions. The resolution of audit issues and income tax positions taken may take extended periods of time due to the length of examinations by tax authorities and the possible extension of statutes of limitations.

A 1% change in our effective income tax rate would result in additional income tax expense of approximately \$20 million for the year ended September 30, 2016.

We permanently reinvest the earnings of substantially all of our foreign subsidiaries outside the U.S. We do not provide for U.S. taxes on earnings of our foreign subsidiaries for which the earnings are permanently reinvested.

**Goodwill**

Goodwill at September 30, 2016 relates to our reporting units Music & Entertainment (\$3.5 billion), Kids & Family (\$3.6 billion), BET Networks (\$2.7 billion) and Paramount (\$1.6 billion). We test goodwill for impairment on August 31 of each year and have elected to perform a qualitative goodwill impairment test for all reporting units in 2016. The qualitative test is an evaluation, based on the weight of evidence, of the significance of all identified events and circumstances in the context of determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A qualitative assessment includes, but is not limited to, consideration of the results of our most recent quantitative impairment test, consideration of macroeconomic conditions and industry and market conditions. Based on this assessment, we concluded that it is not more likely than not that goodwill is impaired. Therefore, performing a quantitative impairment test was not considered necessary.

A quantitative goodwill impairment test, when performed, requires estimating fair value of a reporting unit based on a discounted cash flow analysis. A discounted cash flow analysis requires us to make various judgmental assumptions, including assumptions about the timing and amount of future cash flows, growth rates and discount rates. Given the inherent uncertainty in determining these assumptions, actual results may differ from those used in our valuations.

**Finite-Lived Intangible Assets**

We evaluate whether there has been an impairment of finite-lived intangible assets if a triggering event indicates that an impairment may exist. The impairment test employed for finite-lived intangible assets (e.g., broadcast license, trade names and customer lists), which is performed at the lowest level of cash flows associated with the asset, first requires a comparison of undiscounted future cash flows against the carrying value of the asset. If the carrying value exceeds the undiscounted cash flows, the asset would be written down to its fair value. Significant judgments in this area involve determining whether a triggering event has occurred, the determination of the cash flows for the assets involved and the discount rate to be applied in determining fair value.

**OTHER MATTERS****Related Parties**

In the ordinary course of business we enter into transactions with related parties, including National Amusements, Inc. ("National Amusements"), CBS, their respective subsidiaries and affiliates, and companies that we account for under the equity method of accounting. See Note 20 to the Consolidated Financial Statements for details regarding the related party transactions and their impact on the Financial Statements.

On September 29, 2016, our Board of Directors received a letter from National Amusements requesting that our Board explore a potential combination of Viacom and CBS. Subsequently, the Board formed a special committee of independent directors to consider the request from National Amusements and any proposed transaction, and the special committee has hired independent legal and financial advisers.

**Management's Discussion and Analysis  
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**Agreements with CBS Corporation**

In connection with our separation from CBS, effective as of January 1, 2006 (the "separation"), we and CBS entered into a Separation Agreement, a Transition Services Agreement and a Tax Matters Agreement, as well as certain other agreements to govern the terms of the separation and certain of the ongoing relationships between CBS and us after the separation. These related party arrangements are more fully described below.

Pursuant to the Separation Agreement, each company is obligated to indemnify the other company and the other company's officers, directors and employees for any losses arising out of its failure to perform or discharge any of the liabilities it assumed pursuant to the Separation Agreement, including with respect to certain legal matters, its businesses as conducted as of the date of the separation and its breaches of shared contracts.

Subject to limited exceptions, the Separation Agreement provides that none of Viacom, any subsidiary of Viacom or any person that is controlled by Viacom after the separation will own or acquire an interest in a radio or television broadcast station, television broadcast network or daily newspaper, if such ownership or acquisition would (i) cause CBS, any subsidiary of CBS or any entity controlled by CBS after the date of the separation to be in violation of U.S. federal laws limiting the ownership or control of radio broadcast stations, television broadcast stations and/or television broadcast networks or (ii) limit in any manner at any time under such laws CBS's ability to acquire additional interests in a radio or television broadcast station and/or television broadcast network. These restrictions will terminate when none of Mr. Redstone, National Amusements, NAIRI Inc. or any of their successors, assigns or transferees are deemed to have interests in both CBS and Viacom that are attributable under applicable U.S. federal laws.

The Separation Agreement also provides that neither Viacom, any subsidiary of Viacom or any person controlled by Viacom nor CBS, any subsidiary of CBS or any person controlled by CBS will acquire any asset, enter into any agreement or accept or agree to any condition that purports to bind, or subjects to a legal order, the other company, its subsidiaries or any person it controls without such other party's written consent.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Disclosures on our market risk are included in "Management's Discussion and Analysis of Results of Operations and Financial Condition – Market Risk."

**Item 8. Financial Statements and Supplementary Data.**

Index to financial statements and supplementary data:

<a href="#"><u>Management’s Report on Internal Control Over Financial Reporting</u></a>	<a href="#"><u>57</u></a>
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	<a href="#"><u>58</u></a>
<a href="#"><u>Consolidated Statements of Earnings for the years ended September 30, 2016, 2015 and 2014</u></a>	<a href="#"><u>59</u></a>
<a href="#"><u>Consolidated Statements of Comprehensive Income for the years ended September 30, 2016, 2015 and 2014</u></a>	<a href="#"><u>60</u></a>
<a href="#"><u>Consolidated Balance Sheets as of September 30, 2016 and 2015</u></a>	<a href="#"><u>61</u></a>
<a href="#"><u>Consolidated Statements of Cash Flows for the years ended September 30, 2016, 2015 and 2014</u></a>	<a href="#"><u>62</u></a>
<a href="#"><u>Consolidated Statements of Stockholders Equity for the years ended September 30, 2016, 2015 and 2014</u></a>	<a href="#"><u>63</u></a>
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	<a href="#"><u>64</u></a>
<a href="#"><u>Quarterly Financial Data (unaudited)</u></a>	<a href="#"><u>91</u></a>
<a href="#"><u>Schedule II – Valuation and Qualifying Accounts</u></a>	<a href="#"><u>97</u></a>

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has prepared and is responsible for our consolidated financial statements and related notes. Management is also responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Viacom Inc. and its subsidiaries' (the "Company") internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our personal participation, we conducted an assessment of the effectiveness of internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* as issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that as of September 30, 2016, Viacom maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of September 30, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

### VIACOM INC.

By: /s/ THOMAS E. DOOLEY  
Thomas E. Dooley  
*President and Chief Executive Officer*

By: /s/ WADE DAVIS  
Wade Davis  
*Executive Vice President, Chief Financial Officer*

By: /s/ KATHERINE GILL-CHAREST  
Katherine Gill-Charest  
*Senior Vice President, Controller  
(Chief Accounting Officer)*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of Viacom Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 8 present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the “Company”) at September 30, 2016 and 2015 and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2016, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 8 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
PricewaterhouseCoopers LLP  
New York, New York  
November 9, 2016

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**

(in millions, except per share amounts)	Year Ended September 30,		
	2016	2015	2014
Revenues	\$ 12,488	\$ 13,268	\$ 13,783
Expenses:			
Operating	6,684	6,868	6,542
Selling, general and administrative	2,851	2,860	2,899
Depreciation and amortization	221	222	217
Asset impairment	—	—	43
Restructuring	206	206	—
Total expenses	9,962	10,156	9,701
Operating income	2,526	3,112	4,082
Interest expense, net	(616)	(657)	(615)
Equity in net earnings of investee companies	87	102	69
Loss on extinguishment of debt	—	(18)	(11)
Other items, net	(7)	(36)	(11)
Earnings from continuing operations before provision for income taxes	1,990	2,503	3,514
Provision for income taxes	(519)	(501)	(1,050)
Net earnings from continuing operations	1,471	2,002	2,464
Discontinued operations, net of tax	2	—	(1)
Net earnings (Viacom and noncontrolling interests)	1,473	2,002	2,463
Net earnings attributable to noncontrolling interests	(35)	(80)	(72)
Net earnings attributable to Viacom	\$ 1,438	\$ 1,922	\$ 2,391
Amounts attributable to Viacom:			
Net earnings from continuing operations	\$ 1,436	\$ 1,922	\$ 2,392
Discontinued operations, net of tax	2	—	(1)
Net earnings attributable to Viacom	\$ 1,438	\$ 1,922	\$ 2,391
Basic earnings per share attributable to Viacom:			
Continuing operations	\$ 3.62	\$ 4.78	\$ 5.54
Discontinued operations	0.01	—	(0.01)
Net earnings	\$ 3.63	\$ 4.78	\$ 5.53
Diluted earnings per share attributable to Viacom:			
Continuing operations	\$ 3.61	\$ 4.73	\$ 5.43
Discontinued operations	—	—	—
Net earnings	\$ 3.61	\$ 4.73	\$ 5.43
Weighted average number of common shares outstanding:			
Basic	396.5	402.2	432.1
Diluted	398.0	406.0	440.2
Dividends declared per share of Class A and Class B common stock	\$ 1.40	\$ 1.46	\$ 1.26

*See accompanying notes to Consolidated Financial Statements*



**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net earnings (Viacom and noncontrolling interests)	\$ 1,473	\$ 2,002	\$ 2,463
Other comprehensive income/(loss), net of tax:			
Foreign currency translation adjustments	(101)	(237)	(85)
Defined benefit pension plans	(65)	(7)	(104)
Cash flow hedges	1	1	(2)
Other comprehensive loss (Viacom and noncontrolling interests)	(165)	(243)	(191)
Comprehensive income	1,308	1,759	2,272
Less: Comprehensive income attributable to noncontrolling interests	28	78	73
Comprehensive income attributable to Viacom	\$ 1,280	\$ 1,681	\$ 2,199

*See accompanying notes to Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED BALANCE SHEETS**

(in millions, except par value)	September 30,	
	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 379	\$ 506
Receivables, net	2,712	2,807
Inventory, net	844	786
Prepaid and other assets	587	479
Total current assets	4,522	4,578
Property and equipment, net	932	947
Inventory, net	4,032	3,616
Goodwill	11,400	11,456
Intangibles, net	315	340
Other assets	1,307	1,206
Total assets	<u>\$ 22,508</u>	<u>\$ 22,143</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 453	\$ 506
Accrued expenses	773	748
Participants' share and residuals	801	860
Program obligations	692	703
Deferred revenue	419	481
Current portion of debt	17	18
Other liabilities	517	537
Total current liabilities	3,672	3,853
Noncurrent portion of debt	11,896	12,267
Participants' share and residuals	358	351
Program obligations	311	356
Deferred tax liabilities, net	381	150
Other liabilities	1,349	1,348
Redeemable noncontrolling interest	211	219
Commitments and contingencies (Note 11)		
Viacom stockholders' equity:		
Class A common stock, par value \$0.001, 375.0 authorized; 49.4 and 50.1 outstanding, respectively	—	—
Class B common stock, par value \$0.001, 5,000.0 authorized; 347.6 and 348.0 outstanding, respectively	—	—
Additional paid-in capital	10,139	10,017
Treasury stock, 399.4 and 398.0 common shares held in treasury, respectively	(20,798)	(20,725)
Retained earnings	15,628	14,780
Accumulated other comprehensive loss	(692)	(534)
Total Viacom stockholders' equity	4,277	3,538
Noncontrolling interests	53	61
Total equity	<u>4,330</u>	<u>3,599</u>
Total liabilities and equity	<u>\$ 22,508</u>	<u>\$ 22,143</u>

*See accompanying notes to Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions)	Year Ended September 30,		
	2016	2015	2014
<b>OPERATING ACTIVITIES</b>			
Net earnings (Viacom and noncontrolling interests)	\$ 1,473	\$ 2,002	\$ 2,463
Discontinued operations, net of tax	(2)	—	1
Net earnings from continuing operations	1,471	2,002	2,464
Reconciling items:			
Depreciation and amortization	221	222	217
Asset impairment	—	—	43
Feature film and program amortization	4,568	4,925	4,206
Equity-based compensation	163	101	122
Equity in net earnings and distributions from investee companies	(83)	(95)	(39)
Deferred income taxes	254	(82)	(290)
Operating assets and liabilities, net of acquisitions:			
Receivables	149	124	(106)
Inventory, program rights and participations	(5,102)	(4,826)	(4,245)
Accounts payable and other current liabilities	(229)	(9)	252
Other, net	(41)	(49)	(27)
Cash provided by operations	1,371	2,313	2,597
<b>INVESTING ACTIVITIES</b>			
Acquisitions and investments, net	(58)	(115)	(732)
Capital expenditures	(172)	(142)	(123)
Grantor trust contributions	(69)	—	—
Net cash flow used in investing activities	(299)	(257)	(855)
<b>FINANCING ACTIVITIES</b>			
Borrowings	—	990	1,484
Debt repayments	(368)	(1,400)	(600)
Purchase of treasury stock	(100)	(1,548)	(3,529)
Dividends paid	(635)	(564)	(541)
Excess tax benefits on equity-based compensation awards	—	43	84
Exercise of stock options	11	146	173
Other, net	(81)	(144)	(171)
Net cash flow used in financing activities	(1,173)	(2,477)	(3,100)
Effect of exchange rate changes on cash and cash equivalents	(26)	(73)	(45)
Net change in cash and cash equivalents	(127)	(494)	(1,403)
Cash and cash equivalents at beginning of period	506	1,000	2,403
Cash and cash equivalents at end of period	\$ 379	\$ 506	\$ 1,000

*See accompanying notes to Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(in millions)	Common Stock (shares)	Common Stock/ Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
<b>September 30, 2013</b>	449.3	\$ 9,490	\$ (15,825)	\$ 11,629	\$ (101)	\$ 5,193	\$ (3)	\$ 5,190
Net earnings	—	—	—	2,391	—	2,391	72	2,463
Other comprehensive income (loss), net of income tax benefit of \$68	—	—	—	—	(192)	(192)	1	(191)
Noncontrolling interests	—	—	—	(8)	—	(8)	(42)	(50)
Dividends declared	—	—	—	(547)	—	(547)	—	(547)
Purchase of treasury stock	(40.7)	—	(3,400)	—	—	(3,400)	—	(3,400)
Equity-based compensation and other	5.6	282	—	—	—	282	—	282
<b>September 30, 2014</b>	414.2	9,772	(19,225)	13,465	(293)	3,719	28	3,747
Net earnings	—	—	—	1,922	—	1,922	80	2,002
Other comprehensive loss, net of income tax benefit of \$8	—	—	—	—	(241)	(241)	(2)	(243)
Noncontrolling interests	—	—	—	(18)	—	(18)	(45)	(63)
Dividends declared	—	—	—	(589)	—	(589)	—	(589)
Purchase of treasury stock	(21.1)	—	(1,500)	—	—	(1,500)	—	(1,500)
Equity-based compensation and other	5.0	245	—	—	—	245	—	245
<b>September 30, 2015</b>	398.1	10,017	(20,725)	14,780	(534)	3,538	61	3,599
Net earnings	—	—	—	1,438	—	1,438	35	1,473
Other comprehensive loss, net of income tax benefit of \$31	—	—	—	—	(158)	(158)	(7)	(165)
Noncontrolling interests	—	—	—	(32)	—	(32)	(36)	(68)
Dividends declared	—	—	—	(558)	—	(558)	—	(558)
Purchase of treasury stock	(2.1)	—	(100)	—	—	(100)	—	(100)
Equity-based compensation and other	1.0	122	27	—	—	149	—	149
<b>September 30, 2016</b>	<u>397.0</u>	<u>\$ 10,139</u>	<u>\$ (20,798)</u>	<u>\$ 15,628</u>	<u>\$ (692)</u>	<u>\$ 4,277</u>	<u>\$ 53</u>	<u>\$ 4,330</u>

*See accompanying notes to Consolidated Financial Statements*

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. BASIS OF PRESENTATION*****Description of Business***

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, applications (“apps”), games, consumer products, social media experiences and other entertainment content for audiences in more than 180 countries. Viacom operates through two reporting segments: *Media Networks* and *Filmed Entertainment*. The *Media Networks* segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers through three brand groups: the Global Entertainment Group, the Nickelodeon Group and BET Networks. On October 31, 2016, we announced that the Global Entertainment Group had been established to combine Viacom International Media Networks, our former Music & Entertainment Group (which included MTV, Comedy Central, VH1, Spike and Logo), as well as TV Land and CMT (which had previously been part of our Kids & Family Group). We also announced that our former Kids & Family Group would be reestablished as the Nickelodeon Group. The *Filmed Entertainment* segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Animation, Nickelodeon Movies, MTV Films and Paramount Television brands. References in this document to “Viacom,” “Company,” “we,” “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

The consolidated financial statements present the Company’s financial results for the years ended September 30, 2016 (“2016”), September 30, 2015 (“2015”) and September 30, 2014 (“2014”).

***Use of Estimates***

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the dates presented and the reported amounts of revenues and expenses during the periods presented. Significant estimates inherent in the preparation of the accompanying Consolidated Financial Statements include estimates of film ultimate revenues, product returns, potential outcome of uncertain tax positions, fair value of acquired assets and liabilities, fair value of equity-based compensation and pension benefit assumptions. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

***Reclassifications***

Certain prior year amounts have been reclassified to conform to the 2016 presentation.

***Recent Accounting Pronouncements******Income Taxes***

In October 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-16 - Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory. ASU 2016-16 will require the tax effects of intercompany transactions, other than sales of inventory, to be recognized currently, eliminating an exception under current GAAP in which the tax effects of intra-entity asset transfers are deferred until the transferred asset is sold to a third party or otherwise recovered through use. The guidance will be effective for the first interim period of our 2019 fiscal year, with early adoption permitted. We are currently evaluating the impact of the new standard.

***Statement of Cash Flows***

In August 2016, the FASB issued ASU 2016-15 - Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 addresses how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance will be effective for the first interim period of our 2019 fiscal year, with early adoption permitted. We are currently evaluating the impact of the new standard.

***Financial Instruments***

In connection with its financial instruments project, the FASB issued ASU 2016-13 - Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments in June 2016 and ASU 2016-01 - Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities in January 2016.

- ASU 2016-13 introduces a new impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a forward-looking “expected loss” model that will replace the current “incurred loss” model and generally will result in

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

earlier recognition of allowances for losses. The guidance will be effective for the first interim period of our 2021 fiscal year, with early adoption in fiscal year 2020 permitted.

- ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other provisions, the new guidance requires the fair value measurement of investments in certain equity securities. For investments without readily determinable fair values, entities have the option to either measure these investments at fair value or at cost adjusted for changes in observable prices minus impairment. All changes in measurement will be recognized in net income. The guidance will be effective for the first interim period of our 2019 fiscal year. Early adoption is not permitted, except for certain provisions relating to financial liabilities.

We are currently evaluating the impact of the new standards.

***Equity-Based Compensation***

In March 2016, the FASB issued ASU 2016-09 - Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements, such as requiring all income tax effects of awards to be recognized in the income statement when the awards vest or are settled and allowing a policy election to account for forfeitures as they occur. In addition, all related cash flows resulting from share-based payments will be reported as operating activities on the statement of cash flows. The guidance will be effective for the first interim period of our 2018 fiscal year, with early adoption permitted. The new standard will impact our financial statements by increasing or decreasing our income tax provision and increasing cash flow from operating activities.

***Leases***

In February 2016, the FASB issued ASU 2016-02 - Leases. ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for most leases. For income statement purposes, leases will be classified as either operating or finance, generally resulting in straight-line expense recognition for operating leases (similar to current operating leases) and accelerated expense recognition for financing leases (similar to current capital leases). The guidance will be effective for the first interim period of our 2020 fiscal year, with early adoption permitted. We are currently evaluating the impact of the new standard.

***Revenue Recognition***

In May 2014, the FASB issued ASU 2014-09 - Revenue from Contracts with Customers, a comprehensive revenue recognition model that supersedes the current revenue recognition requirements and most industry-specific guidance. Subsequent accounting standard updates have also been issued which amend and/or clarify the application of ASU 2014-09. The guidance provides a five step framework to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. The guidance will be effective for the first interim period of our 2019 fiscal year (with early adoption permitted beginning with our 2018 fiscal year), and allows adoption either under a full retrospective or a modified retrospective approach. We are currently evaluating the impact of the new standard.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

Our consolidated financial statements include the accounts of Viacom Inc., its subsidiaries and variable interest entities ("VIEs") where we are considered the primary beneficiary, after elimination of intercompany accounts and transactions. Investments in business entities in which Viacom lacks control but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Our proportionate share of net income or loss of the entity is recorded in *Equity in net earnings of investee companies* in the Consolidated Statements of Earnings. Related party transactions between the Company and CBS Corporation ("CBS") and National Amusements, Inc. ("National Amusements") have not been eliminated.

***Business Combinations***

We account for business combinations using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, 100% of the assets, liabilities and certain contingent liabilities acquired, including amounts attributed to noncontrolling interests, are recorded at fair value. Any transaction costs are expensed as incurred.

***Foreign Currency Translation and Remeasurement***

Assets and liabilities of subsidiaries with a functional currency other than the United States ("U.S.") Dollar are translated into U.S. Dollars using period-end exchange rates, while results of operations are translated at exchange rates during the period.

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

Foreign currency translation gains and losses are included as a component of *Accumulated other comprehensive loss* in the Consolidated Balance Sheets. Substantially all of our foreign operations use the local currency as the functional currency. Subsidiaries that enter into transactions denominated in currencies other than their functional currency will result in remeasurement gains and losses which are reflected within *Other items, net* in the Consolidated Statements of Earnings.

**Revenue Recognition**

We recognize revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Determining whether some or all of these criteria have been met involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report. This includes the evaluation of multiple element arrangements for bundled advertising sales and content licenses, which involves allocating the consideration among individual deliverables within the bundled arrangement.

