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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022

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 001-09553

Paramount Global
(Exact name of registrant as specified in its charter)

Delaware	**04-2949533**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1515 Broadway New York, New York	**10036**
(Address of principal executive offices)	(Zip Code)

(212) 258-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A Common Stock, $0.001 par value	PARAA	The Nasdaq Stock Market LLC
Class B Common Stock, $0.001 par value	PARA	The Nasdaq Stock Market LLC
5.75% Series A Mandatory Convertible Preferred Stock, $0.001 par value	PARAP	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares of common stock outstanding at August 1, 2022:

Class A Common Stock, par value $.001 per share— 40,705,472

Class B Common Stock, par value $.001 per share— 608,421,429

PARAMOUNT GLOBAL
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 7,779	$ 6,564	$ 15,107	$ 13,976
Costs and expenses:				
Operating	5,106	3,865	9,902	8,228
Selling, general and administrative	1,710	1,459	3,329	2,881
Depreciation and amortization	94	95	190	194
Restructuring and other corporate matters	50	35	107	35
Total costs and expenses	6,960	5,454	13,528	11,338
Net gain on sales	—	116	15	116
Operating income	819	1,226	1,594	2,754
Interest expense	(230)	(243)	(470)	(502)
Interest income	19	13	40	26
Net gains from investments	—	32	—	52
Loss on extinguishment of debt	(47)	—	(120)	(128)
Other items, net	(42)	(10)	(55)	(29)
Earnings from continuing operations before income taxes and equity in loss of investee companies	519	1,018	989	2,173
(Provision) benefit for income taxes	(129)	34	(163)	(192)
Equity in loss of investee companies, net of tax	(29)	(44)	(66)	(62)
Net earnings from continuing operations	361	1,008	760	1,919
Net earnings from discontinued operations, net of tax	61	41	103	53
Net earnings (Paramount and noncontrolling interests)	422	1,049	863	1,972
Net earnings attributable to noncontrolling interests	(3)	(13)	(11)	(25)
Net earnings attributable to Paramount	$ 419	$ 1,036	$ 852	$ 1,947
Amounts attributable to Paramount:				
Net earnings from continuing operations	$ 358	$ 995	$ 749	$ 1,894
Net earnings from discontinued operations, net of tax	61	41	103	53
Net earnings attributable to Paramount	$ 419	$ 1,036	$ 852	$ 1,947
Basic net earnings per common share attributable to Paramount:				
Net earnings from continuing operations	$ .53	$ 1.52	$ 1.11	$ 2.96
Net earnings from discontinued operations	$ .09	$ .06	$ .16	$ .08
Net earnings	$ .62	$ 1.58	$ 1.27	$ 3.05
Diluted net earnings per common share attributable to Paramount:				
Net earnings from continuing operations	$ .53	$ 1.50	$ 1.11	$ 2.93
Net earnings from discontinued operations	$ .09	$ .06	$ .16	$ .08
Net earnings	$ .62	$ 1.56	$ 1.27	$ 3.01
Weighted average number of common shares outstanding:				
Basic	649	646	649	634
Diluted	650	662	650	647

See notes to consolidated financial statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Net earnings (Paramount and noncontrolling interests)	$ 422	$ 1,049	$ 863	$ 1,972
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(169)	11	(209)	(55)
Recognition of net actuarial loss and prior service costs	17	16	33	29
Other comprehensive income (loss) from continuing operations, net of tax (Paramount and noncontrolling interests)	(152)	27	(176)	(26)
Other comprehensive income (loss) from discontinued operations	(8)	3	(6)	5
Comprehensive income	262	1,079	681	1,951
Less: Comprehensive income (loss) attributable to noncontrolling interests	(1)	14	7	25
Comprehensive income attributable to Paramount	$ 263	$ 1,065	$ 674	$ 1,926