*Advertising Revenues:* Revenue from the sale of advertising earned by the *Media Networks* segment is recognized, net of agency commissions, when the advertisement is aired and the contracted audience rating is met. For advertising sold based on impression guarantees, audience deficiency may result in an obligation to deliver additional units. To the extent we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience rating has been satisfied.

*Film and Television Production Revenues:* Theatrical revenue is recognized from theatrical distribution of motion pictures upon exhibition. For sales of DVDs and Blue-ray discs to wholesalers and retailers, revenue is recognized upon the later of delivery or the date that those products are made widely available for sale by retailers. Revenue for transactional video-on-demand and similar arrangements are recognized as the films are exhibited based on end-customer purchases as reported by the distributor. Revenue from the licensing of film and television exhibition rights is recognized upon availability for airing by the licensee.

*Affiliate Revenues:* Affiliate revenues from cable television operators, direct-to-home satellite television operators and mobile networks are recognized by the *Media Networks* segment as the service is provided to the distributor. Fees associated with arrangements with subscription video-on-demand (“SVOD”) and other over-the-top (“OTT”) services are recognized upon program availability.

*Ancillary Revenues:* Revenue associated with consumer products and brand licensing is typically recognized utilizing contractual royalty rates applied to sales amounts reported by licensees. Revenue from licensing of our programming content for download-to-own and download-to-rent services is recognized when we are notified by the multi-platform retailer that the product has been downloaded and all other revenue recognition criteria are met.

*Multiple-Element Arrangements:* We enter into arrangements under which we perform multiple revenue-generating activities. We must allocate consideration to separate units of account in the arrangement, which could impact the timing of revenue recognition.

Advertising revenues are principally generated from the sale of advertising time comprised of multiple commercial units. Each advertising spot comprises a deliverable for accounting purposes. Consideration for these arrangements is allocated among the individual advertising spots based on relative fair value using Viacom-specific prices.

SVOD and other OTT arrangements include multiple programs made available to distributors on one or more dates for a fixed fee. Consideration for such arrangements is allocated among the programs based on relative fair value using management’s best estimate considering viewing performance and other factors.

*Gross versus Net Revenue:* We earn and recognize revenues as a distributor on behalf of third parties and through outsourced agency agreements. In such cases, determining whether revenue should be reported on a gross or net basis is based on management’s assessment of who our customer is in the transaction. To the extent the end consumer is our customer, we act as the principal in a transaction and revenues earned from the end user are reported on a gross basis. This determination involves judgment and is based on an evaluation of whether we have the substantial risks and rewards under the terms of an arrangement.

*Revenue Allowances:* We record a provision for sales returns and allowances at the time of sale based upon an estimate of future returns, rebates and other incentives (“estimated returns”). In determining estimated returns, we consider numerous sources of qualitative and quantitative evidence including forecasted sales data, customers’ rights of return, units shipped and units remaining at retail, historical return rates for similar product, current economic trends, competitive environment, promotions and sales strategies. Reserves for accounts receivable are based on amounts estimated to be uncollectible. Our reserve for sales



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

returns and allowances was \$93 million and \$126 million at September 30, 2016 and 2015, respectively. Our allowance for doubtful accounts was \$44 million and \$37 million at September 30, 2016 and 2015, respectively.

**Advertising Expense**

We expense advertising costs as they are incurred. We incurred total advertising expenses of \$987 million in 2016, \$748 million in 2015 and \$1.020 billion in 2014.

**Equity-Based Compensation**

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value received is recognized in earnings over the period during which an employee is required to provide service.

**Income Taxes**

Our provision for income taxes includes the current tax owed on the current period earnings, as well as a deferred provision which reflects the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in existing tax laws and rates, their related interpretations, as well as the uncertainty generated by the prospect of tax legislation in the future may affect the amounts of deferred tax liabilities or the realizability of deferred tax assets. Deferred tax assets and deferred tax liabilities are classified as noncurrent and are included in *Other Assets* and *Deferred tax liabilities, net*, respectively, within the Consolidated Balance Sheets.

For tax positions we have taken or expect to take in a tax return, we apply a more likely than not assessment (i.e., there is a greater than 50 percent chance) about whether the tax position will be sustained upon examination by the appropriate tax authority with full knowledge of all relevant information. Amounts recorded for uncertain tax positions are periodically assessed, including the evaluation of new facts and circumstances, to ensure sustainability of the position. Interest and penalties related to uncertain tax positions are included in the *Provision for income taxes* in the Consolidated Statements of Earnings. Liabilities for uncertain tax positions are classified as *Other liabilities – noncurrent* in the Consolidated Balance Sheets.

**Earnings per Common Share**

Basic earnings per common share is computed by dividing *Net earnings attributable to Viacom* by the weighted average number of common shares outstanding during the period. The determination of diluted earnings per common share includes the weighted average number of common shares plus the dilutive effect of equity awards based upon the application of the treasury stock method. Anti-dilutive common shares are excluded from the calculation of diluted earnings per common share.

**Comprehensive Income**

Comprehensive income includes net earnings, foreign currency translation adjustments, amortization of amounts related to defined benefit plans, unrealized gains and losses on certain derivative financial instruments, and unrealized gains and losses on investments in equity securities which are publicly traded.

**Cash and Cash Equivalents**

All highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

**Inventory**

Inventories related to film and television productions (which include direct production costs, production overhead, acquisition costs and development costs) are stated at the lower of amortized cost or fair value. Acquired program rights and obligations are recorded based on the gross amount of the liability when the license period has begun, and when the program is accepted and available for airing. Acquired programming is stated at the lower of unamortized cost or net realizable value. Film, television and acquired programming inventories are included as a component of *Inventory, net*, in the Consolidated Balance Sheets. Film, television and acquired programming costs, including inventory amortization, development costs, residuals and participations and impairment charges, if any, are included within *Operating expenses* in the Consolidated Statements of Earnings.

**Film and Television production costs:** We use an individual-film-forecast-computation method to amortize film costs and to accrue estimated liabilities for residuals and participations over the applicable title's life cycle based upon the ratio of current period to estimated remaining total gross revenues ("ultimate revenues") for each title. The estimate of ultimate revenues impacts the timing of amortization and accrual of residuals and participations. Our estimate of ultimate revenues for feature films includes revenues from all sources that are estimated to be earned within 10 years from the date of a film's initial theatrical release. For acquired film libraries, our estimate of ultimate revenues is for a period within 20 years from the date of

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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acquisition. These estimates are periodically reviewed and adjustments, if any, will result in changes to inventory amortization rates, estimated accruals for residuals and participations or possibly the recognition of an impairment charge to operating income. Film development costs that have not been set for production are expensed within three years unless they are abandoned earlier, in which case these projects are written down to their estimated fair value in the period the decision to abandon the project is determined. We have a rigorous greenlight process designed to manage the risk of loss or abandonment. We have entered into film financing arrangements that involve the sale of a partial copyright interest in a film. Amounts received under these arrangements are deducted from the film's cost.

Capitalized original programming costs are amortized utilizing an individual-film-forecast-computation method over the applicable title's ultimate revenues based on genre and historical experience, beginning with the month of initial exhibition. Original programming costs that have not been greenlit for production are expensed. An impairment charge is recorded when the fair value of the television program is less than the unamortized production cost or abandoned.

*Acquired programming:* Costs incurred in acquiring program rights, including advances, are capitalized and amortized over the license period or projected useful life of the programming, if shorter, commencing upon availability, based on estimated future airings. If initial airings are expected to generate higher revenues an accelerated method of amortization is used. Net realizable value of acquired rights programming is evaluated quarterly by us on a daypart basis, which is defined as an aggregation of programs broadcast during a particular time of day or an aggregation of programs of a similar type. We aggregate similar programming based on the specific demographic targeted by each respective program service. Net realizable value is determined by estimating advertising revenues to be derived from the future airing of the programming within the daypart as well as an allocation of affiliate revenue to the programming. An impairment charge may be necessary if our estimates of future cash flows of similar programming are insufficient or if programming is abandoned.

*Home entertainment inventory:* Home entertainment inventory is valued at the lower of cost or net realizable value. Cost is determined using the average cost method.

***Property and Equipment***

Property and equipment is stated at cost. Depreciation is calculated using the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. Costs associated with repairs and maintenance of property and equipment are expensed as incurred.

***Goodwill, Intangible Assets and Other Long-Lived Assets***

Goodwill represents the residual difference between the consideration paid for a business and the fair value of the net assets acquired. Goodwill is not amortized, but rather is tested annually for impairment, on August 31 each year, or sooner when circumstances indicate impairment may exist. Goodwill is tested for impairment at the reporting unit level, which is an operating segment, or a business which is one level below that operating segment.

Identifiable intangible assets with finite lives are amortized over their estimated useful lives, which range up to 20 years, and identifiable intangible assets with indefinite lives are not amortized, but rather are tested annually for impairment, or sooner when circumstances indicate impairment may exist. Amortizable intangible assets and other long-lived assets are tested for impairment utilizing an income approach based on undiscounted cash flows upon the occurrence of certain triggering events and, if impaired, are written down to fair value. The impairment test is performed at the lowest level of cash flows associated with the asset.

***Investments***

Our investments primarily consist of investments in equity. Investments in which we have a significant influence, but not a controlling interest, are accounted for using the equity method. Other investments are carried at fair value, to the extent publicly traded, with unrealized gains and losses recorded in other comprehensive income, or at cost. We monitor our investments for impairment at least annually and make appropriate reductions in carrying values if we determine that an impairment charge is required based on qualitative and quantitative information. Our investments are included in *Other assets – noncurrent* in the Consolidated Balance Sheets.

***Guarantees***

At the inception of a guarantee, we recognize a liability for the fair value of an obligation assumed by issuing the guarantee. The related liability is subsequently reduced as utilized or extinguished and increased if there is a probable loss associated with the guarantee which exceeds the value of the recorded liability.

***Treasury Stock***

Treasury stock is accounted for using the cost method.

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Our recurring fair value measures include marketable securities and derivative instruments and our non-recurring fair value measures include goodwill and intangible assets.

**Derivative Financial Instruments**

Derivative financial instruments are recorded on the Consolidated Balance Sheets as assets or liabilities and measured at fair value. For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings as part of *Other items, net* in the Consolidated Statements of Earnings. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives is recorded in *Accumulated other comprehensive loss* in the Consolidated Balance Sheets and subsequently recognized in earnings when the hedged items impact income. The fair value of derivative financial instruments is included in *Prepaid and other assets* and *Other liabilities – current* in the Consolidated Balance Sheets. Changes in the fair value of derivatives not designated as hedges and the ineffective portion of cash flow hedges are recorded in earnings. We do not hold or enter into financial instruments for speculative trading purposes.

**Pension Benefits**

Our defined benefit pension plans principally consist of both funded and unfunded noncontributory plans covering the majority of domestic employees and retirees. The funded defined benefit pension plan and unfunded pension plans are currently frozen to future benefit accruals. The expense we recognize is determined using certain assumptions, including the expected long-term rate of return and discount rate, among others. We recognize the funded status of our defined benefit plans (other than a multiemployer plan) as an asset or liability in the Consolidated Balance Sheets and recognize the changes in the funded status in the year in which the changes occur through *Accumulated other comprehensive loss* in the Consolidated Balance Sheets.

**NOTE 3. ACCOUNTS RECEIVABLE**

We had \$547 million and \$577 million of noncurrent trade receivables as of September 30, 2016 and 2015, respectively. Accounts receivables are principally related to long-term television license arrangements at *Filmed Entertainment* and content distribution arrangements at *Media Networks*. These amounts are included within *Other assets - noncurrent* in our Consolidated Balance Sheets. Such amounts are due in accordance with the underlying terms of the respective agreements with companies that are investment grade or with which we have historically done business under similar terms. We have determined that credit loss allowances are generally not considered necessary for these amounts.

**NOTE 4. INVESTMENTS**

Our equity method investments total \$542 million and \$434 million, as of September 30, 2016 and 2015, respectively.

We hold an equity interest of 50% in Viacom 18, a joint venture in India that owns and operates regional entertainment channels. In July 2015, we acquired a 50% interest in Prism TV Private Limited (“Prism”) for 9.4 billion rupees (\$149 million). The purchase price substantially represents the difference between the carrying amount of our investment and our share of the underlying net assets of Prism. The difference includes other intangible assets that will be amortized over their estimated useful lives of 7 to 20 years. Prism has been merged into Viacom 18.

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

We also hold an equity interest of approximately 50% in EPIX, a joint venture formed with Lionsgate and Metro-Goldwyn-Mayer to exhibit certain motion pictures on behalf of the equity partners' movie studios through a premium pay television channel and video-on-demand services available on multiple platforms.

Our cost method investments total \$96 million and \$71 million as of September 30, 2016 and 2015, respectively.

***Variable Interest Entities***

In the normal course of business, we enter into joint ventures or make investments with business partners that support our underlying business strategy and provide us the ability to enter new markets to expand the reach of our brands, develop new programming and/or distribute our existing content. In certain instances, an entity in which we make an investment may qualify as a VIE. In determining whether we are the primary beneficiary of a VIE, we assess whether we have the power to direct matters that most significantly impact the activities of the VIE and have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our Consolidated Balance Sheets include amounts related to consolidated VIEs totaling \$190 million in assets and \$57 million in liabilities as of September 30, 2016, and \$207 million in assets and \$54 million in liabilities as of September 30, 2015. We have certain rights and obligations related to our investments, including the guarantee of certain third-party bank debt. The consolidated VIEs' revenues, expenses and operating income were not significant for all periods presented.

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and Equipment, net (in millions)	September 30,		Estimated Life (in years)
	2016	2015	
Land	\$ 239	\$ 238	—
Buildings	432	449	up to 40
Capital leases	204	257	up to 15
Equipment and other	1,958	1,871	up to 20
Property and equipment	2,833	2,815	
Less: Accumulated depreciation	(1,901)	(1,868)	
Property and equipment, net	<u>\$ 932</u>	<u>\$ 947</u>	

Depreciation expense, including assets under capital leases, was \$188 million in 2016 and 2015, and \$177 million in 2014. Depreciation expense related to capital leases was \$18 million in 2016, \$20 million in 2015 and \$21 million in 2014. Accumulated depreciation of capital leases was \$147 million and \$171 million at September 30, 2016 and 2015, respectively.

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 6. INVENTORY**

Inventory (in millions)	September 30,	
	2016	2015
Film inventory:		
Released, net of amortization	\$ 632	\$ 576
Completed, not yet released	128	55
In process and other	993	806
	<u>1,753</u>	<u>1,437</u>
Television productions:		
Released, net of amortization	16	—
In process and other	102	8
	<u>118</u>	<u>8</u>
Original programming:		
Released, net of amortization	1,082	1,161
In process and other	706	599
	<u>1,788</u>	<u>1,760</u>
Acquired program rights, net of amortization	1,127	1,108
Home entertainment inventory	90	89
Total inventory, net	<u>4,876</u>	<u>4,402</u>
Less current portion	844	786
Noncurrent portion	<u>\$ 4,032</u>	<u>\$ 3,616</u>

We expect to amortize approximately \$1.5 billion of film and television costs, including released and completed, not yet released, during the fiscal year ending September 30, 2017 using the individual-film-forecast-computation method. In addition, we expect to amortize 90% of unamortized released film and television costs, excluding acquired film libraries, at September 30, 2016, within the next three years.

**NOTE 7. GOODWILL AND INTANGIBLES**
***Goodwill***

The following table details the change in goodwill by segment for 2016 and 2015:

Goodwill (in millions)	Media Networks	Filmed Entertainment	Total
<b>Balance at September 30, 2014</b>	\$ 9,942	\$ 1,593	\$ 11,535
Dispositions	(3)	—	(3)
Foreign currency translation	(92)	—	(92)
Other	16	—	16
<b>Balance at September 30, 2015</b>	9,863	1,593	11,456
Foreign currency translation	(52)	—	(52)
Other	(4)	—	(4)
<b>Balance at September 30, 2016</b>	<u>\$ 9,807</u>	<u>\$ 1,593</u>	<u>\$ 11,400</u>

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**Intangibles**

The following table details our intangible asset balances by major asset classes:

<b>Intangibles</b> (in millions)	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Finite-lived intangible assets:		
Trade names	\$ 182	\$ 175
Licenses	127	131
Subscriber agreements	58	54
Other intangible assets	152	152
	<u>519</u>	<u>512</u>
Accumulated amortization on finite-lived intangible assets:		
Trade names	(73)	(63)
Licenses	(13)	(8)
Subscriber agreements	(47)	(40)
Other intangible assets	(126)	(116)
	<u>(259)</u>	<u>(227)</u>
Finite-lived intangible assets, net	\$ 260	\$ 285
Indefinite-lived intangible assets	55	55
Total intangibles, net	<u>\$ 315</u>	<u>\$ 340</u>

Amortization expense relating to intangible assets was \$33 million for 2016, \$34 million for 2015 and \$40 million for 2014. We expect our aggregate annual amortization expense for existing intangible assets subject to amortization at September 30, 2016 to be as follows for each of the next five fiscal years:

<b>Amortization of Intangibles</b> (in millions)	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Amortization expense	\$28	\$26	\$23	\$21	\$20

**VIACOM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**NOTE 8. DEBT**

Our total debt consists of the following:

<b>Debt</b> (in millions)	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Senior Notes and Debentures:		
Senior notes due April 2016, 6.250%	\$ —	\$ 368
Senior notes due December 2016, 2.500%	400	399
Senior notes due April 2017, 3.500%	499	498
Senior notes due October 2017, 6.125%	499	499
Senior notes due September 2018, 2.500%	498	497
Senior notes due April 2019, 2.200%	399	398
Senior notes due September 2019, 5.625%	550	550
Senior notes due December 2019, 2.750%	399	398
Senior notes due March 2021, 4.500%	495	494
Senior notes due December 2021, 3.875%	593	592
Senior notes due June 2022, 3.125%	296	296
Senior notes due March 2023, 3.250%	297	297
Senior notes due September 2023, 4.250%	1,235	1,233
Senior notes due April 2024, 3.875%	544	543
Senior debentures due December 2034, 4.850%	593	592
Senior debentures due April 2036, 6.875%	1,066	1,066
Senior debentures due October 2037, 6.750%	75	75
Senior debentures due February 2042, 4.500%	244	244
Senior debentures due March 2043, 4.375%	1,091	1,085
Senior debentures due June 2043, 4.875%	247	246
Senior debentures due September 2043, 5.850%	1,228	1,228
Senior debentures due April 2044, 5.250%	545	544
Capital lease and other obligations	120	143
<b>Total debt</b>	<b>11,913</b>	<b>12,285</b>
Less current portion	17	18
<b>Noncurrent portion</b>	<b>\$ 11,896</b>	<b>\$ 12,267</b>

The amounts classified in the current portion of debt consist of the portion of capital leases payable in the next twelve months.

**Senior Notes and Debentures**

In the third quarter of fiscal 2016, we repaid the \$368 million aggregate principal amount of our 6.250% Senior Notes due April 2016.

Our outstanding senior notes and debentures provide for certain covenant packages typical for an investment grade company. There is one acceleration trigger for certain of the senior notes and debentures in the event of a change in control under certain specified circumstances coupled with ratings downgrades due to the change in control.

At September 30, 2016 and 2015, the total unamortized discount and issuance fees and expenses related to the fixed rate senior notes and debentures was \$459 million and \$478 million, respectively.

The fair value of our senior notes and debentures was approximately \$12.8 billion and \$12.0 billion as of September 30, 2016 and 2015, respectively. The valuation of our publicly traded debt is based on quoted prices in active markets.

On October 4, 2016, we issued a total of \$1.3 billion of senior notes as follows:

- \$400 million in aggregate principal amount of 2.250% senior notes due 2022 at a price equal to 99.692% of the principal amount (the “2022 Senior Notes”); and



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- \$900 million in aggregate principal amount of 3.450% senior notes due 2026 at a price equal to 99.481% of the principal amount (the “2026 Senior Notes” and, together with the 2022 Senior Notes, the “Senior Notes”).

The interest rate payable on the Senior Notes will be subject to adjustment from time to time if Moody’s Investors Services, Inc. or S&P Global Ratings downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Senior Notes. The interest rate on the Senior Notes would increase by 0.25% upon each credit agency downgrade up to a maximum of 2.00%, and would similarly be decreased for subsequent upgrades.

The proceeds, net of discount and other issuance fees and expenses, from the issuance of the Senior Notes were \$1.285 billion. As discussed below, a portion of the proceeds will be used to redeem the senior notes due in December 2016 and April 2017 and therefore, the senior notes were classified as long-term debt as of September 30, 2016.

In October 2016, we delivered notices of redemption to redeem all \$400 million of our outstanding 2.500% senior notes due December 2016 and all \$500 million of our outstanding 3.500% senior notes due April 2017. The redemption is expected to take place on November 14, 2016.

***Credit Facility***

At September 30, 2016 and 2015, there were no amounts outstanding under our \$2.5 billion revolving credit facility due November 2019. The credit facility is used for general corporate purposes and to support commercial paper outstanding, if any. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 1.25% to 2.25% based on our current public debt rating. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of September 30, 2016.

***Commercial Paper***

At September 30, 2016 and 2015, there was no commercial paper outstanding.

***Scheduled Debt Maturities***

Our scheduled maturities of debt at face value for each of the next five fiscal years and thereafter, excluding capital leases, outstanding at September 30, 2016 are as follows:

<b>Maturities of Debt Excluding Capital Leases</b> (in millions)	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>After 5 Years</b>
Debt	\$900	\$1,000	\$950	\$400	\$500	\$8,502

**NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS**

Our defined benefit pension plans principally consist of both funded and unfunded noncontributory plans covering the majority of domestic employees and retirees. The funded plan provides a defined benefit based on a percentage of eligible compensation for periods of service. The funded defined benefit pension plan and unfunded pension plans are currently frozen to future benefit accruals.

The following tables summarize changes in the benefit obligation, the plan assets and the funded status of our pension plans utilizing a measurement date as of September 30, 2016 and 2015, respectively:

<b>Change in Benefit Obligation</b> (in millions)	<b>Year Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
Benefit obligation, beginning of period	\$ 937	\$ 1,060
Interest cost	35	43
Actuarial (gain)/loss	86	(38)
Benefits paid	(44)	(128)
Benefit obligation, end of period	<u>\$ 1,014</u>	<u>\$ 937</u>

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Change in Plan Assets (in millions)	Year Ended September 30,	
	2016	2015
Fair value of plan assets, beginning of period	\$ 493	\$ 656
Actual return on plan assets	47	(44)
Employer contributions	14	9
Benefits paid	(44)	(128)
Fair value of plan assets, end of period	<u>\$ 510</u>	<u>\$ 493</u>

Funded status (in millions)	September 30,	
	2016	2015
Funded status	\$ (504)	\$ (444)

Substantially all of the unfunded amounts are included within *Other liabilities* in the Consolidated Balance Sheets as of September 30, 2016 and September 30, 2015.

In December 2014, we offered certain participants of our funded pension plan the option to receive a one-time lump-sum payment equal to the present value of their respective pension benefit. The settlement triggered a remeasurement of the net pension obligation and settlement accounting. The settlement resulted in the recognition of a non-cash settlement loss of \$24 million reclassified from unrecognized actuarial loss included within *Accumulated other comprehensive loss* in the Consolidated Balance Sheets. The amount paid to the participants making the one-time election totaled \$90 million which is included within *Benefits paid* in the 2015 table above.

***Accumulated Benefit Obligation***

The accumulated benefit obligation includes no assumption about future compensation levels since our plans are frozen. Included in the change in benefit obligation tables above are the following funded and unfunded plans with an accumulated benefit obligation equal to or in excess of plan assets at the end of the fiscal year.

Accumulated Benefit Obligation (in millions)	Funded Plans		Unfunded Plans		Total Plans	
	September 30,		September 30,		September 30,	
	2016	2015	2016	2015	2016	2015
Accumulated benefit obligation	\$ 684	\$ 635	\$ 330	\$ 302	\$ 1,014	\$ 937
Fair value of plan assets	510	493	—	—	510	493
Funded status	\$ (174)	\$ (142)	\$ (330)	\$ (302)	\$ (504)	\$ (444)

***Net Periodic Benefit Costs***

Our net periodic benefit cost under Viacom's pension plans consists of the following:

Net Periodic Benefit Costs (in millions)	Year Ended September 30,		
	2016	2015	2014
Interest cost	\$ 35	\$ 43	\$ 46
Expected return on plan assets	(38)	(46)	(50)
Recognized actuarial loss	5	8	2
Loss on pension settlement	—	24	—
Net periodic benefit costs	<u>\$ 2</u>	<u>\$ 29</u>	<u>\$ (2)</u>

The items reflected in *Accumulated other comprehensive loss* in the Consolidated Balance Sheets and not yet recognized as a component of net periodic benefit cost are:

Unrecognized Benefit Cost (in millions)	Year Ended September 30,	
	2016	2015
Unrecognized actuarial loss	\$ 363	\$ 291

**VIACOM INC.**  
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Unrecognized actuarial loss of \$7 million is expected to be recognized as a component of net periodic benefit cost during the fiscal year ended September 30, 2017.

The amounts recognized in other comprehensive income during the year are:

<b>Other Comprehensive Income</b> (in millions)	<b>Year Ended</b> <b>September 30, 2016</b>
Net actuarial loss	\$ 77
Recognized actuarial loss	(5)
Total pre-tax loss	<u>\$ 72</u>

<b>Key Assumptions</b>	<b>Year Ended</b> <b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Weighted-average assumptions - benefit obligations</b>		
Discount rate	3.92%	4.50%
<b>Weighted-average assumptions - net periodic costs</b>		
Discount rate	3.79%	4.37%
Expected long-term return on plan assets	7.50%	8.00%

Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the estimated rate at which the pension benefit obligations could effectively be settled. We used investment grade corporate bond yields to support our discount rate assumption. Interest cost in 2016 is measured by applying the specific spot rates along the yield curve to the corresponding cash flows. The expected long-term returns on plan assets were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the risk-free rate plus a premium for equity securities. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration. The estimated impact of a 25 basis point change in the discount rate would change the accumulated benefit obligation by approximately \$43 million. The impact of a 25 basis point change in the discount rate or expected rate of return on plan assets would change net periodic benefit cost by approximately \$1 million.

***Investment Policies and Strategies***

The Viacom Investments Committee is responsible for managing the investment of assets under the funded pension plan in a prudent manner with regard to preserving principal while providing reasonable returns. The Viacom Investments Committee has established an investment policy through careful study of the returns and risks associated with alternative investment strategies in relation to the current and projected liabilities of the plan, after consulting with an outside investment advisor as it deems appropriate. The investment advisor's role is to provide guidance to the Viacom Investments Committee on matters pertaining to the investment of plan assets including investment policy, investment selection, monitoring the plan's performance and compliance with the plan's investment policies.

The investment policy establishes target asset allocations based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns. Our practice is to review asset allocations regularly with our investment advisor and rebalance as necessary. The range of target asset allocations under our investment policy are 55-75% domestic and non-U.S. equity securities, 25-40% domestic and non-U.S. debt securities and 0-10% in cash and other instruments.

The investment advisor implements the investment policy through investments in mutual funds and other pooled asset portfolios. Investments will be diversified within asset classes with the intent to minimize the risk of large losses to the plan.

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The percentage of asset allocations of our funded pension plan at September 30, 2016 and 2015, by asset category were as follows:

Asset Allocations of Funded Pension Plan	September 30,	
	2016	2015
Equity securities	64%	63%
Debt securities	32	34
Cash and cash equivalents	4	3
Total	100%	100%

Viacom Class B common stock represents approximately 2% of the fair value of plan assets at September 30, 2016 and 2015.

***Fair Value Measurement of Plan Assets***

The following table sets forth the plan's assets at fair value as of September 30, 2016 and 2015. For investments held at the end of the reporting period that are measured at fair value on a recurring basis, there were no transfers between levels from 2015 to 2016. The funded pension plan has no investments classified within level 3 of the valuation hierarchy.

Fair Value of Plan Assets (in millions)	Total		Level 1		Level 2	
	September 30,		September 30,		September 30,	
	2016	2015	2016	2015	2016	2015
<b>Cash and Cash Equivalents<sup>(1)</sup></b>	\$ 20	\$ 15	\$ —	\$ —	\$ 20	\$ 15
<b>Equity Securities</b>						
Common and preferred stock	10	33	10	33	—	—
World funds <sup>(2)</sup>	286	230	—	—	286	230
Emerging markets funds <sup>(2)</sup>	32	46	—	—	32	46
<b>Debt Securities</b>						
U.S. treasury securities	14	10	—	—	14	10
Municipal & government issued bonds	1	1	—	—	1	1
Corporate bonds	40	46	—	—	40	46
Mortgage-backed & asset-backed securities	30	39	—	—	30	39
Emerging markets funds <sup>(3)</sup>	19	19	19	19	—	—
Multi-strategy funds <sup>(4)</sup>	58	54	—	—	58	54
<b>Total</b>	<b>\$ 510</b>	<b>\$ 493</b>	<b>\$ 29</b>	<b>\$ 52</b>	<b>\$ 481</b>	<b>\$ 441</b>

<sup>(1)</sup> Assets categorized as Level 2 reflect investments in money market funds.

<sup>(2)</sup> Assets reflect common/collective trust funds.

<sup>(3)</sup> Assets reflect mutual funds.

<sup>(4)</sup> Reflects investments in common/collective trust funds and limited partnerships.

Money market funds are carried at amortized cost which approximates fair value due to the short-term maturity of these investments. Common and preferred stocks are reported at fair value based on quoted market prices on national securities exchanges. Investments in registered investment companies (mutual funds) are stated at the respective funds' net asset value ("NAV"), which is determined based on market values at the closing price on the last business day of the year and is a quoted price in an active market. The fair value of common/collective trust funds are based on their NAV at period-end. The fair value of U.S. Treasury securities and bonds is determined based on quoted market prices on national security exchanges, when available, or using valuation models which include certain other observable inputs including recent trading activity and broker quoted prices. Corporate bonds include securities of diverse industries, substantially all investment grade. Mortgage-backed and asset-backed securities are valued using valuation models which incorporate available dealer quotes and market information. The fair value of limited partnerships is valued at period-end based on its underlying investments.

***Future Benefit Payments***

The estimated future benefit payments for the next ten fiscal years are as follows:

Future Benefit Payments (in millions)	2017	2018	2019	2020	2021	2022-2026
Pension benefits	\$36	\$37	\$40	\$43	\$44	\$266

**VIACOM INC.**  
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**Postretirement Health Care and Life Insurance Plans**

Eligible employees participate in Viacom-sponsored health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Most of the health and welfare plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Claims are paid either through certain trusts funded by Viacom or by our own funds. The amounts related to these plans were not material for all periods presented.

**401(k) Plans**

Viacom has defined contribution (401(k)) plans for the benefit of substantially all our employees meeting certain eligibility requirements. Our costs recognized for such plans were \$44 million in 2016, \$46 million in 2015 and \$47 million in 2014.

**Multiemployer Benefit Plans**

We contribute to various multiemployer pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans such that (i) contributions made by us to these plans may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

While no multiemployer pension plan that we contributed to is considered individually significant to us, we were listed on two Form 5500s as providing more than 5% of total contributions to each plan based on current information available. The most recent filed zone status (which denotes the financial health of a plan) under the Pension Protection Act of 2006 for these two plans is green, indicating that the plans are at least 80% funded. Total contributions that we made to multiemployer pension plans were \$48 million in 2016, \$54 million in 2015 and \$52 million in 2014.

We also contribute to various other multiemployer benefit plans that provide health and welfare benefits to active and retired participants. Total contributions that we made to these non-pension multiemployer benefit plans were \$73 million in 2016, \$77 million in 2015 and \$74 million in 2014.

**NOTE 10. REDEEMABLE NONCONTROLLING INTEREST**

We are subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary. The put option expires in December 2022 and is classified as *Redeemable noncontrolling interest* in the Consolidated Balance Sheets. The activity reflected within redeemable noncontrolling interest for the fiscal years 2016, 2015 and 2014 is presented below.

Redeemable Noncontrolling Interest (in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Beginning balance</b>	<b>\$ 219</b>	<b>\$ 216</b>	<b>\$ 200</b>
Net earnings	17	15	20
Distributions	(19)	(20)	(17)
Translation adjustment	(38)	(10)	5
Redemption value adjustment	32	18	8
<b>Ending balance</b>	<b>\$ 211</b>	<b>\$ 219</b>	<b>\$ 216</b>

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

**Commitments**

Our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years.

Our programming and talent commitments that are not recorded on the balance sheet, which aggregated to approximately \$1.550 billion as of September 30, 2016, included \$1.191 billion relating to media networks programming and \$359 million for talent contracts. At September 30, 2016, we have recorded, on the balance sheet, programming commitments of \$1.003 billion. Amounts expected to be paid over the next five fiscal years, beginning with fiscal year 2017, are as follows: \$692 million, \$198 million, \$84 million, \$25 million and \$4 million.

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We have long-term noncancelable operating and capital lease commitments for office space, equipment, transponders, studio facilities and vehicles.

At September 30, 2016, minimum rental payments under noncancelable leases by fiscal year are as follows:

Noncancelable Lease Commitments (in millions)	Capital	Operating
2017	\$ 21	\$ 228
2018	21	203
2019	22	100
2020	9	144
2021	6	131
2022 and thereafter	1	962
Total minimum payments	\$ 80	\$ 1,768
Amounts representing interest	(8)	
Total	\$ 72	

Future minimum operating lease payments have been reduced by future minimum sublease income of \$20 million. Rent expense amounted to \$266 million in 2016, \$268 million in 2015 and \$227 million in 2014.

We also have purchase obligations which include agreements to purchase goods or services in the future that totaled \$1.211 billion as of September 30, 2016.

Our collaborative arrangements principally relate to contractual arrangements with other studios to jointly finance and distribute theatrical productions (“co-financing arrangements”). A co-financing arrangement typically involves joint ownership of the film asset with each partner responsible for distribution of the film in specific territories. The partners share in the profits and losses of the film in accordance with their respective ownership interest. The amounts recorded in the Consolidated Statements of Earnings related to collaborative arrangements were not material.

### **Contingencies**

**Guarantees:** In the course of our business, we both provide and receive the benefit of indemnities that are intended to allocate certain risks associated with business transactions.

**Leases -** We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. (“Famous Players”). In addition, we have certain indemnities provided by the acquirer of Famous Players. These lease commitments amounted to approximately \$230 million as of September 30, 2016. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We have recorded a liability of \$190 million with respect to such obligations as of September 30, 2016. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

**Other -** We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds at September 30, 2016 were \$34 million and are not recorded on our Consolidated Balance Sheet.

### **Legal Matters:**

#### ***Settlement of Various Litigations Involving National Amusements and the Sumner M. Redstone National Amusements Trust***

Effective August 18, 2016, Viacom entered into an agreement (the “Settlement Agreement”) with National Amusements and NAI Entertainment Holdings LLC (together, “NAI”), various members of the Redstone family and related parties, the directors of the Company, and certain other parties. Pursuant to the Settlement Agreement, which was unanimously approved by our Board, among other matters, all claims among Viacom, NAI and the other parties to the Settlement Agreement that are the subject matter of the Settlement Agreement were dismissed and terminated.

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*Purported Class and Derivative Actions*

Between June 17, 2016 and August 1, 2016, three substantially similar purported class action complaints were filed in the Delaware Chancery Court by purported Viacom stockholders, against Viacom, Viacom's directors and NAI and were subsequently consolidated into one action. The action - brought on behalf of the class of all holders of Viacom Class B common stock except the named defendants and any person or entity affiliated with any of the defendants - alleges claims for breaches of fiduciary duty against the incumbent director defendants and NAI, and alleges that Viacom's new directors aided and abetted these breaches. In addition to damages and attorneys' fees, the action seeks "such relief as the Court deems just and proper." All defendants, including Viacom and certain of its directors, have moved to dismiss the action.

On July 20, 2016, a purported derivative action was commenced in Delaware Chancery Court by a purported Viacom stockholder against Viacom and its directors. The complaint alleges that Viacom's directors breached their fiduciary duties to Viacom in connection with compensation paid to Mr. Redstone. These breaches, it is alleged, permitted a waste of corporate assets and the unjust enrichment of Mr. Redstone. We intend to move to dismiss the action.

**NOTE 12. STOCKHOLDERS' EQUITY**

***Common Stock***

The Viacom Board of Directors has the power to issue shares of authorized but unissued Class A common stock and Class B common stock without further stockholder action, subject to the requirements of applicable law and stock exchanges. Viacom's certificate of incorporation authorizes 375 million shares of Class A common stock and 5 billion shares of Class B common stock. The number of authorized shares of Class A common stock and Class B common stock could be increased with the approval of the stockholders of a majority of the outstanding shares of Class A common stock and without any action by the holders of shares of Class B common stock.

The following is a description of the material terms of Viacom's capital stock. The following description is not meant to be complete and is qualified by reference to Viacom's certificate of incorporation and bylaws and Delaware General Corporation Law.

*Voting Rights:* Holders of Class A common stock are entitled to one vote per share. Holders of Class B common stock do not have any voting rights, except as required by Delaware law. Generally, all matters to be voted on by Viacom stockholders must be approved by a majority of the aggregate voting power of the shares of Class A common stock present in person or represented by proxy at a meeting of stockholders, except in certain limited circumstances and as required by Delaware law.

*Dividends:* Stockholders of Class A common stock and Class B common stock will share ratably in any cash dividend declared by the Board of Directors, subject to any preferential rights of any outstanding preferred stock.

*Conversion:* So long as there are 5,000 shares of Class A common stock outstanding, each share of Class A common stock will be convertible at the option of the holder of such share into one share of Class B common stock.

*Liquidation Rights:* In the event of liquidation, dissolution or winding-up of Viacom, all stockholders of common stock, regardless of class, will be entitled to share ratably in any assets available for distributions to stockholders of shares of Viacom common stock subject to the preferential rights of any outstanding preferred stock.

*Split, Subdivisions or Combination:* In the event of a split, subdivision or combination of the outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other class of common stock will be divided proportionally.

*Preemptive Rights:* Shares of Class A common stock and Class B common stock do not entitle a stockholder to any preemptive rights enabling a stockholder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of Viacom.

***Preferred Stock***

Our capital stock includes 25 million authorized shares of preferred stock with a par value of \$0.001 per share. At September 30, 2016 and 2015, none of the 25 million authorized shares of the preferred stock were issued and outstanding.

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**Stock Repurchase Program**

During 2016, we repurchased 2.1 million shares of Class B common stock for an aggregate price of \$100 million, leaving \$4.9 billion of remaining capacity under our \$20.0 billion stock repurchase program. During 2015 and 2014, we repurchased 21.1 million and 40.7 million shares under the program for an aggregate price of \$1.5 billion and \$3.4 billion, respectively.

**Accumulated Other Comprehensive Loss**

The components of *Accumulated other comprehensive loss* are as follows:

Accumulated Other Comprehensive Loss (in millions)	September 30,		
	2016	2015	2014
Foreign currency translation adjustments	\$ (435)	\$ (341)	\$ (106)
Defined benefit pension plans	(258)	(193)	(186)
Cash flow hedges	1	—	(1)
Total	<u>\$ (692)</u>	<u>\$ (534)</u>	<u>\$ (293)</u>

**NOTE 13. EQUITY-BASED COMPENSATION**

Our 2016 Long-Term Management Incentive Plan, (the “LTMIP”), provides for various types of equity awards, including stock options, stock appreciation rights, restricted shares, unrestricted shares of Class B common stock, phantom shares, dividend equivalents, time-vested and performance-based share units, and other awards, or a combination of any of the above. In addition, our equity plans for outside directors provide for an annual grant of time-vested restricted share units (“RSUs”). We have primarily granted stock options and RSUs to employees. Certain senior executives have also received performance-based share units.

Stock options generally vest ratably over a four-year period from the date of grant and expire eight to ten years after the date of grant. Employee RSUs typically vest ratably over a four-year period from the date of the grant. Director RSUs typically vest one year from the date of grant. The target number of performance share units (“PSUs”) granted to an executive represents the right to receive a corresponding number of shares of Class B common stock, subject to adjustment depending on the total shareholder return (“TSR”) of our Class B common stock measured against the TSR of the common stock of the companies comprising the S&P 500 Index at the start of the measurement period. The measurement period is generally three years. The number of shares of Class B common stock an executive is entitled to receive at the end of the applicable measurement period ranges from 0% to 300% of the target PSU award. If Viacom’s percentile rank of TSR relative to the TSR for the companies in the S&P 500 Index is less than the 25th percentile, the target grant is forfeited unless we have achieved a specified level of earnings per share set in advance for the measurement period, in which case the executive would receive a percentage of the target award. No other performance-based share units were outstanding as of September 30, 2016. Previously granted performance-based share units were designed to vest over three or four years and deliver, at the time of vesting, 75% to 125% of the target number of shares of Class B common stock underlying the awards based on the achievement of certain financial targets. Outstanding share units accrue dividends each time we declare a quarterly cash dividend, which are paid upon vesting on the number of shares delivered and are forfeited if the award does not vest.

Upon the exercise of a stock option award or the vesting of share units, shares of Class B common stock are issued from authorized but unissued shares or from treasury stock. At September 30, 2016, we had 399.4 million shares in treasury. The aggregate number of equity awards authorized and available under the LTMIP for future grants as of September 30, 2016 was approximately 17 million, assuming that outstanding PSU awards are paid at target except for those awards for which the measurement period has been completed.



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Presented below is a summary of the compensation cost we recognized in the accompanying Consolidated Statements of Earnings:

Equity-Based Compensation Expense (in millions)	Year Ended September 30,		
	2016	2015	2014
Recognized in earnings:			
Stock options	\$ 29	\$ 33	\$ 37
Share units	66	68	85
Compensation cost included in SG&A expense	95	101	122
Compensation cost included in restructuring charge*	68	—	—
Total compensation cost in earnings	<u>\$ 163</u>	<u>\$ 101</u>	<u>\$ 122</u>
Tax benefit recognized	\$ 58	\$ 35	\$ 40
Capitalized equity-based compensation expense	\$ 4	\$ 5	\$ 6

\* See Note 14 for additional information regarding the restructuring charge.

### Stock Options

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The determination of volatility is principally based upon implied volatilities from traded options. The expected term, representing the period of time that options granted are expected to be outstanding, is estimated using a lattice-based model incorporating historical post vest exercise and employee termination behavior. The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant. The expected dividend yield is estimated by dividing the expected annual dividend by the market price of our common stock at the date of grant. Below are the weighted average fair value of awards granted in the periods presented and the weighted average of the applicable assumptions used to value stock options at grant date.