See notes to consolidated financial statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	At June 30, 2022	At December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,037	$ 6,267
Receivables, net	6,959	6,984
Programming and other inventory	1,347	1,504
Prepaid expenses and other current assets	1,223	1,176
Current assets of discontinued operations	616	745
Total current assets	14,182	16,676
Property and equipment, net	1,705	1,736
Programming and other inventory	14,308	13,358
Goodwill	16,498	16,584
Intangible assets, net	2,739	2,772
Operating lease assets	1,544	1,630
Deferred income tax assets, net	1,258	1,206
Other assets	3,906	3,824
Assets held for sale	—	19
Assets of discontinued operations	821	815
Total Assets	$ 56,961	$ 58,620
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 853	$ 800
Accrued expenses	2,108	2,323
Participants' share and royalties payable	2,466	2,159
Accrued programming and production costs	1,607	1,342
Deferred revenues	885	1,091
Debt	37	11
Other current liabilities	1,231	1,182
Current liabilities of discontinued operations	449	571
Total current liabilities	9,636	9,479
Long-term debt	15,773	17,698
Participants' share and royalties payable	1,413	1,244
Pension and postretirement benefit obligations	1,879	1,946
Deferred income tax liabilities, net	1,040	1,063
Operating lease liabilities	1,514	1,598
Program rights obligations	430	404
Other liabilities	1,683	1,898
Liabilities of discontinued operations	205	213
Redeemable noncontrolling interest	108	107
Commitments and contingencies (Note 14)		
Paramount stockholders' equity:		
5.75% Series A Mandatory Convertible Preferred Stock, par value $.001 per share; 25 shares authorized and 10 shares issued (2022 and 2021)	—	—
Class A Common Stock, par value $.001 per share; 55 shares authorized; 41 shares issued (2022 and 2021)	—	—
Class B Common Stock, par value $.001 per share; 5,000 shares authorized; 1,111 (2022) and 1,110 (2021) shares issued	1	1
Additional paid-in capital	32,984	32,918
Treasury stock, at cost; 503 (2022 and 2021) Class B shares	(22,958)	(22,958)
Retained earnings	14,829	14,343
Accumulated other comprehensive loss	(2,080)	(1,902)
Total Paramount stockholders' equity	22,776	22,402
Noncontrolling interests	504	568
Total Equity	23,280	22,970
Total Liabilities and Equity	$ 56,961	$ 58,620

See notes to consolidated financial statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating Activities:		
Net earnings (Paramount and noncontrolling interests)	$ 863	$ 1,972
Less: Net earnings from discontinued operations, net of tax	103	53
Net earnings from continuing operations	760	1,919
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities from continuing operations:		
Depreciation and amortization	190	194
Deferred tax benefit	(56)	(110)
Stock-based compensation	77	101
Net gain on sales	(15)	(116)
Gains from investments	—	(52)
Loss on extinguishment of debt	120	128
Equity in loss of investee companies, net of tax	66	62
Change in assets and liabilities	(667)	(424)
Net cash flow provided by operating activities from continuing operations	475	1,702
Net cash flow provided by operating activities from discontinued operations	116	89
Net cash flow provided by operating activities	591	1,791
Investing Activities:		
Investments	(141)	(114)
Capital expenditures	(151)	(138)
Proceeds from dispositions	36	408
Other investing activities	(1)	(25)
Net cash flow (used for) provided by investing activities from continuing operations	(257)	131
Net cash flow used for investing activities from discontinued operations	(1)	(2)
Net cash flow (used for) provided by investing activities	(258)	129
Financing Activities:		
Proceeds from issuance of debt	1,078	38
Repayment of debt	(3,108)	(2,200)
Dividends paid on preferred stock	(29)	—
Dividends paid on common stock	(315)	(302)
Proceeds from issuance of preferred stock	—	983
Proceeds from issuance of common stock	—	1,672
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(13)	(49)
Proceeds from exercise of stock options	—	408
Payments to noncontrolling interests	(77)	(157)
Other financing activities	(34)	(42)
Net cash flow (used for) provided by financing activities	(2,498)	351
Effect of exchange rate changes on cash and cash equivalents	(65)	(8)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,230)	2,263
Cash, cash equivalents and restricted cash at beginning of year (includes $135 (2021) of restricted cash)	6,267	3,119
Cash, cash equivalents and restricted cash at end of period (includes $7 (2021) of restricted cash)	$ 4,037	$ 5,382

See notes to consolidated financial statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; in millions)