Key Assumptions	Year Ended September 30,		
	2016	2015	2014
Weighted average fair value of grants	\$ 8.65	\$ 11.34	\$ 16.52
Weighted average assumptions:			
Expected stock price volatility	36.1%	23.8%	25.0%
Expected term of options (in years)	5.4	4.8	4.6
Risk-free interest rate	1.5%	1.6%	1.5%
Expected dividend yield	4.1%	2.4%	1.6%

The following table summarizes information about our stock option transactions:

Stock Options (number of options in thousands)	Year Ended September 30, 2016		Year Ended September 30, 2015		Year Ended September 30, 2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at the beginning of the period	17,771.3	\$ 53.43	19,058.5	\$ 47.67	21,441.9	\$ 42.85
Granted	3,765.7	38.86	3,303.1	66.35	2,040.7	84.46
Exercised	(1,242.5)	35.24	(4,097.4)	35.53	(4,233.2)	40.71
Forfeited or expired	(698.3)	60.26	(492.9)	66.19	(190.9)	54.21
Outstanding at the end of the period	<u>19,596.2</u>	<u>\$ 51.54</u>	<u>17,771.3</u>	<u>\$ 53.43</u>	<u>19,058.5</u>	<u>\$ 47.67</u>
Exercisable at the end of the period	12,191.2	\$ 49.49	11,109.1	\$ 44.83	12,656.1	\$ 38.75

The weighted average remaining contractual life of stock options outstanding and exercisable at September 30, 2016 was 4 years and 3 years, respectively. The aggregate intrinsic value of stock options outstanding and exercisable at September 30, 2016 was \$17 million.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The following table summarizes information relating to stock option exercises during the periods presented:

Stock Option Exercises (in millions)	Year Ended September 30,					
	2016		2015		2014	
Proceeds from stock option exercises	\$	11	\$	146	\$	173
Intrinsic value	\$	7	\$	153	\$	182
Excess tax benefit/(shortfall)	\$	(3)	\$	39	\$	53

Total unrecognized compensation cost related to unvested stock option awards at September 30, 2016 was approximately \$41 million and is expected to be recognized on a straight-line basis over a weighted-average period of 3 years.

#### Share Unit Awards

The grant date fair value for the PSUs subject to the market and performance condition indicated earlier in this note is computed using a Monte Carlo model to estimate the total return ranking of Viacom among the S&P 500 Index companies on the date of grant over the measurement periods. Compensation cost for PSUs is being recognized as the requisite service period is fulfilled and assumes all performance goals will be met. The grant date fair value for RSUs and other performance-based share units is based on our stock price on the date of the grant.

The following table summarizes activity relating to our share unit transactions:

Share units (number of shares in thousands)	Year Ended September 30, 2016		Year Ended September 30, 2015		Year Ended September 30, 2014	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Unvested at the beginning of the period	2,645.1	\$ 75.68	3,138.3	\$ 67.35	4,311.4	\$ 53.54
Granted*	1,701.1	44.75	1,430.2	71.22	1,570.8	81.86
Vested	(1,144.8)	63.83	(1,644.8)	57.18	(2,593.8)	53.88
Forfeited	(693.8)	83.12	(278.6)	68.17	(150.1)	55.20
Unvested at the end of the period	2,507.6	\$ 58.05	2,645.1	\$ 75.68	3,138.3	\$ 67.35

\* Grant activity includes 0.4 million, 0.4 million and 0.2 million of performance-based share units at target for 2016, 2015 and 2014, respectively.

The total weighted average remaining contractual life and aggregate intrinsic value of unvested share units at September 30, 2016 was 2 years and \$96 million, respectively.

The fair value of share units vested was \$46 million in 2016, \$110 million in 2015 and \$212 million in 2014. Total unrecognized compensation cost related to these awards at September 30, 2016 was approximately \$104 million and is expected to be recognized over a weighted-average period of 3 years.

#### NOTE 14. RESTRUCTURING AND PROGRAMMING CHARGES

In 2016, we recognized a restructuring charge of \$206 million in connection with the separation of certain senior executives. The restructuring charge includes the cost of separation payments of \$138 million and the acceleration of equity-based compensation expense of \$68 million. Separation payments of \$48 million were paid in 2016 with the majority of the remaining amount scheduled to be paid in fiscal 2017. We established grantor trusts in our name and funded the trusts with approximately \$69 million to facilitate the administration of certain payments. The assets held in the grantor trusts are Company assets and are therefore included in our Consolidated Balance Sheet within *Prepaid and other assets* and *Other assets - noncurrent* as of September 30, 2016.

In 2015, we recognized a charge consisting of \$578 million of programming charges and a \$206 million restructuring charge associated with workforce reductions. The programming charges are included within *Operating expenses* in the Consolidated Statement of Earnings. These charges were recognized in connection with a company-wide review across our worldwide Media Networks, Filmed Entertainment operations and corporate functions. The company-wide review resulted in the implementation of significant strategic and operational improvements aimed at addressing the ratings challenges experienced by our networks and enhancing the effectiveness and efficiency of our operations, including a new programming strategy shifting focus away from repeated acquired programming and toward fresher, first-run original programming specifically targeted to appeal to our youth and family-oriented demographics.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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As a result of the review, we reorganized our operating segments and the newly structured operating segment management performed a comprehensive strategic review of existing programming, resulting in the identification of programming not aligned with the Company's new strategy. Decisions were made to cease airing certain programs, alter future airing patterns of certain other programs, and move some programming to secondary networks that would not generate sufficient revenues to support their carrying value. Our restructuring liability for the workforce reductions in 2015 by reporting segment is as follows:

(in millions)	Media Networks	Filmed Entertainment	Corporate	Total
<b>September 30, 2015</b>	\$ 87	\$ 51	\$ 9	\$ 147
Severance payments	(48)	(28)	(4)	(80)
Revisions to initial estimates	(3)	(11)	(1)	(15)
<b>September 30, 2016</b>	<u>\$ 36</u>	<u>\$ 12</u>	<u>\$ 4</u>	<u>\$ 52</u>

The liability as of September 30, 2016 is related to future severance payments in connection with the restructuring plan undertaken in fiscal 2015. We anticipate that substantially all of the remaining liability associated with the restructuring plan will be paid during fiscal 2017.

#### NOTE 15. INCOME TAXES

Earnings from continuing operations before provision for income taxes consist of the following:

Earnings from Continuing Operations before Provision for Income Taxes (in millions)	Year Ended September 30,		
	2016	2015	2014
United States	\$ 1,479	\$ 2,047	\$ 2,924
International	511	456	590
Pre-tax earnings from continuing operations	<u>\$ 1,990</u>	<u>\$ 2,503</u>	<u>\$ 3,514</u>

The provision for income taxes from continuing operations consists of the following:

Provision for Income Taxes from Continuing Operations (in millions)	Year Ended September 30,		
	2016	2015	2014
Current provision for income taxes:			
Federal	\$ 112	\$ 404	\$ 1,049
State and local	31	65	122
International	122	114	169
Total current provision for income taxes	265	583	1,340
Deferred provision for income taxes	254	(82)	(290)
Provision for income taxes	<u>\$ 519</u>	<u>\$ 501</u>	<u>\$ 1,050</u>

A reconciliation of the effective income tax rate on continuing operations to the U.S. federal statutory income tax rate is as follows:

Effective Tax Rate	Year Ended September 30,		
	2016	2015	2014
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State and local taxes, net of federal benefit	1.7	1.8	1.9
Effect of international operations	(4.4)	(2.9)	(3.6)
Qualified production activities deduction	(1.0)	(3.0)	(3.2)
Change in valuation allowance	(1.1)	(2.7)	(0.3)
Tax accounting method change	(2.7)	—	—
Foreign tax credits of repatriated non-U.S. earnings	(0.4)	(7.4)	—
All other, net	(1.0)	(0.8)	0.1
Effective tax rate, continuing operations	<u>26.1 %</u>	<u>20.0 %</u>	<u>29.9 %</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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We recognized a net discrete tax benefit of \$102 million in 2016, \$258 million in 2015 and \$49 million in 2014, which served to reduce the provision for income taxes for those periods. The benefit in 2016 is principally related to a tax accounting method change granted by the Internal Revenue Service (“IRS”), the release of tax reserves with respect to certain effectively settled tax positions and the recognition of capital loss carryforwards, partially offset by a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

During 2015, we reorganized certain non-U.S. subsidiaries in order to facilitate a more efficient movement of non-U.S. cash and to support the expansion of key areas for growth internationally. The benefit in 2015 was principally related to excess foreign tax credits attributable to a taxable repatriation of non-U.S. earnings from reorganized entities and the release of tax reserves with respect to certain effectively settled tax positions. The benefit in 2014 was principally related to the reversal of deferred taxes on earnings deemed permanently reinvested and the recognition of capital loss carryforwards.

The tax effects of the items recorded as deferred tax assets and liabilities are:

<b>Deferred Taxes</b> (in millions)	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Deferred tax assets:</b>		
Accrued liabilities	\$ 193	\$ 191
Postretirement and other employee benefits	452	407
Tax credit and loss carryforwards	223	245
All other	184	214
Total deferred tax assets	1,052	1,057
Valuation allowance	(195)	(202)
Total deferred tax assets, net	\$ 857	\$ 855
<b>Deferred tax liabilities:</b>		
Property, equipment and intangible assets	\$ (525)	\$ (527)
Unbilled revenue	(127)	(146)
Financing obligations	(114)	(115)
Film & TV production expenditures	(429)	(166)
Total deferred tax liabilities	(1,195)	(954)
Deferred taxes, net	\$ (338)	\$ (99)

We have recorded valuation allowances for certain deferred tax assets, which are primarily related to capital losses in the U.S. and net operating losses in foreign jurisdictions, as sufficient uncertainty exists regarding the future realization of these assets.

We have \$178 million of U.S. tax capital loss carryforwards at September 30, 2016. The utilization of these carryforwards as an available offset to future taxable income is subject to limitations under U.S. federal income tax laws. These carryforwards begin to expire in fiscal year 2018. In addition, we have \$324 million of tax losses in various international jurisdictions that are primarily from countries with unlimited carry forward periods and \$426 million of tax losses that expire in the fiscal years 2017 through 2036. The pre-valuation allowance deferred tax asset amount related to these U.S. and international tax loss carryforwards is \$223 million.

In November 2015, the FASB issued new guidance which requires that all deferred taxes be classified as noncurrent in the balance sheet. We adopted the new guidance on a retrospective basis. The net deferred tax assets and deferred tax liabilities included in the Consolidated Balance Sheets were as follows:

<b>Deferred Tax Assets / (Liabilities)</b> (in millions)	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Deferred tax assets	\$ 43	\$ 51
Deferred tax liabilities	(381)	(150)
Deferred taxes, net	\$ (338)	\$ (99)

Deferred tax assets are included within *Other assets* in the Consolidated Balance Sheets.

As of September 30, 2016, we have not made any provision for U.S. income taxes on approximately \$2.2 billion of unremitted earnings of our international subsidiaries since these earnings are permanently reinvested outside the U.S. If these earnings were to be remitted in the future, the related U.S. income tax liability may be reduced by any foreign income taxes previously

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paid on these earnings. Under current U.S. tax laws, repatriating unremitted earnings could result in incremental taxes of 10% -15% on the repatriated amounts depending on the territory. To the extent that any tax reform legislation were to lower the U.S. federal statutory income tax rate from its current 35%, there could be a corresponding reduction in the estimate of incremental taxes that would result from repatriating unremitted earnings.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, is as follows:

<b>Unrecognized Tax Benefits</b> (in millions)	<b>Year Ended September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Balance at beginning of the period	\$ 179	\$ 185	\$ 159
Gross additions based on tax positions related to the current year	21	60	25
Gross additions for tax positions of prior years	13	8	10
Gross reductions for tax positions of prior years	(23)	(63)	(5)
Settlements	(1)	(1)	—
Expiration of the statute of limitation	(25)	(10)	(4)
Balance at end of the period	<u>\$ 164</u>	<u>\$ 179</u>	<u>\$ 185</u>

The total amount of unrecognized tax benefits at September 30, 2016, if recognized, would favorably affect the effective tax rate.

As discussed in Note 2, we recognize interest and penalties accrued related to unrecognized tax benefits as a component of the *Provision for income taxes* in the Consolidated Statements of Earnings. We recognized interest and penalties of \$11 million in 2016, \$8 million in 2015 and \$10 million in 2014. We had accruals of \$37 million and \$35 million related to interest and penalties recorded as a component of *Other liabilities – noncurrent* in the Consolidated Balance Sheets at September 30, 2016 and 2015, respectively.

We and our subsidiaries file income tax returns with the IRS and various state and international jurisdictions. Tax authorities are conducting examinations of Viacom subsidiaries in various international and state and local jurisdictions, including New York State and New York City. Due to potential resolution of unrecognized tax positions involving multiple tax periods and jurisdictions, it is reasonably possible that a reduction of up to \$100 million of unrecognized income tax benefits may occur within 12 months, some of which, depending on the nature of the settlement, may affect our income tax provision and therefore benefit the resulting effective tax rate. The majority of these uncertain tax positions, when recognized in the financial statements, would be recorded in the Consolidated Statements of Earnings as part of the *Provision for income taxes*. The actual amount could vary significantly depending on the ultimate timing and nature of any settlements.

## **NOTE 16. EARNINGS PER SHARE**

The following table sets forth the weighted average number of common shares outstanding used in determining basic and diluted earnings per common share and anti-dilutive shares:

<b>Weighted Average Number of Common Shares Outstanding and Anti-Dilutive Common Shares</b> (in millions)	<b>Year Ended September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Weighted average number of common shares outstanding, basic	396.5	402.2	432.1
Dilutive effect of equity awards	1.5	3.8	8.1
Weighted average number of common shares outstanding, diluted	<u>398.0</u>	<u>406.0</u>	<u>440.2</u>
Anti-dilutive common shares	14.7	6.9	1.1

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 17. SUPPLEMENTAL CASH FLOW**

Our supplemental cash flow information is as follows:

Supplemental Cash Flow Information (in millions)	Year Ended September 30,			
	2016		2015	
Cash paid for interest	\$	611	\$	636
Cash paid for income taxes	\$	275	\$	566
			\$	1,021

Cash paid for income taxes in the years ended September 30, 2016 and 2015 includes a benefit from the retroactive reenactment of legislation allowing for accelerated tax deductions on certain qualified film and television productions.

**NOTE 18. FAIR VALUE MEASUREMENTS**
***Assets/Liabilities Measured and Recorded at Fair Value on a Recurring Basis***

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and 2015:

Financial Asset (Liability) (in millions)	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>September 30, 2016</b>				
Marketable securities	\$ 114	\$ 114	\$ —	\$ —
Derivatives	(13)	—	(13)	—
Total	<u>\$ 101</u>	<u>\$ 114</u>	<u>\$ (13)</u>	<u>\$ —</u>
<b>September 30, 2015</b>				
Marketable securities	\$ 100	\$ 100	\$ —	\$ —
Derivatives	(10)	—	(10)	—
Total	<u>\$ 90</u>	<u>\$ 100</u>	<u>\$ (10)</u>	<u>\$ —</u>

The fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end. These investments are included within *Prepaid and other assets* in the Consolidated Balance Sheets.

The fair value for derivatives is determined utilizing a market-based approach. We use derivative financial instruments to modify our exposure to market risks from changes in foreign exchange rates and interest rates. We conduct business in various countries outside the U.S., resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. Dollar. We use foreign currency forward contracts to economically hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Euro, the Brazilian Real, the Japanese Yen, the Australian Dollar, the Singapore Dollar and the Canadian Dollar. We also enter into forward contracts to hedge future production costs or programming obligations. We manage the use of foreign exchange derivatives centrally.

At September 30, 2016 and 2015, the notional value of all foreign exchange contracts was \$1.149 billion and \$1.040 billion, respectively. In 2016, \$874 million related to our foreign currency balances and \$275 million related to future production costs. In 2015, \$769 million related to our foreign currency balances and \$271 million related to future production costs.

***Assets Measured and Recorded at Fair Value on a Non-Recurring Basis***

Certain assets, such as intangible assets and investments, are recorded at fair value only if an impairment charge is recognized.

In 2016, we recognized an impairment charge of \$115 million related to the expected performance of an unreleased film and, as described in Note 14, in 2015, we recognized charges related to the write-down of certain programming and films. The charges reflect the excess of the unamortized cost of the programs and films over their estimated fair value using discounted cash flows, which is a Level 3 valuation technique.

In 2014, we recognized an impairment charge of \$43 million related to an international trade name at *Media Networks*. The fair value of the trade name (Level 3) was \$28 million calculated utilizing the relief-from-royalty method. Under this method, fair

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value is calculated as the discounted cash flows based on applying a royalty rate to the revenues derived from the trade name. The royalty rate was derived from market data.

**NOTE 19. REPORTING SEGMENTS**

The following tables set forth our financial performance by reporting segment. Our reporting segments have been determined in accordance with our internal management structure. We manage our operations through two reporting segments: (i) *Media Networks* and (ii) *Filmed Entertainment*. Typical intersegment transactions include the purchase of advertising by the *Filmed Entertainment* segment on *Media Networks*' properties and the purchase of *Filmed Entertainment*'s feature films exhibition rights by *Media Networks*. The elimination of such intercompany transactions in the Consolidated Financial Statements is included within eliminations in the tables below.

Our measure of segment performance is adjusted operating income. Adjusted operating income is defined as operating income, before equity-based compensation and certain other items identified as affecting comparability, including restructuring and programming charges, when applicable.

Revenues by Segment (in millions)	Year Ended September 30,		
	2016	2015	2014
Media Networks	\$ 9,942	\$ 10,490	\$ 10,171
Filmed Entertainment	2,662	2,883	3,725
Eliminations	(116)	(105)	(113)
Total revenues	<u>\$ 12,488</u>	<u>\$ 13,268</u>	<u>\$ 13,783</u>

Adjusted Operating Income/(Loss) (in millions)	Year Ended September 30,		
	2016	2015	2014
Media Networks	\$ 3,484	\$ 4,143	\$ 4,271
Filmed Entertainment	(445)	111	205
Corporate expenses	(213)	(235)	(227)
Eliminations	1	2	(2)
Equity-based compensation	(95)	(101)	(122)
Asset impairment	—	—	(43)
Restructuring and programming charges	(206)	(784)	—
Loss on pension settlement	—	(24)	—
Operating income	<u>2,526</u>	<u>3,112</u>	<u>4,082</u>
Interest expense, net	(616)	(657)	(615)
Equity in net earnings of investee companies	87	102	69
Loss on extinguishment of debt	—	(18)	(11)
Other items, net	(7)	(36)	(11)
Earnings from continuing operations before provision for income taxes	<u>\$ 1,990</u>	<u>\$ 2,503</u>	<u>\$ 3,514</u>

Depreciation and Amortization and Total Assets (in millions)	Depreciation and Amortization			Total Assets	
	Year Ended September 30,			September 30,	
	2016	2015	2014	2016	2015
Media Networks	\$ 166	\$ 162	\$ 148	\$ 16,410	\$ 17,088
Filmed Entertainment	50	53	64	6,391	5,914
Corporate/Eliminations	5	7	5	(293)	(859)
Total	<u>\$ 221</u>	<u>\$ 222</u>	<u>\$ 217</u>	<u>\$ 22,508</u>	<u>\$ 22,143</u>

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Capital Expenditures (in millions)	Year Ended September 30,		
	2016	2015	2014
Media Networks	\$ 141	\$ 115	\$ 85
Filmed Entertainment	28	22	34
Corporate	3	5	4
Total capital expenditures	<u>\$ 172</u>	<u>\$ 142</u>	<u>\$ 123</u>

Revenues by Component (in millions)	Year Ended September 30,		
	2016	2015	2014
Advertising	\$ 4,809	\$ 5,007	\$ 4,953
Affiliate	4,556	4,908	4,660
Feature film	2,488	2,692	3,488
Ancillary	751	766	795
Eliminations	(116)	(105)	(113)
Total revenues	<u>\$ 12,488</u>	<u>\$ 13,268</u>	<u>\$ 13,783</u>

Revenues generated from international markets were approximately 25%, 25% and 26% of total consolidated revenues in 2016, 2015, and 2014, respectively. Our principal international businesses are in Europe. The United Kingdom and Germany together accounted for approximately 57%, 55%, and 45% of total revenues in the Europe, Middle East and Africa (“EMEA”) region in 2016, 2015, and 2014, respectively.

Geographic Information (in millions)	Revenues*			Long-lived Assets**	
	Year Ended September 30,			September 30,	
	2016	2015	2014	2016	2015
United States	\$ 9,308	\$ 9,928	\$ 10,252	\$ 5,180	\$ 4,850
EMEA	2,182	2,193	2,046	348	309
All other	998	1,147	1,485	62	54
Total	<u>\$ 12,488</u>	<u>\$ 13,268</u>	<u>\$ 13,783</u>	<u>\$ 5,590</u>	<u>\$ 5,213</u>

\*Revenue classifications are based on customers’ locations. Transactions within Viacom between geographic areas are not significant.

\*\*Excludes deferred tax assets, goodwill, other intangible assets and investments.

## NOTE 20. RELATED PARTY TRANSACTIONS

National Amusements, directly and indirectly, is the controlling stockholder of both Viacom and CBS. National Amusements owns shares in Viacom representing approximately 79.8% of the voting interest in Viacom and approximately 10% of Viacom’s combined common stock. National Amusements is controlled by Sumner M. Redstone, our Chairman Emeritus, who is the Chairman and Chief Executive Officer of National Amusements, through the Sumner M. Redstone National Amusements Trust (the “SMR Trust”), which owns shares in National Amusements representing 80% of the voting interest of National Amusements. The shares representing the other 20% of the voting interest of National Amusements are held through a trust controlled by Shari E. Redstone, who is Mr. Redstone’s daughter and the non-executive Vice Chair of Viacom and the President and a member of the Board of Directors of National Amusements. The shares of National Amusements held by the SMR Trust are voted solely by Mr. Redstone until such time as his incapacity or death. Upon Mr. Redstone’s incapacity or death, (1) Ms. Redstone will also become a trustee of the SMR Trust and (2) the shares of National Amusements held by the SMR Trust will be voted by the trustees of the SMR Trust. The current trustees include Mr. Redstone and David R. Andelman, a member of the boards of directors of National Amusements and CBS. The current Board of Directors of National Amusements includes Mr. Redstone, Ms. Redstone and Mr. Andelman. In addition, Mr. Redstone serves as Chairman Emeritus of CBS and Ms. Redstone serves as non-executive Vice Chair of CBS.

Transactions between Viacom and related parties are overseen by our Governance and Nominating Committee.