	Three Months Ended June 30, 2022										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Paramount Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
March 31, 2022	10	$ —	649	$ 1	$ 32,946	$ (22,958)	$ 14,599	$ (1,924)	$ 22,664	$ 493	$ 23,157
Stock-based compensation activity	—	—	—	—	38	—	—	—	38	—	38
Preferred stock dividends	—	—	—	—	—	—	(14)	—	(14)	—	(14)
Common stock dividends	—	—	—	—	—	—	(160)	—	(160)	—	(160)
Noncontrolling interests	—	—	—	—	—	—	(15)	—	(15)	12	(3)
Net earnings	—	—	—	—	—	—	419	—	419	3	422
Other comprehensive loss	—	—	—	—	—	—	—	(156)	(156)	(4)	(160)
June 30, 2022	10	$ —	649	$ 1	$ 32,984	$ (22,958)	$ 14,829	$ (2,080)	$ 22,776	$ 504	$ 23,280

	Six Months Ended June 30, 2022										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Paramount Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
December 31, 2021	10	$ —	648	$ 1	$ 32,918	$ (22,958)	$ 14,343	$ (1,902)	$ 22,402	$ 568	$ 22,970
Stock-based compensation activity	—	—	1	—	66	—	—	—	66	—	66
Preferred stock dividends	—	—	—	—	—	—	(29)	—	(29)	—	(29)
Common stock dividends	—	—	—	—	—	—	(318)	—	(318)	—	(318)
Noncontrolling interests	—	—	—	—	—	—	(19)	—	(19)	(71)	(90)
Net earnings	—	—	—	—	—	—	852	—	852	11	863
Other comprehensive loss	—	—	—	—	—	—	—	(178)	(178)	(4)	(182)
June 30, 2022	10	$ —	649	$ 1	$ 32,984	$ (22,958)	$ 14,829	$ (2,080)	$ 22,776	$ 504	$ 23,280

See notes to consolidated financial statements.

PARAMOUNT GLOBAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited; in millions)

	Three Months Ended June 30, 2021										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Paramount Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
March 31, 2021	10	$ —	646	$ 1	$ 32,866	$ (22,958)	$ 11,144	$ (1,882)	$ 19,171	$ 672	$ 19,843
Stock-based compensation activity	—	—	—	—	35	—	—	—	35	—	35
Preferred stock dividends	—	—	—	—	—	—	(14)	—	(14)	—	(14)
Common stock dividends	—	—	—	—	—	—	(158)	—	(158)	—	(158)
Noncontrolling interests	—	—	—	—	—	—	(1)	—	(1)	(128)	(129)
Net earnings	—	—	—	—	—	—	1,036	—	1,036	13	1,049
Other comprehensive income	—	—	—	—	—	—	—	29	29	1	30
June 30, 2021	10	$ —	646	$ 1	$ 32,901	$ (22,958)	$ 12,007	$ (1,853)	$ 20,098	$ 558	$ 20,656

	Six Months Ended June 30, 2021										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Paramount Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
December 31, 2020	—	$ —	617	$ 1	$ 29,785	$ (22,958)	$ 10,375	$ (1,832)	$ 15,371	$ 685	$ 16,056
Stock-based compensation activity	—	—	9	—	461	—	—	—	461	—	461
Stock issuances	10	—	20	—	2,655	—	—	—	2,655	—	2,655
Preferred stock dividends	—	—	—	—	—	—	(15)	—	(15)	—	(15)
Common stock dividends	—	—	—	—	—	—	(310)	—	(310)	—	(310)
Noncontrolling interests	—	—	—	—	—	—	10	—	10	(152)	(142)
Net earnings	—	—	—	—	—	—	1,947	—	1,947	25	1,972
Other comprehensive loss	—	—	—	—	—	—	—	(21)	(21)	—	(21)
June 30, 2021	10	$ —	646	$ 1	$ 32,901	$ (22,958)	$ 12,007	$ (1,853)	$ 20,098	$ 558	$ 20,656

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollars in millions, except per share amounts)

1) BASIS OF PRESENTATION

Description of Business—Effective February 16, 2022, we changed our name from ViacomCBS Inc. to Paramount Global, and effective at the open of market trading on February 17, 2022, our Class A Common Stock, Class B Common Stock and 5.75% Series A Mandatory Convertible Preferred Stock ("Mandatory Convertible Preferred Stock") ceased trading under the ticker symbols "VIACA," "VIAC" and "VIACP" and began trading under the ticker symbols "PARAA," "PARA" and "PARAP," respectively, on The Nasdaq Stock Market LLC. References to "Paramount," the "Company," "we," "us" and "our" refer to Paramount Global and its consolidated subsidiaries, unless the context otherwise requires.