On September 29, 2016, our Board of Directors received a letter from National Amusements requesting that our Board explore a potential combination of Viacom and CBS. Subsequently, the Board formed a special committee of independent directors to consider the request from National Amusements and any proposed transaction, and the special committee has hired independent legal and financial advisers.



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***Viacom and National Amusements Related Party Transactions***

National Amusements licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. During the years ended September 30, 2016, 2015 and 2014, Paramount earned revenues from National Amusements in connection with these licenses in the aggregate amounts of approximately \$8 million, \$10 million and \$15 million, respectively.

***Viacom and CBS Corporation Related Party Transactions***

In the ordinary course of business, we are involved in transactions with CBS and its various businesses that result in the recognition of revenues and expenses by us. Transactions with CBS are settled in cash.

Our *Filmed Entertainment* segment earns revenues and recognizes expenses associated with its distribution of certain television products into the home entertainment market on behalf of CBS. Pursuant to its agreement with CBS, Paramount distributes CBS's library of television and other content on DVD and Blu-ray disc on a worldwide basis. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable prior to any participation amounts paid. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

Our *Media Networks* segment recognizes advertising revenues and purchases television programming from CBS. The cost of the programming purchases is initially recorded as acquired program rights inventory and amortized over the estimated period that revenues will be generated.

Both of our segments recognize advertising expenses related to the placement of advertisements with CBS.

The following table summarizes the transactions with CBS as included in our Consolidated Financial Statements:

CBS Related Party Transactions (in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Consolidated Statements of Earnings</b>			
Revenues	\$ 133	\$ 169	\$ 213
Operating expenses	\$ 174	\$ 284	\$ 296
<b>Consolidated Balance Sheets</b>			
Accounts receivable	September 30,		
	2016	2015	
Accounts receivable	\$ 3	\$ 5	
Accounts payable			
	2016	2015	
Accounts payable	\$ —	\$ 1	
Participants' share and residuals, current	66	77	
Program obligations, current	61	62	
Program obligations, noncurrent	32	55	
Other liabilities	2	2	
Total due to CBS	\$ 161	\$ 197	

In the ordinary course of business, we are involved in related party transactions with equity investees. These related party transactions primarily relate to the provision of advertising services, licensing of film and programming content, distribution of films and provision of certain administrative support services, for which the impact on our Consolidated Financial Statements is as follows:

All other related party transactions are not material in the periods presented.

**NOTE 21. QUARTERLY FINANCIAL DATA (unaudited):**

The following are certain items identified as affecting comparability in 2016:

- A pre-tax restructuring charge of \$206 million (\$131 million after tax) in the fourth quarter in connection with the separation of certain senior executives.
- A net discrete tax expense of \$21 million in the first quarter and a net discrete tax benefit of \$13 million in the third quarter and \$110 million in the fourth quarter. Discrete tax items relate to certain events, such as a change in tax law, tax accounting method change or release of reserves that occurred in the respective period.

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<b>2015</b> (in millions, except per share information)	<b>First</b>	<b>Second</b>	<b>Third</b>	<b>Fourth</b>	<b>Year Ended September 30, 2015</b>
Revenues	\$ 3,344	\$ 3,078	\$ 3,058	\$ 3,788	\$ 13,268
Operating income	\$ 935	\$ 38	\$ 1,084	\$ 1,055	\$ 3,112
Net earnings/(loss) from continuing operations (Viacom and noncontrolling interests)	\$ 513	\$ (48)	\$ 645	\$ 892	\$ 2,002
Net earnings/(loss) (Viacom and noncontrolling interests)	\$ 513	\$ (48)	\$ 645	\$ 892	\$ 2,002
Net earnings/(loss) from continuing operations attributable to Viacom	\$ 500	\$ (53)	\$ 591	\$ 884	\$ 1,922
Net earnings/(loss) attributable to Viacom	\$ 500	\$ (53)	\$ 591	\$ 884	\$ 1,922
Basic earnings/(loss) per share, continuing operations attributable to Viacom	\$ 1.22	\$ (0.13)	\$ 1.49	\$ 2.22	\$ 4.78
Basic earnings/(loss) per share attributable to Viacom	\$ 1.22	\$ (0.13)	\$ 1.49	\$ 2.22	\$ 4.78
Diluted earnings/(loss) per share, continuing operations attributable to Viacom	\$ 1.20	\$ (0.13)	\$ 1.47	\$ 2.21	\$ 4.73
Diluted earnings/(loss) per share attributable to Viacom	\$ 1.20	\$ (0.13)	\$ 1.47	\$ 2.21	\$ 4.73

The following are certain items identified as affecting comparability in 2015:

- A pre-tax non-cash charge of \$24 million (\$15 million after tax) in the first quarter in connection with the settlement of pension benefits of certain participants of our funded pension plan.
- A pre-tax charge of \$784 million (\$520 million after tax) in the second quarter reflecting \$578 million of programming charges and a \$206 million restructuring charge associated with workforce reductions.
- A pre-tax charge of \$18 million (\$11 million after tax) in the fourth quarter in connection with a debt extinguishment loss on the redemption of \$550 million of the total \$918 million outstanding of our 6.250% Senior Notes due April 2016.
- A net discrete tax expense of \$23 million in the first quarter and a net discrete tax benefit of \$281 million in the fourth quarter.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures*

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016. Based on that evaluation, management has concluded that, as of such date, our disclosure controls and procedures were effective.

*Management’s Report on Internal Control over Financial Reporting*

Management’s Report on Internal Control over Financial Reporting is set forth on page 57.

*Audit Opinion on Internal Control over Financial Reporting*

The effectiveness of the Company’s internal control over financial reporting has been audited by PricewaterhouseCoopers, LLP an independent registered public accounting firm, as stated in their report, which is included herein on page 58.

*Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by this item with respect to our directors and certain corporate governance practices will be contained in our Proxy Statement for our 2017 Annual Meeting of Stockholders (the “Proxy Statement”) under the headings “Corporate Governance,” “Our Board of Directors,” “Item 1 – Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance,” which information is incorporated herein by reference. The information required by this item with respect to our executive officers (i) will be contained in the Proxy Statement under the headings “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” and (ii) is included in Part I of this Form 10-K under the caption “Our Executive Officers,” which information is incorporated herein by reference.

**Item 11. Executive Compensation.**

The information required by this item will be contained in the Proxy Statement under the headings “Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report,” which information is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be contained in the Proxy Statement under the headings “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management,” which information is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be contained in the Proxy Statement under the headings “Related Person Transactions” and “Our Board of Directors,” which information is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services.**

The information required by this item will be contained in the Proxy Statement under the heading “Services Provided by the Independent Auditor and Fees Paid,” which information is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

(a) 1. *Financial Statements.*

Management's Report on Internal Control over Financial Reporting  
Report of Independent Registered Public Accounting Firm  
Consolidated Statements of Earnings for the years ended September 30, 2016, 2015 and 2014  
Consolidated Statements of Comprehensive Income for the years ended September 30, 2016, 2015 and 2014  
Consolidated Balance Sheets as of September 30, 2016 and 2015  
Consolidated Statements of Cash Flows for the years ended September 30, 2016, 2015 and 2014  
Consolidated Statements of Stockholders' Equity for the years ended September 30, 2016, 2015 and 2014  
Notes to Consolidated Financial Statements

2. *Financial Statement Schedules.*

Schedule II. Valuation and Qualifying Accounts

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

3. *Exhibits.*

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page 98.

(b) *Exhibits.*

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page 98.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### VIACOM INC.

By: /s/ Thomas E. Dooley  
 Thomas E. Dooley  
*President and Chief Executive Officer*

Date: November 9, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of Viacom Inc. and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Thomas E. Dooley Thomas E. Dooley	President and Chief Executive Officer; Director	November 9, 2016
/s/ Wade Davis Wade Davis	Executive Vice President, Chief Financial Officer	November 9, 2016
/s/ Katherine Gill-Charest Katherine Gill-Charest	Senior Vice President, Controller (Chief Accounting Officer)	November 9, 2016
* Sumner M. Redstone	Chairman Emeritus	November 9, 2016
* Thomas J. May	Chairman of the Board	November 9, 2016
* Shari Redstone	Vice Chair of the Board	November 9, 2016
* George S. Abrams	Director	November 9, 2016
* Cristiana Falcone Sorrell	Director	November 9, 2016
* Kenneth B. Lerer	Director	November 9, 2016
* Blythe J. McGarvie	Director	November 9, 2016

Signature	Title	Date
<div><div>*</div><div>Judith A. McHale</div></div>	Director	November 9, 2016
<div><div>*</div><div>Ronald L. Nelson</div></div>	Director	November 9, 2016
<div><div>*</div><div>Deborah Norville</div></div>	Director	November 9, 2016
<div><div>*</div><div>Charles E. Phillips, Jr.</div></div>	Director	November 9, 2016
<div><div>*</div><div>Frederic V. Salerno</div></div>	Director	November 9, 2016
<div><div>*</div><div>William Schwartz</div></div>	Director	November 9, 2016
<div><div>*</div><div>Nicole Seligman</div></div>	Director	November 9, 2016
<div><div>*By: <div>/s/ Michael D. Fricklas</div><div>Michael D. Fricklas</div><div>Attorney-in-Fact for the Directors</div></div></div> <div></div>		November 9, 2016

**Item 15(a).**

**VIACOM INC.**  
**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS**

(in millions)	Beginning of period	Additions - expense and other	Deductions	End of period
<b>Year Ended September 30, 2016:</b>				
Allowance for doubtful accounts	\$ 37	\$ 13	\$ (6)	\$ 44
Sales returns and allowances	\$ 126	\$ 218	\$ (251)	\$ 93
Deferred tax valuation allowance	\$ 202	\$ 24	\$ (31)	\$ 195
<b>Year Ended September 30, 2015:</b>				
Allowance for doubtful accounts	\$ 30	\$ 10	\$ (3)	\$ 37
Sales returns and allowances	\$ 199	\$ 344	\$ (417)	\$ 126
Deferred tax valuation allowance	\$ 308	\$ 14	\$ (120)	\$ 202
<b>Year Ended September 30, 2014:</b>				
Allowance for doubtful accounts	\$ 33	\$ 2	\$ (5)	\$ 30
Sales returns and allowances	\$ 261	\$ 468	\$ (530)	\$ 199
Deferred tax valuation allowance	\$ 277	\$ 54	\$ (23)	\$ 308



## Item 15(b).

## INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Viacom Inc. effective December 31, 2015, as amended effective October 6, 2016.*
3.2	Amended and Restated Bylaws of Viacom Inc. effective August 18, 2016.*
4.1	Indenture, dated as of April 12, 2006, between Viacom Inc. and The Bank of New York (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed April 17, 2006) (File No. 001-32686).
4.2	Fourth Supplemental Indenture, dated as of October 5, 2007, between Viacom Inc. and The Bank of New York, including Form of 6.125% Senior Note due 2017 and Form of 6.75% Senior Debenture due 2037 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed October 9, 2007) (File No. 001-32686).
4.3	Fifth Supplemental Indenture, dated as of August 26, 2009, between Viacom Inc. and The Bank of New York Mellon, including Form of 5.625% Senior Note due 2019 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed August 26, 2009) (File No. 001-32686).
4.4	Sixth Supplemental Indenture, dated as of September 29, 2009, between Viacom Inc. and The Bank of New York Mellon, including Form of 5.625% Senior Note due 2019 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed September 30, 2009) (File No. 001-32686).
4.5	Seventh Supplemental Indenture, dated as of February 22, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.500% Senior Note due 2021 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed February 23, 2011) (File No. 001-32686).
4.6	Eighth Supplemental Indenture, dated as of March 31, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.500% Senior Note due 2017 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 31, 2011) (File No. 001-32686).
4.7	Ninth Supplemental Indenture, dated as of December 12, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.500% Senior Note due 2016 and 3.875% Senior Note due 2021 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 12, 2011) (File No. 001-32686).
4.8	Tenth Supplemental Indenture, dated as of February 28, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.500% Senior Debenture due 2042 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed February 28, 2012) (File No. 001-32686).
4.9	Eleventh Supplemental Indenture, dated as of June 14, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.125% Senior Note due 2022 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed June 14, 2012) (File No. 001-32686).
4.10	Twelfth Supplemental Indenture, dated as of November 26, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed November 30, 2012) (File No. 001-32686).
4.11	Thirteenth Supplemental Indenture, dated as of December 4, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).

Exhibit No.	Description of Exhibit
4.12	Fourteenth Supplemental Indenture, dated as of December 17, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).
4.13	Fifteenth Supplemental Indenture, dated as of March 14, 2013, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.250% Senior Notes due 2023 and 4.875% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2013) (File No. 001-32686).
4.14	Sixteenth Supplemental Indenture, dated as of August 19, 2013, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.500% Senior Notes due 2018, 4.250% Senior Notes due 2023 and 5.850% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed August 19, 2013) (File No. 001-32686).
4.15	Seventeenth Supplemental Indenture, dated as of March 11, 2014, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.200% Senior Notes due 2019, 3.875% Senior Notes due 2024 and 5.250% Senior Debentures due 2044 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 11, 2014) (File No. 001-32686).
4.16	Eighteenth Supplemental Indenture, dated as of December 10, 2014, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.750% Senior Notes due 2019 and 4.850% Senior Debentures due 2034 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 10, 2014) (File No. 001-32686).
4.17	Nineteenth Supplemental Indenture, dated as of October 4, 2016, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.250% Senior Notes due 2022 and Form of 3.450% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed October 4, 2016) (File No. 001-32686).
10.1	\$2.0 Billion Three-Year Credit Agreement, dated as of October 8, 2010, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).
10.2	First Amendment, dated as of December 2, 2011, to the \$2.0 Billion Three-Year Credit Agreement, dated as of October 8, 2010, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed February 2, 2012) (File No. 001-32686).
10.3	Second Amendment, dated as of November 9, 2012, to the Credit Agreement, dated as of October 8, 2010, as amended on December 2, 2011, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 31, 2013) (File No. 001-32686).
10.4	Third Amendment, dated as of November 18, 2014, to the Credit Agreement, dated as of October 8, 2010, as amended on December 2, 2011, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).
10.5	Summary of Viacom Inc. Compensation for Outside Directors (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).**

Exhibit No.	Description of Exhibit
10.6	Viacom Inc. 2006 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K of Viacom Inc. filed March 16, 2006) (File No. 001-32686).**
10.7	Viacom Inc. 2006 RSU Plan for Outside Directors (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K of Viacom Inc. filed March 16, 2006) (File No. 001-32686).**
10.8	Viacom Inc. 2011 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to the Definitive Proxy Statement of Viacom Inc. filed April 16, 2010) (File No. 001-32686), as amended by Amendment No. 1 to Viacom Inc. 2011 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 31, 2013) (File No. 001-32686).**
10.9	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.10	Amendment No. 1, dated January 16, 2014, to the Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.11	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of January 1, 2016 (incorporated by reference to Exhibit B to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).**
10.12	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of January 1, 2016, and as further amended and restated as of May 18, 2016 (incorporated by reference to Exhibit 10.2 to the Quarterly Report of Viacom Inc. filed August 4, 2016) (File No. 001-32686).**
10.13	Viacom Inc. Deferred Compensation Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.14	Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012 (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed January 27, 2012) (File No. 001-32686).**
10.15	Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011 (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed April 16, 2010) (File No. 001-32686).**
10.16	Viacom Inc. 2016 Long-Term Management Incentive Plan (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).**
10.16.1	Viacom Inc. 2016 LTMIP: Form of Terms and Conditions to the Stock Option Certificate (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).**
10.16.2	Viacom Inc. 2016 LTMIP: Form of Terms and Conditions to the Restricted Share Units Certificate (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).**
10.16.3	Viacom Inc. 2016 LTMIP: Form of Terms and Conditions to the Performance Share Units (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).**
10.17	Viacom Excess Pension Plan, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**
10.18	Amendment, effective as of March 31, 2009, to Viacom Excess Pension Plan, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.13 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**
10.19	Viacom Excess 401(k) Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**

Exhibit No.	Description of Exhibit
10.20	Amendments, effective as of April 1, 2009 and December 31, 2009, to Viacom Excess 401(k) Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.15 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**
10.21	Viacom Bonus Deferral Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**
10.22	Amendment, effective as of December 31, 2009, to Viacom Bonus Deferral Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.17 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**
10.23	Employment Agreement with Sumner M. Redstone, dated December 29, 2005 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed December 30, 2005), as amended by letter agreement dated September 25, 2006 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed September 26, 2006) (File No. 001-32686).**
10.24	Employment Agreement between Viacom Inc. and Philippe P. Dauman, effective as of January 15, 2015 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).**
10.25	Employment Agreement between Viacom Inc. and Thomas E. Dooley, as amended and restated as of May 27, 2010 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2010), as amended by Letter Agreement dated March 17, 2016 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed April 28, 2016), as further amended by Letter Agreement dated September 21, 2016 (incorporated by reference to Exhibit 10 to the Current Report on Form 8-K of Viacom Inc. filed September 21, 2016) (File No. 001-32686).**
10.26	Employment Agreement between Viacom Inc. and Michael D. Fricklas, dated as of October 2, 2009 (incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Viacom Inc. filed February 11, 2010) (File No. 001-32686), as amended by Letter Agreement dated August 6, 2012 (incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K of Viacom Inc. filed November 15, 2012), as further amended by Amendment dated May 20, 2015 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 6, 2015) and as further amended by the Confidential Settlement and Release Agreement, effective as of August 18, 2016 (File No. 001-32686).**
10.27	Employment Agreement between Viacom Inc. and Wade Davis, effective as of November 27, 2014 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).**
10.28	Employment Agreement between Viacom Inc. and Scott Mills, dated as of October 1, 2014 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed February 9, 2016) (File No. 001-32686).**
10.29	Service Agreement, dated as of March 1, 1994, between George S. Abrams and Former Viacom (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Former Viacom filed on March 31, 1995) (File No. 001-09553), assigned to Viacom Inc.**
10.30	Agreement dated as of June 13, 2016 between George S. Abrams and Viacom Inc. (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).
10.31	Agreement dated as of June 13, 2016 between Philippe P. Dauman and Viacom Inc. (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 4, 2016) (File No. 001-32686).
10.32	Confidential Settlement and Release Agreement, effective as of August 18, 2016 (incorporated by reference to Exhibit 10 to the Current Report on Form 8-K of Viacom Inc. filed August 23, 2016) (File No. 001-32686).
10.33	Separation Agreement dated as of December 19, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of New Viacom Corp. filed December 21, 2005) (File No. 001-32686).

## [Table of Contents](#)

Exhibit No.	Description of Exhibit
10.34	Tax Matters Agreement dated as of December 30, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed January 5, 2006) (File No. 001-32686).
21.1*	Subsidiaries of Viacom Inc.
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Viacom Inc.
24.1*	Powers of Attorney.
31.1*	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

\* Filed herewith.

\*\* Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit.

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
VIACOM INC.**

(Originally incorporated on September 22, 2005 under the name New Viacom Corp.)

**ARTICLE I**

**NAME**

The name of this Corporation is Viacom Inc.

**ARTICLE II**

**REGISTERED OFFICE AND AGENT FOR SERVICE**

The registered office of the Corporation in the State of Delaware is located at Suite 400, 2711 Centerville Road, City of Wilmington, County of New Castle. The name and address of the Corporation's registered agent for service of process in Delaware is:

Corporation Service Company  
Suite 400  
711 Centerville Road  
Wilmington, Delaware 19808

**ARTICLE III**

**CORPORATE PURPOSES**

Subject to Article IX, the purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

**ARTICLE IV**

**CAPITAL STOCK**

(1) *Shares, Classes and Series Authorized.* The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 5,400,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

- (a) 375,000,000 shares of Class A Common Stock, \$0.001 par value (“Class A Common Stock”).
- (b) 5,000,000,000 shares of Class B Common Stock, \$0.001 par value (“Class B Common Stock”).
- (c) 25,000,000 shares of Preferred Stock, \$0.001 par value (“Preferred Stock”).

(2) *Powers and Rights of the Class A Common Stock and the Class B Common Stock.* Except as otherwise expressly provided in this Amended and Restated Certificate of Incorporation, all issued and outstanding shares of Class A Common Stock and Class B Common Stock shall be identical and shall entitle the holders thereof to the same rights and powers.

(a) *Voting Rights and Powers.* Except as otherwise provided in this Amended and Restated Certificate of Incorporation or required by law, with respect to all matters upon which stockholders are entitled to vote, the holders of the outstanding shares of Class A Common Stock shall vote together with the holders of any other outstanding shares of capital stock of the Corporation entitled to vote, without regard to class, and every holder of outstanding shares of Class A Common Stock shall be entitled to cast thereon one vote in person or by proxy for each share of Class A Common Stock standing in his name. The holders of shares of Class A Common Stock shall have the relevant class voting rights and powers set forth in Section (3) of this Article IV and in Article IX. Except as otherwise required by law, the holders of outstanding shares of Class B Common Stock shall not be entitled to any votes upon any questions presented to stockholders of the Corporation, including, but not limited to, whether to increase or decrease the number of authorized shares of Class B Common Stock.

(b) *Dividends.* Subject to the rights and preferences of any Preferred Stock set forth in any resolution or resolutions providing for the issuance of such stock as set forth in Section (3) of this Article IV, the holders of Class A Common Stock and Class B Common Stock shall be entitled to receive ratably such dividends, other than Share Distributions (as hereinafter defined), as may from time to time be declared by the Board of Directors out of funds legally available therefor. The Board of Directors may, at its discretion, declare a dividend of any securities of the Corporation or of any other corporation, limited liability company, partnership, joint venture, trust or other legal entity (a “Share Distribution”) to the holders of shares of Class A Common Stock and Class B Common Stock (i) on the basis of a ratable distribution of identical securities to holders of shares of Class A Common Stock and Class B Common Stock or (ii) on the basis of a distribution of one class or series of securities to holders of shares of Class A Common Stock and another class or series of securities to holders of Class B Common Stock, *provided* that the securities so distributed (and, if the distribution consists of convertible or exchangeable securities, the securities into which such convertible or exchangeable securities are convertible or for which they are exchangeable) do not differ in any respect other than (x) differences in their rights (other than voting rights and powers) consistent in all material respects with differences between Class A Common

Stock and Class B Common Stock and (y) differences in their relative voting rights and powers, with holders of shares of Class A Common Stock receiving the class or series of such securities having the higher relative voting rights or powers (without regard to whether such voting rights or powers differ to a greater or lesser extent than the corresponding differences in the voting rights or powers of Class A Common Stock and Class B Common Stock provided in Section (2)(a) of this Article IV).

(c) *Distribution of Assets Upon Liquidation.* In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled under this Article IV or the resolutions, as the case may be, authorizing the issuance of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided ratably among the holders of Class A Common Stock and Class B Common Stock.

(d) *Split, Subdivision or Combination.* If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined.

(e) *Conversion.* So long as there are at least 5,000 shares of Class A Common Stock outstanding, each record holder of shares of Class A Common Stock may convert any or all of such shares into an equal number of shares of Class B Common Stock by delivering written notice to the Corporation's transfer agent stating that such record holder desires to convert such shares into the same number of shares of Class B Common Stock and requesting that the Corporation issue all of such Class B Common Stock to the persons named therein, setting forth the number of shares of Class B Common Stock to be issued to each such person (and, in the case of a request for registration in a name other than that of such record holder, providing proper evidence of succession, assignation or authority to transfer), accompanied by payment of documentary, stamp or similar issue or transfer taxes, if any.

(3) *Powers and Rights of the Preferred Stock.* The Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issuance of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any, *provided* that the Corporation shall not issue any Preferred Stock, or Preferred Stock that is convertible into or exchangeable for securities, that, in the aggregate with all other outstanding shares of Preferred Stock, have the ability to elect a number of Directors constituting a majority of the Board of Directors unless the issuance of such Preferred Stock shall have been approved by the holders of a majority of the outstanding shares of Class A Common Stock, voting separately as a class; the consideration for which the shares of



such series are to be issued; the number of shares constituting such series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon shares of such series and the times at which such dividends shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or non-cumulative, and, if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including, without limitation, price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Class A Common Stock or Class B Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof pertaining to shares of such series permitted by law.

(4) *Issuance of Class A Common Stock, Class B Common Stock and Preferred Stock.* The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of Class A Common Stock, Class B Common Stock and Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Amended and Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by any of the stockholders of the Corporation, except as otherwise required by law.

## **ARTICLE V**

### **DIRECTORS**

(1) *Power of the Board of Directors.* The property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

(a) To adopt, amend, alter, change or repeal the Bylaws of the Corporation; *provided* that no Bylaws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such Bylaws had not been adopted;

(b) To determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the property, business and

affairs of the Corporation, including, without limitation, the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as the manner of taking Board action; and

(c) To exercise all such powers and do all such acts as may be exercised by the Corporation, subject to the provisions of the laws of the State of Delaware, this Amended and Restated Certificate of Incorporation, and the Bylaws of the Corporation.

(2) *Number of Directors.* The number of directors constituting the entire Board of Directors shall be fixed from time to time by resolution of the Board of Directors but shall not be less than three nor more than twenty. Directors shall be elected to hold office until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. As used in this Amended and Restated Certificate of Incorporation, the term “entire Board of Directors” means the total number of Directors fixed in the manner provided in this Article V Section (2) and in the Bylaws.

## **ARTICLE VI**

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

(1) *Right to Indemnification.* The Corporation shall indemnify any person who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer (including, without limitation, a trustee) of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an “indemnatee”), to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys’ fees), actually and reasonably incurred by him in connection with such action, suit or proceeding. Notwithstanding the foregoing, except as provided in Section (7) of this Article VI with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnatee in connection with a proceeding (or part thereof) initiated by the indemnatee, if and only if the Board of Directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

(2) *Successful Defense.* To the extent that an indemnatee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section (1) of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including, without limitation, attorneys’ fees) actually and reasonably incurred by him in connection therewith.

(3) *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by a present or former Director or officer of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; *provided, however*, that, to the extent required by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a present Director or officer of the Corporation shall be required to submit to the Corporation, prior to the payment of such expenses, an undertaking (an "undertaking") by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined in a final, non-appealable judicial decision that such Director or officer is not entitled to be indemnified by the Corporation for such expenses as authorized in this Article VI; *provided, further*, that a former Director or officer of the Corporation shall be required to submit to the Corporation, prior to the payment of such expenses, an undertaking to the extent an undertaking would be required of a present Director or officer of the Corporation pursuant to this Section (3).

(4) *Not Exclusive.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VI shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, bylaw, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any Director or officer of the Corporation providing indemnification for such person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, any action, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

(5) *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

(6) *Certain Definitions.* For the purposes of this Article VI, (a) any Director, officer or employee of the Corporation who shall serve or has served as a director or officer of any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (b) any current or former director or officer of

any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director or officer at the request of the Corporation, unless the Board of Directors of the Corporation shall determine otherwise. In all other instances where any person shall serve or has served as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such director or officer at the request of the Corporation, the Board of Directors of the Corporation may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VI, references to a corporation include all constituent corporations absorbed in a consolidation or merger (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was a director or officer of such a constituent corporation, or is or was serving at the request of such constituent corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article VI, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a Director or officer of the Corporation which imposes duties on, or involves services by, such Director or officer with respect to an employee benefit plan, its participants, or beneficiaries, and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VI.

(7) *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section (1) of this Article VI is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section (3) of this Article VI is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section (1) of this Article VI shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections (1), (2) and (3) of this Article VI shall include reasonable documentation of the expenses incurred by the indemnitee.

(a) If successful in whole or in part in any suit brought pursuant to Section (7)(a) of this Article VI, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(b) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right

to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware. Neither the failure of the Corporation (including its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

(8) *Preservation of Rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director or officer of the Corporation, or has ceased to serve at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VI by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a Director or officer of the Corporation, or any person serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

## **ARTICLE VII**

### **DIRECTOR LIABILITY TO THE CORPORATION**

(1) *Limitation on Liability.* A Director's liability to the Corporation for breach of duty to the Corporation or its stockholders shall be limited to the fullest extent permitted by Delaware law. In particular, no Director of the Corporation shall be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of the State

of Delaware, as the same exists or hereafter may be amended, or (d) for any transaction from which the Director derived an improper personal benefit.

(2) *Repeal or Modification.* Any repeal or modification of the foregoing Section (1) by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

(3) *Amendment.* If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the liability of directors, then a Director of the Corporation shall be free of liability to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

## **ARTICLE VIII**

### **RESERVATION OF RIGHT TO AMEND CERTIFICATE OF INCORPORATION**

(1) *Reservation of Right to Amend.* The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Amended and Restated Certificate of Incorporation and all rights and powers conferred in this Amended and Restated Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

(2) *Construction.* Each reference in this Amended and Restated Certificate of Incorporation to “the Amended and Restated Certificate of Incorporation,” “hereunder,” “hereof,” or words of like import and each reference to the Amended and Restated Certificate of Incorporation set forth in any amendment to the Amended and Restated Certificate of Incorporation shall mean and be a reference to the Amended and Restated Certificate of Incorporation, as supplemented and amended through such amendment to the Amended and Restated Certificate of Incorporation.

## **ARTICLE IX**

### **VOTING RIGHTS**

In addition to any other approval required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of a majority of the then outstanding shares of Class A Common Stock, voted separately as a class, shall be necessary to approve any consolidation of the Corporation with another corporation, any merger of the Corporation into another corporation or any merger of any other corporation into the Corporation pursuant to which shares of Common Stock are converted into or exchanged for any securities or any other consideration.

The Corporation shall not and shall not have the legal power to do any of the following without the prior written consent of the holders of a majority of the Class A Common Stock, (the

“Common A Holders”), which consent may be granted or withheld by Common A Holders in their sole discretion:

- (i) enter into any agreement regarding, or consummate, any Paramount Transaction (as defined below),
- (ii) vote or provide the consent of any shares of capital stock, other equity interests, or other securities of any Paramount Entity (as defined below) owned or held, directly or indirectly, by the Corporation or any direct or indirect subsidiary thereof, with respect to, or in connection with, a Paramount Transaction, or
- (iii) whether by merger, consolidation, reorganization or otherwise, amend this Amended and Restated Certificate of Incorporation in a manner that will or may eliminate or change in any way any of the approval rights of the Class A Common Stock with respect to any of the matters described in this Article IX, subsection (i) through (iii).

“Paramount Transaction” means any of the following actions or events: to authorize, enter into, commit to or otherwise legally bind the Corporation and its subsidiaries taken as a whole (the “Company”) to any transaction not in the ordinary course of business consistent with past practice (by joint venture, consortium, affiliation, agreement, guarantee, understanding or otherwise), for:

(i) Any sale, issuance, transfer, redemption, lien, encumbrance, or other disposition (including, without limitation, by way of recapitalization, reclassification, dividend, distribution, merger, consolidation or otherwise) of (A) any shares or capital stock or ownership interest of Paramount Pictures Corporation (“Paramount”) or of any direct or indirect subsidiary of the Corporation involved with or supporting, in either case, in a material respect, the Corporation’s filmed entertainment business or any other business of Paramount (Paramount and each such subsidiary, a “Paramount Entity”), or (B) any options, warrants, convertible securities or other rights to purchase or acquire or encumber any shares of such capital stock or ownership interest of any Paramount Entity, in any case to a party that is not the Company;

(ii) Any sale, transfer, license, lien, encumbrance or other disposition of any material asset of (A) any Paramount Entity or (B) the Paramount Entities taken as a whole, in each case, to a party that is not the Company.

## **ARTICLE X**

### **STOCK OWNERSHIP AND THE FEDERAL COMMUNICATIONS LAWS**

(1) *Restrictions on Stock Ownership or Transfer.* As contemplated by this Article X, the Corporation may restrict the ownership, or proposed ownership, of shares of capital stock of the Corporation by any person if such ownership or proposed ownership (a) is or could be

inconsistent with, or in violation of, any provision of the Federal Communications Laws (as hereinafter defined), (b) limits or impairs or could limit or impair any business activities or proposed business activities of the Corporation under the Federal Communications Laws or (c) subjects or could subject the Corporation to any regulation under the Federal Communications Laws to which the Corporation would not be subject but for such ownership or proposed ownership (clauses (a), (b) and (c) collectively, “FCC Regulatory Limitations”). For purposes of this Article X, the term “Federal Communications Laws” shall mean any law of the United States now or hereafter in effect (and any regulation thereunder), including, without limitation, the Communications Act of 1934, as amended (the “Communications Act”), and regulations thereunder, pertaining to the ownership and/or operation or regulating the business activities of (x) any television or radio station, daily newspaper, cable television system or other medium of mass communications or (y) any provider of programming content to any such medium.

(2) *Requests for Information.* If the Corporation believes that the ownership or proposed ownership of shares of capital stock of the Corporation by any person may result in an FCC Regulatory Limitation, such person shall furnish promptly to the Corporation such information (including, without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall request.

(3) *Denial of Rights, Refusal to Transfer.* If (a) any person from whom information is requested pursuant to Section (2) of this Article X should not provide all the information requested by the Corporation, or (b) the Corporation shall conclude that a stockholder’s ownership or proposed ownership of, or that a stockholder’s exercise of any rights of ownership with respect to, shares of capital stock of the Corporation results or could result in an FCC Regulatory Limitation, then, in the case of either clause (a) or clause (b), the Corporation may (i) refuse to permit the transfer of shares of capital stock of the Corporation to such proposed stockholder, (ii) suspend those rights of stock ownership the exercise of which causes or could cause such FCC Regulatory Limitation, (iii) require the conversion of any or all shares of Class A Common Stock held by such stockholder into an equal number of shares of Class B Common Stock, (iv) redeem such shares of capital stock of the Corporation held by such stockholder in accordance with the terms and conditions set forth in this Section (3), and/or (v) exercise any and all appropriate remedies, at law or in equity, in any court of competent jurisdiction, against any such stockholder or proposed transferee, with a view towards obtaining such information or preventing or curing any situation which causes or could cause an FCC Regulatory Limitation. Any such refusal of transfer or suspension of rights pursuant to clauses (i) and (ii), respectively, of the immediately preceding sentence shall remain in effect until the requested information has been received and the Corporation has determined that such transfer, or the exercise of such suspended rights, as the case may be, will not result in an FCC Regulatory Limitation. The terms and conditions of redemption pursuant to clause (iv) of this Section (3) shall be as follows:

(i) the redemption price of any shares to be redeemed pursuant to this Section (3) shall be equal to the Fair Market Value (as hereinafter defined) of such shares;



(ii) the redemption price of such shares may be paid in cash, Redemption Securities (as hereinafter defined) or any combination thereof;

(iii) if less than all such shares are to be redeemed, the shares to be redeemed shall be selected in such manner as shall be determined by the Board of Directors, which may include selection first of the most recently purchased shares thereof, selection by lot or selection in any other manner determined by the Board of Directors;

(iv) at least 15 days' written notice of the Redemption Date (as hereinafter defined) shall be given to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder); *provided* that the Redemption Date may be the date on which written notice shall be given to record holders if the cash or Redemption Securities necessary to effect the redemption shall have been deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed;

(v) from and after the Redemption Date, any and all rights of whatever nature in respect of the shares selected for redemption (including, without limitation, any rights to vote or participate in dividends declared on stock of the same class or series as such shares), shall cease and terminate and the holders of such shares shall thenceforth be entitled only to receive the cash or Redemption Securities payable upon redemption; and

(vi) such other terms and conditions as the Board of Directors shall determine.

For purposes of this Section (3):

(A) "Fair Market Value" shall mean, with respect to a share of the Corporation's capital stock of any class or series, the volume weighted average sales price for such a share on the New York Stock Exchange or, if such stock is not listed on such exchange, on the principal U.S. registered securities exchange on which such stock is listed, during the 30 most recent days on which shares of stock of such class or series shall have been traded preceding the day on which notice of redemption shall be given pursuant to this Section (3); *provided, however*, that if shares of stock of such class or series are not traded on any securities exchange, "Fair Market Value" shall be determined by the Board of Directors in good faith; and *provided, further*, that "Fair Market Value" as to any stockholder who purchased his stock within 120 days of a Redemption Date need not (unless otherwise determined by the Board of Directors) exceed the purchase price paid by him.

(B) "Redemption Date" shall mean the date fixed by the Board of Directors for the redemption of any shares of stock of the Corporation pursuant to this Section (3).

(C) “Redemption Securities” shall mean any debt or equity securities of the Corporation, any subsidiary of the Corporation or any other corporation or other entity, or any combination thereof, having such terms and conditions as shall be approved by the Board of Directors and which, together with any cash to be paid as part of the redemption price, in the opinion of any nationally recognized investment banking firm selected by the Board of Directors (which may be a firm which provides other investment banking, brokerage or other services to the Corporation), has a value, at the time notice of redemption is given pursuant to this Section (3), at least equal to the Fair Market Value of the shares to be redeemed pursuant to this Section (3) (assuming, in the case of Redemption Securities to be publicly traded, such Redemption Securities were fully distributed and subject only to normal trading activity).

(4) *Legends.* The Corporation shall instruct the Corporation’s transfer agent that the shares of capital stock of the Corporation are subject to the restrictions set forth in this Article X and such restrictions shall be noted conspicuously on the certificate or certificates representing such capital stock or, in the case of uncertificated securities, contained in the notice or notices sent as required by applicable law.

(5) *Certain Definitions.* For purposes of this Article, the word “person” shall include not only natural persons but partnerships (limited or general), associations, corporations, limited liability companies, joint ventures and other legal entities, and the word “regulation” shall include not only regulations but rules, published policies and published controlling interpretations by an administrative agency or body empowered to administer a statutory provision of the Federal Communications Laws.

## **ARTICLE XI**

### **CORPORATE OPPORTUNITIES AND CONFLICTS OF INTEREST**

(1) *Competing Activities and Corporate Opportunities.* (a) Except as otherwise agreed in writing by the Corporation and CBS Corporation, (i) neither the Corporation nor CBS Corporation shall have any duty to refrain from engaging directly or indirectly in the same or similar activities or lines of business as the other corporation, doing business with any potential or actual customer or supplier of the other corporation, or employing or engaging or soliciting for employment any officer or employee of the other corporation, and (ii) no officer or director of the Corporation or CBS Corporation shall be liable to the other corporation or to the other corporation’s stockholders for breach of any fiduciary duty by reason of any such activities of the Corporation or CBS Corporation, as the case may be.

(b) In the event that an Interested Person acquires knowledge of a potential corporate transaction or matter that may be a corporate opportunity for both the Corporation and CBS Corporation (whether such opportunity is proposed by a third party or is conceived of by such Interested Person) (an “Opportunity”),

(i) the Corporation hereby renounces any interest in or expectancy with respect to such Opportunity if such Interested Person (A) presents such Opportunity

to CBS Corporation or (B) does not communicate information regarding such Opportunity to the Corporation because the Interested Person has directed the Opportunity to CBS Corporation, and

(ii) such Interested Person may present such Opportunity to either the Corporation or to CBS Corporation or to both, as such Interested Person deems appropriate under the circumstances in such Interested Person's sole discretion, and by doing so such Interested Person (A) shall have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders with respect to such Opportunity, (B) shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty, or for failure to act in (or not opposed to) the best interests of the Corporation, or for the derivation of any improper personal benefit if CBS Corporation pursues or acquires such Opportunity for itself or directs such Opportunity to another person or does not communicate information regarding such Opportunity to the Corporation, and (C) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation and its stockholders.

(c) This Article XI shall not limit any protections or defenses available to, or indemnification rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation or applicable law.

(2) *Definitions.* For purposes of this Article XI only:

(a) "CBS Corporation" shall mean CBS Corporation (formerly named "Viacom Inc.") and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which CBS Corporation beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which CBS Corporation otherwise controls.

(b) "Controlling Stockholder" shall mean any person who has beneficial ownership (as that term is used in Section 13(d) of the Securities Exchange Act of 1934) of 25% or more of the outstanding voting stock or voting power of both the Corporation and CBS Corporation.

(c) "Corporation" shall mean Viacom Inc. and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which Viacom Inc. beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which Viacom Inc. otherwise controls.

(d) "Interested Person" shall mean a person who is a director, officer or Controlling Stockholder of the Corporation and is also a director, officer or Controlling Stockholder of CBS Corporation.

(e) “person” means any individual, partnership (whether general, limited or otherwise), corporation, limited liability company or other entity, government, or political subdivision, agency, or instrumentality of a government or any two or more such “persons” acting as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer.

(3) *Notice.* Any person purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have, and may be charged with, notice of and to have consented to the provisions of this Article XI.

## **ARTICLE XII**

### **COMPROMISE AND REORGANIZATION**

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agrees to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

**AMENDED AND RESTATED BYLAWS  
OF  
VIACOM INC.  
(EFFECTIVE AS OF AUGUST 18, 2016)**

**ARTICLE I**

**OFFICES**

Section 1. The registered offices of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

Section 1. Meetings of stockholders may be held at such time and place, within and without the State of Delaware, as shall be designated by the board of directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. The board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication.

Section 2. The annual meeting of stockholders for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting shall be held at such date and hour as shall be determined by the board of directors.

Section 3. Notice of the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, not less than ten nor more than sixty days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law (the "DGCL") or the Amended and Restated Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty days after the date for which the meeting was originally noticed, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given to each stockholder in conformity herewith. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the board of directors shall fix a new record date for notice of such adjourned meeting, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors and, except as otherwise required by law, shall not be more than sixty nor less than ten days before the date of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, if the record date for determining the stockholders entitled to vote is less than ten days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation. The list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Amended and Restated Certificate of Incorporation, may be called by the affirmative vote of a majority of the Whole Board (for purposes of these bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships), the Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board and shall be called by the Chairman of the Board, the Chief Executive Officer, the Vice Chair of the Board or Secretary at the request in writing of the holders of record of at least 50.1% of the aggregate voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, acting together as a single class. Such request shall state the purpose or purposes of the proposed meeting. The board of directors may postpone or reschedule any previously scheduled meeting.

Section 6. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. At any meeting of the stockholders, the holders of a majority of the aggregate voting power of the shares of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for all purposes except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 8. When a quorum is present at any meeting, the vote of the holders of a majority of the aggregate voting power of the shares of the capital stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by provision of applicable law or of the Amended and Restated Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 9. At every meeting of the stockholders, each stockholder shall be entitled to vote, in person or by a valid proxy given by the stockholder or his or her duly authorized attorney-in-fact, each share of the capital stock having voting power held by such stockholder in accordance with the provisions of the Amended and Restated Certificate of Incorporation and, if applicable, the certificate of designations relating thereto, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 10. Any action required to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing (or deemed to be in writing under applicable law), setting forth the action so taken, shall be signed by stockholders (or deemed to be signed by stockholders under applicable law) representing not less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered and dated as required by law. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. The Secretary shall file such consents with the minutes of the meetings of the stockholders.

Section 11. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 12. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by

proxy, attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

## ARTICLE III

### DIRECTORS

Section 1. The number of directors which shall constitute the entire board of directors shall be fixed as set forth in Article V of the Amended and Restated Certificate of Incorporation.