Beginning in 2022, primarily as a result of our increased strategic focus on our direct-to-consumer businesses, we made certain changes to how we manage our businesses and allocate resources that resulted in a change to our operating segments. Our management structure has been reorganized to focus on managing our business as the combination of three parts: a traditional media business, a portfolio of global direct-to-consumer streaming services, and a film studio. Accordingly, beginning in the first quarter of 2022 and for all periods presented we are reporting results based on the following segments:

- *TV Media*—Our *TV Media* segment consists of our domestic and international broadcast networks, including the CBS Television Network, Network 10, Channel 5, Telefe, and Chilevisión; our premium and basic cable networks, including Showtime, BET, Nickelodeon, MTV, Comedy Central, Paramount Network, Smithsonian Channel, international extensions of these brands, and CBS Sports Network; our television production operations, including CBS Studios, Paramount Television Studios and CBS Media Ventures, which primarily produces or distributes first-run syndicated programming; and our owned broadcast television stations, CBS Stations.

- *Direct-to-Consumer*—Our *Direct-to-Consumer* segment consists of our portfolio of pay, free and premium global direct-to-consumer streaming services ("DTC services"), including Paramount+, Pluto TV, Showtime Networks' premium subscription streaming service (Showtime OTT), BET+ and Noggin.

- *Filmed Entertainment*—Our *Filmed Entertainment* segment consists of Paramount Pictures, Paramount Players, Paramount Animation, Nickelodeon Studio, and Miramax.

Basis of Presentation—The accompanying unaudited consolidated financial statements have been prepared on a basis consistent with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the rules of the Securities and Exchange Commission (SEC). These financial statements should be read in conjunction with the more detailed financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021.

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of our financial position, results of operations and cash flows for the periods presented. Certain previously reported amounts have been reclassified to conform to the current presentation.

Discontinued Operations—On November 25, 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, which was previously reported as the *Publishing* segment, to Penguin Random House LLC ("Penguin Random House"), a wholly owned subsidiary of Bertelsmann SE & Co. KGaA, for $2.175 billion in cash. As a result, Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented (see Note 2).

Use of Estimates—The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates under different assumptions or conditions.

Net Earnings per Common Share—Basic net earnings per share ("EPS") is based upon net earnings available to common stockholders divided by the weighted average number of common shares outstanding during the period. Net earnings available to common stockholders is calculated as net earnings from continuing operations or net earnings, as applicable, adjusted to include dividends on our Mandatory Convertible Preferred Stock.

Weighted average shares for diluted EPS reflects the effect of the assumed exercise of stock options and vesting of restricted stock units ("RSUs") or performance stock units ("PSUs") only in the periods in which such effect would have been dilutive. Diluted EPS also reflects the effect of the assumed conversion of preferred stock, if dilutive, which includes the issuance of common shares in the weighted average number of shares and excludes the above-mentioned preferred stock dividend adjustment to net earnings available to common stockholders.

Excluded from the calculation of diluted EPS, because their inclusion would have been antidilutive, were stock options and RSUs of 11 million and 9 million for the three and six months ended June 30, 2022, respectively, and stock options and RSUs of 7 million and 5 million for the three and six months ended June 30, 2021, respectively. Also excluded from the calculation of diluted EPS for the three and six months ended June 30, 2022 was the effect of the assumed conversion of 10 million shares of Mandatory Convertible Preferred Stock into shares of common stock because the impact would have been antidilutive. The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(in millions)	**2022**	**2021**	**2022**	**2021**
Weighted average shares for basic EPS	649	646	649	634
Dilutive effect of shares issuable under stock-based compensation plans	1	4	1	7
Assumed conversion of Mandatory Convertible Preferred Stock	—	12	—	6
Weighted average shares for diluted EPS	650	662	650	647

(Tabular dollars in millions, except per share amounts)

Additionally, because the impact of the assumed conversion of the Mandatory Convertible Preferred Stock would have been antidilutive, net earnings from continuing operations and net earnings used in our calculation of diluted EPS for the three and six months ended June 30, 2022 were adjusted to include the preferred stock dividends recorded during the period. The table below presents a reconciliation of net earnings from continuing operations and net earnings to the amounts used in the calculations of basic and diluted EPS.