Section 2. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation then outstanding (other than Common Stock), vacancies in the board of directors occurring as a result of (i) stockholder action to remove directors or to increase the number of authorized directors or (ii) for any other reason shall be filled only by the affirmative vote of the holders of record of the outstanding shares representing at least a majority of all the aggregate voting power of outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class, and shall not be filled by the board of directors; *provided* that in the case of a vacancy referred to in clause (ii) above, such vacancy may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, if not filled by stockholder action within thirty days of the occurrence of such vacancy. The directors so chosen shall hold office until their death, resignation or removal or until their successors are duly elected and qualified. The foregoing notwithstanding, vacancies in the board of directors occurring as a result of the increase in the size of the board pursuant to Section 3(a) of that certain Settlement Agreement, dated as of August 18, 2016 by and among the Corporation and the other parties thereto (the "Settlement Agreement"), may be filled with the "New Directors" (as defined in the Settlement Agreement) by unanimous vote of the Board and need not be filled by the stockholders. The directors so chosen shall hold office until their death, resignation or removal or until their successors are duly elected and qualified.

Section 3. The property and business of the Corporation shall be controlled and managed in accordance with the terms of the Amended and Restated Certificate of Incorporation by its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Amended and Restated Certificate of Incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

### MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the Corporation, or any committees thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. A regular annual meeting of the board of directors, including newly elected directors, shall be held in connection with each annual meeting of stockholders at the place of such stockholders' meeting, and no notice of such meeting to the directors shall be



necessary in order legally to constitute the meeting, *provided* that a quorum shall be present. If such meeting is held at any other time or place, notice thereof must be given or waived as hereinafter provided for special meetings of the board of directors.

Section 6. Additional regular meetings of the board of directors shall be held on such dates and at such times and at such places as shall from time to time be determined by the board of directors. Notice thereof must be given or waived as hereinafter provided for special meetings of the board of directors.

Section 7. The Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board may call a special meeting of the board of directors at such time, at such place, and on such date as he, she or they shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived orally in person or by telephone, or by mailing written notice not less than five days before the meeting or by telegraphing, telexing, facsimile, or electronic transmission of the same not less than twenty-four hours before the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at a special meeting.

Section 8. At all meetings of the board a majority of the directors then in office shall constitute a quorum for the transaction of business and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, unless the vote of a greater number is required by statute, the Amended and Restated Certificate of Incorporation or these bylaws. If a quorum shall not be present at any meeting of the board of directors, a majority of the directors present thereat may adjourn the meeting to another place, date or time, without notice other than announcement at the meeting.

(A) Notwithstanding the foregoing, until the amendment to the Certificate of Incorporation described in Section 4(b) of the Settlement Agreement becomes effective (at which time this provision 8(A) shall become null and void and shall be deleted from the bylaws), the affirmative vote of all the directors then in office shall be required to approve a "Paramount Transaction."

(B) "Paramount Transaction" means any of the following actions or events: to authorize, enter into, commit to or otherwise legally bind the Corporation and its subsidiaries taken as a whole (the "Company") to any transaction not in the ordinary course of business consistent with past practice (by joint venture, consortium, affiliation, agreement, guarantee, understanding or otherwise), for:

(i) any sale, issuance, transfer, redemption, lien, encumbrance, or other disposition (including, without limitation, by way of recapitalization, reclassification, dividend, distribution, merger, consolidation or otherwise) of (A) any shares of capital stock or ownership interest of Paramount Pictures Corporation ("Paramount") or of any direct or indirect subsidiary of the Corporation involved with or supporting, in either case, in a material respect, the Corporation's filmed entertainment business or any other business of Paramount (Paramount and each such subsidiary, a "Paramount Entity"), or (B) any options, warrants, convertible securities or other rights to purchase or acquire or encumber

any shares of such capital stock or ownership interest of any Paramount Entity, in any case to a party that is not the Company, or

(ii) any sale, transfer, license, lien, encumbrance or other disposition of any material asset of (A) any Paramount Entity or (B) the Paramount Entities taken as a whole, in each case, to a party that is not the Company.

(C) Notwithstanding the foregoing, after the amendment to the Certificate of Incorporation described in Section 4(b) of the Settlement Agreement becomes effective, none of the board, any committee thereof, any member of the board or any executive officer shall, or shall have the power to, authorize, agree to, knowingly cause or permit or take, directly or indirectly, any "Paramount Transaction" without the prior consent of at least 67% of the members of the board.

(D) Notwithstanding the foregoing, until the 2017 annual meeting of the Corporation's stockholders (at which time this provision 8(D) shall become null and void and shall be deleted from the bylaws), none of the board, any committee thereof, any member of the board or any executive officer shall, or shall have the power to, authorize, agree to, knowingly cause or permit or take, directly or indirectly, any action that is outside the routine day-to-day operations of the Company without the prior consent of at least 67% of the members of the board. For purposes of the foregoing, an "action that is outside the routine day-to-day operations of the Company" shall include, but not be limited to:

(a) to declare, authorize or implement (i) any spin-off, split-off or other similar disposition, by distribution of capital stock, exchange of securities, recapitalization or otherwise of the Corporation or (ii) any stock split, cash or stock dividend, reverse split or other distribution of or affecting securities or assets of the Corporation; or

(b) to authorize, enter into or otherwise bind the Company pursuant to any contract, agreement or other arrangement (written or oral) with third parties that is not otherwise permitted by this Article III, Section 8, except for such contracts, agreements or arrangements entered into in the ordinary course of business operations as currently being conducted which do not effect (i) a change in the current business operations material to the Company or (ii) any change in the voting control or equity ownership of the Corporation; or

(c) to authorize, establish, create or exchange any securities of the Company or to amend, alter or change the terms of any securities of the Company, in each case other than (i) pursuant to existing agreements or the existing terms of any securities, (ii) in connection with the exercise or conversion of any derivative security, (iii) any such securities that will be owned, directly or indirectly, by the Company, (iv) pursuant to the normal operation of any employee benefit plan or practice, (v) in the ordinary course of business consistent with past practice, or (vi) with respect to intracompany transactions as to securities beneficially owned by the Company; or

- (d) to authorize, enter into or otherwise bind the Company to issue, sell, grant or dispose of any securities of the Company (including without limitation, any Class A Common Stock or Class B Common Stock of the Corporation, preferred stock, options, warrants or purchase rights), except (i) in accordance with the mandatory provisions of existing agreements in existence as of June 15, 2016, (ii) as a result of the exercise or conversion of outstanding derivative securities which have been approved by the Compensation Committee of the board, (iii) for any securities that will be owned, directly or indirectly, immediately after such action otherwise requiring prior notice, by the Company (provided that, notwithstanding anything to the contrary in this order, under no circumstances will the Corporation issue, sell, grant or otherwise dispose of any Class A Common Stock or Class B Common Stock of the Corporation or any interest therein to any person or entity), or (iv) in the ordinary course of business consistent with past practice; or
- (e) to authorize, enter into or otherwise bind the Company with respect to any action or transaction, the consummation or implementation of which would require the approval or consent, by vote or written consent, of security holders of the Class A or Class B Common Stock of the Corporation; or
- (f) [Reserved]; or
- (g) to increase the compensation and benefits payable to any current officer or employee, or to hire or engage any new or additional officer or employee, or enter into, terminate (other than for cause) or amend any employment agreement, severance or other similar agreement or arrangement providing for compensation or any other benefit to any officer or employee of the Company, except (i) as required by law, (ii) pursuant to agreements in existence as of June 15, 2016, (iii) with respect to the payment of bonuses and equity awards reviewed at a meeting of the Compensation Committee of the board and presented to National Amusements, Inc. (“NAI”) and NAI Entertainment Holdings LLC (“Holdings”) prior to the execution hereof, or (iv) if such arrangement would not have required approval of the Board or any committee thereof if accomplished immediately prior to June 27, 2016; or
- (h) to hire a financial advisor or investment banker for services where the aggregate amount of fees payable to any such person would reasonably be expected to exceed \$10 million; or
- (i) to enter into any agreement or arrangement which provides for, or is reasonably likely to result in, the incurrence of any liability or the payment of any amounts by the Company (whether through breach of representation, warranty or covenant, liquidated or unliquidated damages, termination right, break-up fees or other provisions) based upon or resulting from the resolution of the claims alleged in the action captioned *In re Viacom Inc.*, C.A. No. 12472-CB (consolidated) (the “Action”) (whether by Court order, settlement or otherwise) regarding the validity of (i) the June 6, 2016 stockholder written consent delivered by NAI and Holdings to the Corporation amending certain provisions of the bylaws or (ii) the June 16, 2016 stockholder written consent delivered by NAI and

Holdings to the Corporation purporting to remove certain directors from the board of directors of the Corporation and to fill their purported vacancies with new directors; or

(j) by the Company to institute or commit to fund any legal proceeding seeking or purporting to seek any of the relief sought by any party in the Action, the action captioned *In the Matter of the Sumner M. Redstone National Amusements Trust*, Case No. 16STPB00618 pending in California, or the action captioned *Dauman and Abrams v. Redstone, Et al.*, Docket No. 16E0020QC, pending in Massachusetts (collectively, the “Pending Actions”); provided, however, that this provision shall have no application to: (i) the defense of any legal proceeding seeking or purporting to seek any of the relief sought by any party in the Pending Actions; (ii) any advancement, indemnification, or other legal funding determinations made with respect to the Pending Actions; or (iii) otherwise affect any of the Company’s advancement or indemnification obligations in effect on June 16, 2016; or

(k) amending, altering, modifying or repealing any provision of the bylaws by action by the board of directors.

Section 9. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, setting forth the action so taken, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, members of the board of directors, or any committee thereof, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

#### COMMITTEES OF DIRECTORS

Section 11. Designation of Committees. The board of directors may, by resolution passed by a majority of the board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Section 12. Vacancies. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Section 13. Powers. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors to the extent provided by Section 141(c) of the DGCL as it exists now or may hereafter be amended.

Section 14. Minutes. Each committee of the board of directors shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### COMPENSATION OF DIRECTORS

Section 15. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors. All directors may be paid their expenses, if any, of attendance at each meeting of the board of directors, and directors who are not full-time employees of the Corporation may be paid a fixed sum for attendance at each meeting of the board of directors, and/or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation and expenses for attending committee meetings. As used herein, salary means monetary and other forms of compensation.

#### REMOVAL OF DIRECTORS

Section 16. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any or all directors may be removed from office at any time prior to the expiration of his, her or their term of office, with or without cause, only by the affirmative vote of the holders of record of outstanding shares representing at least a majority of all the aggregate voting power of outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class at a special meeting of stockholders called expressly for that purpose; *provided* that, any director may be removed from office by the affirmative vote of a majority of the board of directors, at any time prior to the expiration of his term of office, as provided by law, in the event a director is in breach of any agreement between such director and the Corporation relating to such director's service as a director or employee of the Corporation.

### ARTICLE IV

#### NOTICES

Section 1. Whenever, under the provisions of applicable law, the Amended and Restated Certificate of Incorporation or these bylaws, notice is required to be given to (a) any director, it shall be construed to mean oral notice given telephonically or in person or written or printed notice given either personally or by mail, wire, telephone, telex, facsimile or electronic transmission, or (b) any stockholder, it shall be construed to mean written or printed notice given either personally or by mail, wire or electronic transmission in the manner and to the extent provided by Section 232 of the DGCL, in each case, addressed to such director or stockholder, at

his or her address as it appears on the records of the Corporation, with postage or other charges thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or at the appropriate office for transmission by wire or, in the case of electronic transmission, at the time specified by Section 232 of the DGCL.

Section 2. Whenever any notice is required to be given under the provisions of applicable law or of the Amended and Restated Certificate of Incorporation or of these bylaws, a waiver thereof in writing or by electronic transmission, signed by the person or persons entitled to said notice, whether before or after the time of the event for which notice is given, shall be deemed equivalent thereto.

Section 3. Attendance at a meeting shall constitute a waiver of notice except where a director or stockholder attends a meeting for the express purpose of objecting at the beginning of a meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in the waiver of notice of such meeting.

## **ARTICLE V**

### **OFFICERS**

Section 1. The officers of the Corporation shall be elected by the board of directors at its first meeting in connection with each annual meeting of the stockholders and shall be a Chief Executive Officer, a Chief Financial Officer and/or a Treasurer and a Secretary. The board of directors may also elect a Chairman of the Board, one or more Vice Chairmen or Vice Chairs of the Board, one or more Presidents and Vice Presidents and one or more Assistant Treasurers and Assistant Secretaries, and such other officers as the board of directors deems appropriate. Any number of offices may be held by the same person. Vice Presidents may be given distinctive designations such as Executive Vice President or Senior Vice President. At the time of election, the board of directors may determine that the Chairman of the Board shall be a Non-Executive Chairman of the Board or that the Vice Chair of the Board shall be a Non-Executive Vice Chair of the Board.

Section 2. The board of directors may elect such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. The officers of the Corporation shall hold office until their successors are elected or appointed and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

## CHAIRMAN OF THE BOARD

Section 4. The Chairman of the Board, if any shall be elected, shall preside at all meetings of the board of directors and the stockholders and shall have such other powers and perform such other duties as may from time to time be assigned to him or her by the board of directors.

## VICE CHAIR OF THE BOARD

Section 5. The Vice Chair of the Board, if any shall be elected, or if there be more than one, the Vice Chairs of the Board in order of their election, shall, in the absence of the Chairman of the Board, or in case the Chairman of the Board shall resign, retire, become deceased or otherwise cease or be unable to act, perform the duties and exercise the powers of the Chairman of the Board. In addition, the Vice Chair of the Board shall have such other powers and perform such other duties as may from time to time be assigned or delegated to him or her by the board of directors.

## THE CHIEF EXECUTIVE OFFICER

Section 6. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have the general powers and duties of supervision, management and control of the business and affairs of the Corporation, subject to the control of the board of directors. The Chief Executive Officer shall perform the duties and exercise the powers incident to the office of Chief Executive Officer and shall have such other powers and perform such other duties as may from time to time be assigned or delegated to him or her by the board of directors or these bylaws.

## THE PRESIDENT

Section 7. The President, if any shall be elected, shall, under the direction of the Chief Executive Officer, be responsible for the operations of the Corporation and shall have all the powers, rights, functions and responsibilities normally exercised by a president. The President shall have such other powers and perform such other duties as may from time to time be assigned or delegated to the President by the Chief Executive Officer, the board of directors or these bylaws.

## THE VICE PRESIDENTS

Section 8. The Vice Presidents, if any shall be elected, shall have such powers and perform such duties as may from time to time be assigned or delegated to them by the board of directors or the Chief Executive Officer.

## THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary, if any shall be elected, shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose

and shall perform like duties for the standing committees of the board of directors when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and the meetings of the board of directors, as applicable, and shall perform such other duties as may be prescribed by the board of directors or the Chief Executive Officer, under whose supervision he or she shall be. He or she shall have custody of the corporate seal of the Corporation and he or she, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature.

Section 10. The Assistant Secretary, if any shall be elected, or if there be more than one, the Assistant Secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall have such other powers and perform such other duties as may from time to time be assigned or delegated to them by the board of directors, the Chief Executive Officer or the Secretary.

#### THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer, under the supervision of the Chief Executive Officer, shall have charge of the corporate funds and securities and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by or at the direction of the board of directors.

Section 12. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by or at the direction of the Chief Executive Officer or the board of directors, taking proper vouchers for such disbursements, and subject to the supervision of the Chief Executive Officer, shall render to the board of directors, when they or either of them so require, an account of his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 13. If required by the board of directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 14. The Assistant Treasurer, if any shall be elected, or if there shall be more than one, the Assistant Treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall have such other powers and perform such other duties as may from



time to time be assigned or delegated to them by the board of directors, the Chief Financial Officer or the Treasurer.

Section 15. In addition to the corporate officers elected by the board of directors pursuant to this Article V, the Chief Executive Officer may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the Chief Executive Officer may deem appropriate. The Chief Executive Officer may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments. Such appointments and termination of appointments shall be reported to the board of directors.

## **ARTICLE VI**

### **TRANSFERS OF STOCK**

Section 1. Unless otherwise provided by resolution of the board of directors, each class or series of the shares of capital stock in the Corporation shall be issued in uncertificated form pursuant to the customary arrangements for issuing shares in such form. Shares shall be transferable only on the books of the Corporation by the holder thereof in person or by attorney upon presentment of proper evidence of succession, assignation or authority to transfer in accordance with the customary procedures for transferring shares in uncertificated form.

### **FIXING RECORD DATE**

Section 2. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the board of directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If the board of directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the board of directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 2 at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action without a meeting, (including by telegram, cablegram or other electronic transmission as permitted by law), the board of directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall be not more than ten days after the date upon which the resolution fixing the record date is adopted. If no record date has been fixed by the board of directors and no prior action by the board of directors is required by the DGCL, the record date shall be the first date on which a consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by Article II, Section 10 hereof. If no record date has been fixed by the board of directors and prior action by the board of directors is required by the DGCL with respect to the proposed action by consent of the stockholders without a meeting, the record date for determining stockholders entitled to consent to corporate action without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

## REGISTERED STOCKHOLDERS

Section 3. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## ARTICLE VII

### INDEMNIFICATION OF EMPLOYEES

Section 1. *Right to Indemnification.* The Corporation shall indemnify any present or former employee of the Corporation who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an “indemnitee”), to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide

broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees), actually and reasonably incurred by him or her in connection with such action, suit or proceeding. Notwithstanding the foregoing, except as provided in Section 7 of this Article VII with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the board of directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

Section 2. *Successful Defense.* To the extent that an indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 3. *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by an indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as the Corporation deems appropriate, by resolution of the board of directors.

Section 4. *Not Exclusive.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any employee of the Corporation providing indemnification for such person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, any action, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

Section 5. *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such,

whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VII.

Section 6. *Certain Definitions.* For the purposes of this Article VII, (a) any employee of the Corporation who shall serve or has served as an employee of any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (b) any current or former employee of any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such employee at the request of the Corporation, unless the board of directors of the Corporation shall determine otherwise. In all other instances where any person shall serve or has served as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such employee at the request of the Corporation, the board of directors of the Corporation may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VII, references to a corporation include all constituent corporations absorbed in a consolidation or merger (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was an employee of such a constituent corporation, or is or was serving at the request of such constituent corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VII with respect to the resulting or surviving corporation as he or she would if he or she had served the resulting or surviving corporation in the same capacity. For purposes of this Article VII, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as an employee of the Corporation which imposes duties on, or involves services by, such employee with respect to an employee benefit plan, its participants, or beneficiaries, and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VII.

Section 7. *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section 1 or 2 of this Article VII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section 3 of this Article VII is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section 1 or 2 of this Article VII shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections 1, 2 and 3 of this Article VII shall include reasonable documentation of the expenses incurred by the indemnitee.

(b) If successful in whole or in part in any suit brought pursuant to Section 7(a) of this Article VII, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking to the extent an undertaking would be required of a present director or officer of the Corporation pursuant to Article VI of the Amended and Restated Certificate of Incorporation of the Corporation (an “undertaking”), the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(c) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 8. *Preservation of Rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an employee of the Corporation, or has ceased to serve at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VII by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of an employee of the Corporation, or any person serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

## ARTICLE VIII

### GENERAL PROVISIONS

#### DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Amended and Restated Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of any statute, the Amended and Restated Certificate of Incorporation and these bylaws.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### FORUM FOR ADJUDICATION OF DISPUTES

Section 3. The Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state or federal court located within the State of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action or proceeding asserting a claim against the Corporation or any director or officer of the Corporation arising pursuant to, or seeking to enforce any right, obligation, or remedy under, any provision of the DGCL, the Corporation's Amended and Restated Certificate of Incorporation or these Bylaws (as each may be amended from time to time), (iv) any action or proceeding to interpret, apply, enforce, or determine the validity of any provision or provisions of the Corporation's Amended and Restated Certificate of Incorporation or these Bylaws (each as may be amended from time to time), or any amendment thereto or modification thereof, (v) any action or proceeding asserting a claim against the Corporation or any director or officer of the Corporation governed by the internal affairs doctrine, or (vi) any action or proceeding to determine the result of any vote or action by written consent of stockholders. The Board of Directors may consent in writing to the selection of any alternative forum; *provided, however*, that any such consent shall require the affirmative vote of all the directors then in office.

#### CHECKS

Section 4. All checks or demands for money of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

## FISCAL YEAR

Section 5. The fiscal year of the Corporation shall be as specified by the board of directors.

## SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## ARTICLE IX

### AMENDMENTS

In furtherance of and not in limitation of the powers conferred by statute, the board of directors of the Corporation from time to time may adopt, amend, alter, change or repeal the bylaws of the Corporation; *provided*, that any bylaws adopted, amended, altered, changed or repealed by the board of directors or the stockholders of the Corporation may be amended, altered, changed or repealed by the stockholders of the Corporation. Notwithstanding any other provisions of the Amended and Restated Certificate of Incorporation of the Corporation or these bylaws (and notwithstanding the fact that a lesser percentage may be specified by law, the Amended and Restated Certificate of Incorporation or these bylaws), the affirmative vote of not less than a majority of the aggregate voting power of all outstanding shares of capital stock of the Corporation then entitled to vote generally in an election of directors, voting together as a single class, shall be required for the stockholders of the Corporation to amend, alter, change, repeal or adopt any bylaws of the Corporation. Notwithstanding the foregoing, prior to the 2017 annual meeting of the Corporation's stockholders, the bylaws may be amended only by the affirmative vote of at least 67% of the directors then in office.