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Amounts attributable to Paramount:		
Net earnings from continuing operations	$ 358	$ 749
Preferred stock dividends	(14)	(29)
Net earnings from continuing operations for basic and diluted EPS calculation	$ 344	$ 720
Amounts attributable to Paramount:		
Net earnings	$ 419	$ 852
Preferred stock dividends	(14)	(29)
Net earnings for basic and diluted EPS calculation	$ 405	$ 823

Recently Adopted Accounting Pronouncements

Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

On January 1, 2022, we adopted Financial Accounting Standards Board ("FASB") amended guidance to reduce complexity associated with the accounting for convertible instruments with characteristics of liabilities and equity. Under this guidance, embedded conversion features associated with convertible instruments no longer need to be separated from the host contracts unless they are required to be accounted for as derivatives or have been issued at a substantial premium. For contracts in an entity's own equity, this guidance removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exceptions. The adoption of this guidance did not have a material impact on our consolidated financial statements.

2) DISPOSITIONS

During the first quarter of 2022, we recorded gains on sales totaling $15 million, comprised of a gain from the sale of international intangible assets and a working capital adjustment to the gain from the fourth quarter 2021 sale of CBS Studio Center.

During the second quarter of 2021, we recognized a net gain on sales of $116 million, principally relating to the sale of a noncore trademark licensing operation.

During the fourth quarter of 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, to Penguin Random House for $2.175 billion in cash. Simon & Schuster is presented as a discontinued operation in our consolidated financial statements for all periods presented. On November 2, 2021, the U.S. Department of Justice filed suit to block the sale. The purchase agreement contains commitments on the part of the purchaser to take all necessary steps to obtain any required regulatory approvals and to defend any litigation that would delay or prevent consummation, and also provides for a $200 million termination fee payable to us in certain circumstances in the event the transaction does not close for regulatory reasons. The trial commenced on August 1, 2022 and is expected to conclude on or about August 18, 2022 (see Note 14).

(Tabular dollars in millions, except per share amounts)

The following table sets forth details of net earnings from discontinued operations for the three and six months ended June 30, 2022 and 2021, which primarily reflects the results of Simon & Schuster.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 293	$ 219	$ 510	$ 404
Costs and expenses:				
Operating	161	127	285	247
Selling, general and administrative	47	38	85	76
Total costs and expenses [(a)]	208	165	370	323
Operating income	85	54	140	81
Other items, net	(5)	—	(6)	(2)
Earnings from discontinued operations	80	54	134	79
Income tax provision [(b)]	(19)	(13)	(31)	(26)
Net earnings from discontinued operations, net of tax	$ 61	$ 41	$ 103	$ 53

(a) Included in total costs and expenses are amounts associated with the release of indemnification obligations for leases relating to a previously disposed business of $5 million and $10 million for the three and six months ended June 30, 2022, respectively, and $2 million for each of the three and six months ended June 30, 2021.

(b) The tax provision includes amounts relating to previously disposed businesses of $1 million and $2 million for the three and six months ended June 30, 2022, respectively, and $7 million for the six months ended June 30, 2021.

The following table presents the major classes of assets and liabilities of our discontinued operations.

	At June 30, 2022	At December 31, 2021
Receivables, net	$ 365	$ 536
Other current assets	251	209
Goodwill	435	435
Property and equipment, net	47	46
Operating lease assets	202	203
Other assets	137	131
Total Assets	$ 1,437	$ 1,560
Royalties payable	$ 153	$ 155
Other current liabilities	296	416
Operating lease liabilities	188	194
Other liabilities	17	19
Total Liabilities	$ 654	$ 784

(Tabular dollars in millions, except per share amounts)

3) PROGRAMMING AND OTHER INVENTORY

The following table presents our programming and other inventory at June 30, 2022 and December 31, 2021, grouped by type and predominant monetization strategy. During the first quarter of 2022, in connection with our increased strategic focus on our direct-to-consumer businesses, we reassessed our predominant monetization strategy for certain of our internally-produced content, and determined that it had shifted from individual to film group as a result of expected increased monetization of the content on our DTC services.

	At June 30, 2022	At December 31, 2021
Film Group Monetization:		
Acquired program rights, including prepaid sports rights	$ 3,251	$ 3,432
Internally-produced television and film programming:		
Released	5,813	3,808
In process and other	2,800	2,609
Individual Monetization:		
Acquired libraries	418	441
Film inventory:		
Released	699	606
Completed, not yet released	103	253
In process and other	1,231	1,303
Internally-produced television programming:		
Released	672	1,604
In process and other	629	769
Home entertainment	39	37
Total programming and other inventory	15,655	14,862
Less current portion	1,347	1,504
Total noncurrent programming and other inventory	$ 14,308	$ 13,358

The following table presents amortization of television and film programming and production costs, which is included within “Operating expenses” on the Consolidated Statements of Operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Programming costs, acquired programming	$ 1,149	$ 1,098	$ 2,645	$ 2,600
Production costs, internally-produced television and film programming:				
Individual monetization	$ 671	$ 750	$ 1,162	$ 1,510
Film group monetization	$ 1,297	$ 651	$ 2,444	$ 1,301

4) RELATED PARTIES

National Amusements, Inc.

National Amusements, Inc. (“NAI”) is the controlling stockholder of the Company. At June 30, 2022, NAI directly or indirectly owned approximately 77.4% of our voting Class A Common Stock and approximately 9.8% of our Class A Common Stock and non-voting Class B Common Stock on a combined basis. NAI is controlled by the Sumner M. Redstone National Amusements Part B General Trust (the “General Trust”), which owns 80% of the voting interest of NAI and acts by majority vote of seven voting trustees (subject to certain exceptions), including with respect to the NAI shares held by the General Trust. Shari E. Redstone, Chairperson, CEO and President of

(Tabular dollars in millions, except per share amounts)

NAI and non-executive Chair of our Board of Directors, is one of the seven voting trustees for the General Trust and is one of two voting trustees who are beneficiaries of the General Trust. No member of our management or other member of our Board of Directors is a trustee of the General Trust.

Other Related Parties

In the ordinary course of business, we are involved in transactions with our equity-method investees, primarily for the licensing of television and film programming. The following tables present the amounts recorded in our consolidated financial statements related to these transactions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 74	$ 73	$ 128	$ 138
Operating expenses	$ 1	$ 4	$ 6	$ 8

	At June 30, 2022	At December 31, 2021
Accounts receivable	$ 49	$ 50

Through the normal course of business, we are involved in transactions with other related parties that have not been material in any of the periods presented.

5) REVENUES

The table below presents our revenues disaggregated into categories based on the nature of such revenues. See Note 13 for revenues by segment disaggregated into these categories.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues by Type:				
Advertising	$ 2,545	$ 2,599	$ 5,409	$ 5,708
Affiliate and subscription	2,888	2,588	5,728	5,051
Theatrical	764	134	895	135
Licensing and other	1,582	1,243	3,075	3,082
Total Revenues	$ 7,779	$ 6,564	$ 15,107	$ 13,976

Receivables

Reserves for accounts receivable reflect our expected credit losses based on historical experience as well as current and expected economic conditions. During the first quarter of 2022, following Russia's invasion of Ukraine, we recorded a charge of $39 million, principally to reserve against amounts due from counterparties in Russia, Belarus and Ukraine. The charge was recorded within "Restructuring and other corporate matters" on the Consolidated Statement of Operations. At June 30, 2022 and December 31, 2021, our allowance for credit losses was $113 million and $80 million, respectively.

Included in "Other assets" on the Consolidated Balance Sheets are noncurrent receivables of $1.61 billion and $1.84 billion at June 30, 2022 and December 31, 2021, respectively. Noncurrent receivables primarily relate to revenues recognized under long-term content licensing arrangements. Revenues from the licensing of content are recognized at the beginning of the license period in which programs are made available to the licensee for exhibition, while the related cash is generally collected over the term of the license period.

Contract Liabilities

Contract liabilities are included within “Deferred revenues” and “Other liabilities” on the Consolidated Balance Sheets and totaled $969 million and $1.20 billion at June 30, 2022 and December 31, 2021, respectively. For the six months ended June 30, 2022, we recognized revenues of $662 million that were included in deferred revenues at December 31, 2021. For the six months ended June 30, 2021, we recognized revenues of $627 million that were included in deferred revenues at December 31, 2020.