**Subsidiaries of Viacom Inc.  
(as of October 31, 2016)**

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
365Gay LLC	Delaware
37th Floor Productions Inc.	Delaware
38th Floor Productions Inc.	Delaware
5555 Communications Inc.	Delaware
Aardvark Productions, Inc.	Delaware
Acquisition Group West LLC	Delaware
Adoy LLC	Delaware
After School Productions Inc.	Delaware
AfterL.com LLC	Delaware
Air Realty Corporation	Delaware
Air Realty LLC	Delaware
All About Productions LLC	Delaware
Animated Productions Inc.	Delaware
Artcraft Productions Inc.	Delaware
Atom Digital Inc.	Delaware
Atom Entertainment, Inc.	Delaware
August Street Films Limited	United Kingdom
Awesomeness Inc.	Delaware
Babunga Inc.	Delaware
Beijing Yalian Online Network Technology Co. Ltd.	China
Belhaven Limited	Bahamas
Bellator Sport Worldwide LLC	Delaware
Benjamin Button Productions LLC	Louisiana
BET Acquisition Corp.	Delaware
BET Arabesque, LLC	Delaware
BET Comic View II, LLC	Delaware
BET Consumer Services, Inc.	Delaware
BET Creations, Inc.	Delaware
BET Development Company	Delaware
BET Documentaries, LLC	Delaware
BET Event Productions, LLC	Delaware
BET Holdings LLC	Delaware
BET Innovations Publishing, Inc.	Delaware
BET Interactive, LLC	Delaware
BET International, Inc.	Delaware
BET Live from LA, LLC	Delaware
BET Music Soundz, Inc.	Delaware
BET Oh Drama!, LLC	Delaware
BET Pictures II Development & Production, Inc.	Delaware



<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
BET Pictures II Distribution, Inc.	Delaware
BET Pictures II, LLC	Delaware
BET Productions II, Inc.	Delaware
BET Productions IV, LLC	Delaware
BET Productions V, Inc.	Delaware
BET Productions, LLC	Delaware
BET Satellite Services, Inc.	Delaware
BET Services, Inc.	District of Columbia
BET ST LLC	Delaware
Beta Theatres Inc.	Delaware
BETN Theatre Ventures, LLC	Delaware
Big Shows Inc.	Delaware
Bikini Bottom Holdings Inc.	Delaware
Bikini Bottom Productions Limited Liability Company	New York
Black Entertainment Television LLC	District of Columbia
Blackout Productions Inc.	Delaware
Bling Productions Inc.	Delaware
Blue Sea Productions, Inc.	Delaware
Blue/White Productions, Inc.	Delaware
BN Productions Inc.	Delaware
Box Italy LLC, The	Delaware
Box Worldwide LLC, The	Delaware
Breakdown Productions Inc.	Delaware
Bronson Avenue LLC	Delaware
Bronson Gate Film Management GmbH	Germany
Caper Productions LLC	Delaware
Capital Equipment Leasing Limited	United Kingdom
CC Direct Inc.	Delaware
Central Productions LLC	Delaware
Channel 5 Broadcasting Limited	United Kingdom
Channel 5 Interactive Limited	United Kingdom
Cinematic Arts B.V.	Netherlands
Cloverleaf Productions Inc.	Delaware
CMT Productions Inc.	Delaware
Columbus Circle Films LLC	Delaware
Comedy Partners	New York
Commerce Street Productions Inc.	Delaware
Country Music Television, Inc.	Tennessee
Country Network Enterprises, Inc.	Delaware
Country Services Inc.	Delaware
country.com, Inc.	Delaware
Cradle of Life Productions LLC	Delaware
Creative Mix Inc.	Delaware

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
CVV (Japan) B.V.	Netherlands
Danielle Productions LLC	Delaware
Daza Productions Inc.	Delaware
DIGICO Inc.	Delaware
Direct Court Productions, Inc.	Delaware
DM Holding Inc.	Delaware
DMS Holdco Inc.	Delaware
DT Investor Inc.	Delaware
DTE Films LLC	Delaware
DW (Netherlands) B.V.	Netherlands
DW Distribution L.L.C.	Delaware
DW Dramatic Television L.L.C.	Delaware
DW Films L.L.C.	Delaware
DW Finance L.L.C.	Delaware
DW Funding, LLC	Delaware
DW Holdco LLC	Delaware
DW International Distribution L.L.C.	Delaware
DW International Productions L.L.C.	Delaware
DW Internet L.L.C.	Delaware
DW Music Publishing L.L.C.	Delaware
DW Music Publishing Nashville L.L.C.	Delaware
DW One Corp.	Delaware
DW Project Development L.L.C.	Delaware
DW SKG TV L.L.C.	Delaware
DW Studios L.L.C.	Delaware
DW Studios Productions L.L.C.	Delaware
DW Television Animation L.L.C.	Delaware
DW Television L.L.C.	Delaware
DW TV Finance I L.L.C.	Delaware
DW Two Corp.	Delaware
DWTT Productions Limited	New Zealand
Eighth Century Corporation	Delaware
Elevate Productions Inc.	Delaware
Emily Productions LLC	Delaware
Express Lane Productions Inc.	Delaware
Failure To Launch Productions LLC	Louisiana
Famous Orange Productions Inc.	Delaware
Famous Players International B.V.	Netherlands
Festival Inc.	Delaware
Films Paramount S.A.S.	France
Futa B.V.	Netherlands
Future General Corporation	Delaware
Game One SAS	France

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
Games Animation Inc.	Delaware
Games Productions Inc.	Delaware
GC Productions Inc.	Delaware
Gladiator Productions L.L.C.	Delaware
Global Film Distributors B.V.	Netherlands
Government Issue LLC	Louisiana
Gower Avenue Films Limited	United Kingdom
Grace Productions LLC	Delaware
Gramps Company Inc., The	Delaware
Hard Caliche LLC	New Mexico
Hey Yeah Productions Inc.	Delaware
High Command Productions Limited	United Kingdom
House of Yes Productions Inc.	Delaware
Hudson Street Productions, Inc.	Delaware
Ignite Media Brands Group Pty Limited	Australia
Imagine Radio, Inc.	California
Invisions Holding B.V.	Netherlands
Joseph Productions Inc.	Delaware
Jupiter Spring Productions Limited	United Kingdom
King Street Productions Inc.	Delaware
KVMM LLC	Delaware
Ladies Man Productions USA Inc.	Delaware
Last Holiday Productions LLC	Louisiana
Lisarb Holding B.V.	Netherlands
Little Boston Company Inc.	Delaware
Long Branch Productions LLC	Louisiana
Long Road Productions	Illinois
Louisiana CMT LLC	Louisiana
Louisiana RPI LLC	Louisiana
MAD Production Trucking Company	Delaware
Magical Motion Pictures Inc.	Delaware
Magicam, Inc.	Delaware
Marathon Holdings Inc.	Delaware
Mattalex Two LLC	Delaware
MDP Productions, LLC	Delaware
Meadowland Parkway Associates	New Jersey
Melange Pictures LLC	Delaware
Michaela Productions Inc.	Delaware
MMA Holdco Inc.	Delaware
MonkeyWurks LLC	Delaware
MoonMan Productions Inc.	Delaware
MTV Animation Inc.	Delaware
MTV Asia	Cayman Islands

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
MTV Asia Development Company Inc.	Delaware
MTV Asia Ventures (India) Pte. Limited	Mauritius
MTV Asia Ventures Co.	Cayman Islands
MTV DMS Inc.	Delaware
MTV Games Inc.	Delaware
MTV Hong Kong Limited	Hong Kong
MTV India	Cayman Islands
MTV Networks Africa (Pty) Limited	South Africa
MTV Networks Argentina LLC	Delaware
MTV Networks Argentina S.R.L.	Argentina
MTV Networks Canada, ULC	Canada
MTV Networks Colombia S.A.S.	Colombia
MTV Networks Company	Delaware
MTV Networks de Mexico, S. de R.L. de C.V.	Mexico
MTV Networks Enterprises Inc.	Delaware
MTV Networks Europe	Delaware
MTV Networks Europe LLC	Delaware
MTV Networks Global Services Inc.	Delaware
MTV Networks Holdings SARL	France
MTV Networks Latin America Inc.	Delaware
MTV Networks MENA FZ-LLC	United Arab Emirates
MTV Networks Music Productions Inc.	Delaware
MTV Networks On Campus Inc.	Delaware
MTV Networks s.r.o.	Czech Republic
MTV Networks Sarl	France
MTV Networks, Lda	Portugal
MTV NZ Limited	New Zealand
MTV Ownership (Portugal), LDA	Portugal
MTV Russia Holdings Inc.	Delaware
MTV S.A.	Cayman Islands
MTV Songs Inc.	Delaware
MTV Taiwan LDC	Cayman Islands
MTVBVI Inc.	Delaware
MTVi Group, Inc., The	Delaware
MTVN Direct Inc.	Delaware
MTVN Online Partner I Inc.	Delaware
MTVN Social Gaming Inc.	Delaware
MTVNE Services Limited	United Kingdom
Music by Nickelodeon Inc.	Delaware
Music by Video Inc.	Delaware
N.V. Broadcasting (Canada) Inc.	Canada
Netherlands Management Services LLC	Delaware
Netherlands Overseas LLC	Delaware

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
Neutronium Inc.	Delaware
New 38th Floor Productions Inc.	Delaware
New Country Services Inc.	Delaware
New Creative Mix Inc.	Delaware
New Games Productions Inc.	Delaware
New International Mix Inc.	Delaware
New Nickelodeon Animation Studios Inc.	Delaware
New Not Before 10AM Productions Inc.	Delaware
New Open Door Productions Inc.	Delaware
New Pop Culture Productions Inc.	Delaware
New Remote Productions Inc.	Delaware
Newdon Productions	Illinois
Nick at Nite's TV Land Retromercials Inc.	Delaware
Nickelodeon Animation Studios Inc.	Delaware
Nickelodeon Asia Holdings Pte Ltd	Singapore
Nickelodeon Australia	Australia
Nickelodeon Australia Inc.	Delaware
Nickelodeon Australia Management Pty Ltd.	Australia
Nickelodeon Brasil Inc.	Delaware
Nickelodeon Direct Inc.	Delaware
Nickelodeon Global Network Ventures Inc.	Delaware
Nickelodeon Huggings U.K. Limited	United Kingdom
Nickelodeon India Pvt Ltd	India
Nickelodeon International Limited	United Kingdom
Nickelodeon Magazines Inc.	Delaware
Nickelodeon Movies Inc.	Delaware
Nickelodeon Notes Inc.	Delaware
Nickelodeon Online Inc.	Delaware
Nickelodeon U.K. Limited	United Kingdom
Nickelodeon UK Holdings LLC	Delaware
Nickelodeon Virtual Worlds LLC	Delaware
Night Falls Productions Inc.	Delaware
NM Classics Inc.	Delaware
Noggin LLC	Delaware
Not Before 10am Productions Inc.	Delaware
NP Domains, Inc.	Delaware
NV International, Inc.	Georgia
OHBWAY Investco Inc.	Delaware
On Second Thought Productions Inc.	Canada
On-Site Productions Inc.	Delaware
OOO VIMN Holdings Vostok	Russian Federation
OOO VIMN Media Vostok	Russian Federation
Open Door Productions Inc.	Delaware

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
Outdoor Entertainment, Inc.	Tennessee
Override Pictures LLC	Delaware
Paramount British Pictures Limited	United Kingdom
Paramount Channel Espana, S.L.U.	Spain
Paramount China B.V.	Netherlands
Paramount Digital Entertainment Inc.	Delaware
Paramount Films of China, Inc.	Delaware
Paramount Films of India, Ltd.	Delaware
Paramount Films of Southeast Asia Inc.	Delaware
Paramount Home Entertainment (Australasia) Pty Limited	Australia
Paramount Home Entertainment (Brazil) Limitada	Brazil
Paramount Home Entertainment (France) S.A.S.	France
Paramount Home Entertainment (Germany) GmbH	Germany
Paramount Home Entertainment (Italy) SRL	Italy
Paramount Home Entertainment (Mexico) S. de R.L. de C.V.	Mexico
Paramount Home Entertainment (Mexico) Services S. de R.L. de C.V.	Mexico
Paramount Home Entertainment (UK)	United Kingdom
Paramount Home Entertainment Distribution Inc.	Delaware
Paramount Home Entertainment Inc.	Delaware
Paramount Home Entertainment International (Holdings) B.V.	Netherlands
Paramount Home Entertainment International B.V.	Netherlands
Paramount Home Entertainment International Limited	United Kingdom
Paramount Images Inc.	Delaware
Paramount International (Netherlands) B.V.	Netherlands
Paramount Japan G.K.	Japan
Paramount LAPTIV Inc.	Delaware
Paramount Latin America SRL	Argentina
Paramount Licensing Inc.	Delaware
Paramount Movie and TV Program Planning (Beijing) Co., Ltd.	China
Paramount NMOC LLC	Delaware
Paramount Overseas Productions, Inc.	Delaware
Paramount Pictures Australia Pty.	Australia
Paramount Pictures Brasil Distribuidora de Filmes Ltda	Brazil
Paramount Pictures China Limited	Hong Kong
Paramount Pictures Corporation	Delaware
Paramount Pictures Corporation (Canada) Inc.	Canada
Paramount Pictures Entertainment Canada ULC	Canada
Paramount Pictures France Sarl	France
Paramount Pictures Germany GmbH	Germany

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
Paramount Pictures International Limited	United Kingdom
Paramount Pictures Louisiana Production Investments II LLC	Louisiana
Paramount Pictures Louisiana Production Investments III LLC	Louisiana
Paramount Pictures Louisiana Production Investments LLC	Louisiana
Paramount Pictures Mexico S. de R.L. de C.V.	Mexico
Paramount Pictures NZ	New Zealand
Paramount Pictures Services UK	United Kingdom
Paramount Pictures UK	United Kingdom
Paramount Poland sp. z.o.o.	Poland
Paramount Production Support Inc.	Delaware
Paramount Productions Service Corporation	Delaware
Paramount Spain S.L.U.	Spain
Paramount Sweden AB	Sweden
Paramount Worldwide Productions Inc.	Delaware
ParaUSD Singapore Pte. Ltd.	Singapore
Park Court Productions, Inc.	Delaware
Peanut Worm Productions Inc.	Delaware
Peppercorn Productions, Inc.	Tennessee
Pet II Productions Inc.	Delaware
Pop Channel Productions Inc.	Delaware
Pop Culture Productions Inc.	Delaware
Pop Toons Inc.	Delaware
PPC Film Management GmbH	Germany
PPG Holding 5 B.V.	Netherlands
PPG Holding 95 B.V.	Netherlands
Premiere House, Inc.	Delaware
Prime Directive Productions Inc.	Delaware
PT MTV Indonesia	Indonesia
RateMyProfessors.com International LLC	Delaware
RateMyProfessors.com LLC	Delaware
Red Devs LLC	Delaware
Remote Productions Inc.	Delaware
Sammarnick Insurance Corporation	New York
Screenlife Licensing, LLC	Nevada
Screenlife, LLC	Washington
See Yourself Productions Inc.	Delaware
Servicios Para Empresas de Entretenimiento, S. de R.L. de C.V.	Mexico
SFI Song Company	Delaware
Show Pants LLC	Delaware

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
SKG Louisiana L.L.C.	Louisiana
SKG Music L.L.C.	Delaware
SKG Music Nashville Inc.	Delaware
SKG Music Publishing L.L.C.	Delaware
SKG Productions L.L.C.	Louisiana
SKG Studios Canada Inc.	Canada
Social Project LLC	Delaware
South Park Digital Studios LLC	Delaware
Spelling Films Inc.	Delaware
Spelling Films Music Inc.	Delaware
Spelling Pictures Inc.	Delaware
Spike Cable Networks Inc.	Delaware
Spike Digital Entertainment LLC	Delaware
Springy Productions Pty. Limited	Australia
Stepdude Productions LLC	Louisiana
Study Hall Films Inc.	Delaware
Sunday Best, LLC	Louisiana
Superstar Productions USA Inc.	Delaware
Talent Court Productions, Inc.	Delaware
The Box Holland B.V.	Netherlands
The Paramount UK Partnership	United Kingdom
Thinner Productions, Inc.	Delaware
Thunder, Inc.	Delaware
Timeline Films Inc.	Canada
TNN Classic Sessions, Inc.	Delaware
TNN Productions, Inc.	Delaware
Top Up TV 1 Limited	Jersey
Tunes by Nickelodeon Inc.	Delaware
Turnip Productions LLC	Delaware
UE Site Acquisition LLC	Delaware
Untitled Productions II LLC	Delaware
Untitled Science LLC	Delaware
Uptown Productions Inc.	Delaware
URGE PrePaid Cards Inc.	Virginia
Viacom (Deutschland) Beteiligungen GmbH	Germany
Viacom Alto Finance C.V.	Netherlands
Viacom Alto Overseas C.V.	Netherlands
Viacom Animation of Korea Inc.	Delaware
Viacom Asia (Beijing) Advertising and Media Co. Ltd.	China
Viacom Asia Inc.	Delaware
Viacom Brand Solutions Limited	United Kingdom
Viacom Caledonia LP	United Kingdom
Viacom Camden Lock Inc.	Delaware



<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
Viacom Camden Lock Limited	United Kingdom
Viacom Canadian Productions Holdings Inc.	Canada
Viacom Domains Limited	Canada
Viacom Global Hungary Kft.	Hungary
Viacom Global Limited	United Kingdom
Viacom Global Services Inc.	Delaware
Viacom Hearty Ha!Ha! LLC	Delaware
Viacom Holdings Germany LLC	Delaware
Viacom Holdings Italia S.r.l.	Italy
Viacom International Administration Inc.	Delaware
Viacom International Hungary Kft.	Hungary
Viacom International Inc.	Delaware
Viacom International Inc. Political Action Committee Corporation	New York
Viacom International Media Networks (Malaysia) Sdn. Bhd.	Malaysia
Viacom International Media Networks España, S.L.	Spain
Viacom International Media Networks Italia S.r.l.	Italy
Viacom International Media Networks Nigeria Limited	Nigeria
Viacom International Services Inc.	Delaware
Viacom International Studios Inc.	Delaware
Viacom Limited	New Zealand
Viacom Limited	United Kingdom
Viacom Netherlands Coöperatief U.A.	Netherlands
Viacom Netherlands Management LLC	Delaware
Viacom Networks Brasil Programacao Televisiva E Publicidade Ltda.	Brazil
Viacom Networks Europe Inc.	Delaware
Viacom Networks Italia Limited	United Kingdom
Viacom Networks Japan G.K	Japan
Viacom Networks Japan K.K.	Japan
Viacom Notes Inc.	Delaware
Viacom Overseas Finance C.V.	Netherlands
Viacom Overseas Holdings C.V.	Netherlands
Viacom Realty Corporation	Delaware
Viacom Songs Inc.	Delaware
Viacom Sterling Finance C.V.	Netherlands
Viacom Subsidiary Management Corp.	Delaware
Viacom Telecommunications LLC	Delaware
Viacom Tunes Inc.	Delaware
Viacom Ventures B.V.	Netherlands
Viacom Ventures Inc.	Delaware
VIMN Advertising and Brand Solutions S.r.l.	Italy

<b><u>Subsidiary Name</u></b>	<b><u>Place of Incorporation or Organization</u></b>
VIMN Argentina Limited	United Kingdom
VIMN Australia Pty Limited	Australia
VIMN Belgium BvbA	Belgium
VIMN CP Services (UK) Limited	United Kingdom
VIMN CP Services, ULC	Canada
VIMN CP Serviços (Brasil) Ltda.	Brazil
VIMN Finance B.V.	Netherlands
VIMN Finance Holding (UK) Ltd	United Kingdom
VIMN Germany GmbH	Germany
VIMN Netherlands B.V.	Netherlands
VIMN Netherlands Holding B.V.	Netherlands
VIMN Nordic AB	Sweden
VIMN Poland sp. z o.o.	Poland
VIMN Polska B.V.	Netherlands
VIMN Russia C.V.	Netherlands
VIMN Singapore Pte. Ltd.	Singapore
VIMN Switzerland AG	Switzerland
VIVA Media GmbH	Germany
VMN Digital Inc.	Delaware
VMN Noord LLC	Delaware
Wilshire Court Productions LLC	Delaware
World Sports Enterprises	Tennessee
Worldwide Productions, Inc.	Delaware
Wuthering Heights, CA Productions Inc.	Delaware
Yellams	Cayman Islands
Z+ Holding Asset Management Ltd.	Hungary
Zarina 99 Vermögensverwaltungs GmbH	Germany
Zoo Films LLC	Delaware
Zukor LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-172255, No. 333-172249, No. 333-131040, No. 333-130905, No. 333-130881) and Form S-3 (No. 333-207648) of Viacom Inc. of our report dated November 9, 2016 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
PricewaterhouseCoopers LLP  
New York, New York  
November 9, 2016

**VIACOM INC.**

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of VIACOM INC., a Delaware corporation (the “Company”), hereby constitutes and appoints each of Michael D. Fricklas and Christa A. D’Alimonte, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (and any amendments thereto); granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ George S. Abrams

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George S. Abrams

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Cristiana Falcone Sorrell

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Cristiana Falcone Sorrell

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Kenneth B. Lerer

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Kenneth B. Lerer

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Thomas J. May

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Thomas J. May

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Blythe J. McGarvie

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Blythe J. McGarvie



**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Judith A. McHale

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Judith A. McHale

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Ronald L. Nelson

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Ronald L. Nelson

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Deborah Norville

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Deborah Norville

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Charles E. Phillips, Jr.

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Charles E. Phillips, Jr.

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Shari Redstone

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Shari Redstone

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Sumner M. Redstone

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Sumner M. Redstone

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Frederic V. Salerno

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Frederic V. Salerno

**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ William Schwartz

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William Schwartz



**VIACOM INC.**

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 9th day of November, 2016.

/s/ Nicole Seligman

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Nicole Seligman

**CERTIFICATION**

I, Thomas E. Dooley, certify that:

1. I have reviewed this Annual Report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ THOMAS E. DOOLEY

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President and Chief Executive Officer

CERTIFICATION

I, Wade Davis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Viacom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2016

/s/ WADE DAVIS

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Executive Vice President, Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas E. Dooley, President and Chief Executive Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS E. DOOLEY

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Thomas E. Dooley

November 9, 2016

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Viacom Inc. (the "Company") on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Wade Davis, Executive Vice President, Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WADE DAVIS

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Wade Davis

November 9, 2016

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.