Unrecognized Revenues Under Contract

At June 30, 2022, unrecognized revenues attributable to unsatisfied performance obligations under our long-term contracts were $6.8 billion, of which $2.0 billion is expected to be recognized for the remainder of 2022, $2.4 billion in 2023, $1.2 billion in 2024, and $1.2 billion thereafter. These amounts only include contracts subject to a guaranteed fixed amount or the guaranteed minimum under variable contracts, primarily consisting of television and film licensing contracts and affiliate agreements that are subject to a fixed or guaranteed minimum fee. Such amounts change on a regular basis as we renew existing agreements or enter into new agreements. Unrecognized revenues under contracts disclosed above do not include (i) contracts with an original expected term of one year or less, mainly consisting of advertising contracts, (ii) contracts for which variable consideration is determined based on the customer’s subsequent sale or usage, mainly consisting of affiliate agreements and (iii) long-term licensing agreements for multiple programs for which variable consideration is determined based on the value of the programs delivered to the customer and our right to invoice corresponds with the value delivered.

Performance Obligations Satisfied in Previous Periods

Under certain licensing arrangements, the amount and timing of our revenue recognition is determined based on our licensees’ subsequent sale to its end customers. As a result, under such arrangements we often satisfy our performance obligation of delivery of our content in advance of revenue recognition. For the three months ended June 30, 2022 and 2021, we recognized revenues of $181 million and $104 million, respectively, and for the six months ended June 30, 2022 and 2021, we recognized revenues of $260 million and $240 million, respectively, for licensing to distributors of transactional video-on-demand and electronic sell-through services and other arrangements for licensing of our content for which our performance obligation was satisfied in a prior period.

(Tabular dollars in millions, except per share amounts)

6) DEBT

Our debt consists of the following:

	At June 30, 2022	At December 31, 2021
7.875% Debentures due 2023	$ 139	$ 139
7.125% Senior Notes due 2023	35	35
3.875% Senior Notes due 2024	—	490
3.70% Senior Notes due 2024	—	599
3.50% Senior Notes due 2025	—	597
4.75% Senior Notes due 2025	552	1,242
4.0% Senior Notes due 2026	794	793
3.45% Senior Notes due 2026	124	123
2.90% Senior Notes due 2027	693	692
3.375% Senior Notes due 2028	496	496
3.70% Senior Notes due 2028	493	493
4.20% Senior Notes due 2029	495	494
7.875% Senior Debentures due 2030	830	830
4.95% Senior Notes due 2031	1,224	1,223
4.20% Senior Notes due 2032	973	972
5.50% Senior Debentures due 2033	427	427
4.85% Senior Debentures due 2034	87	87
6.875% Senior Debentures due 2036	1,070	1,070
6.75% Senior Debentures due 2037	75	75
5.90% Senior Notes due 2040	298	298
4.50% Senior Debentures due 2042	45	45
4.85% Senior Notes due 2042	488	488
4.375% Senior Debentures due 2043	1,126	1,123
4.875% Senior Debentures due 2043	18	18
5.85% Senior Debentures due 2043	1,233	1,233
5.25% Senior Debentures due 2044	345	345
4.90% Senior Notes due 2044	541	540
4.60% Senior Notes due 2045	590	590
4.95% Senior Notes due 2050	945	944
5.875% Junior Subordinated Debentures due 2057	—	514
6.25% Junior Subordinated Debentures due 2057	643	643
6.375% Junior Subordinated Debentures due 2062	989	—
Other bank borrowings	25	35
Obligations under finance leases	17	16
Total debt [(a)]	15,810	17,709
Less current portion	37	11
Total long-term debt, net of current portion	$ 15,773	$ 17,698

(a) At June 30, 2022 and December 31, 2021, the senior and junior subordinated debt balances included (i) a net unamortized discount of $451 million and $466 million, respectively, and (ii) unamortized deferred financing costs of $92 million and $95 million, respectively. The face value of our total debt was $16.35 billion and $18.27 billion at June 30, 2022 and December 31, 2021, respectively.

During the six months ended June 30, 2022, we redeemed senior notes totaling $2.39 billion, prior to maturity, for an aggregate redemption price of $2.49 billion which included second quarter redemptions of $970 million for a redemption price of $1.01 billion. Additionally, in February 2022, we redeemed our $520 million of 5.875% junior subordinated debentures due February 2057 at par. These redemptions resulted in a total pre-tax loss on extinguishment of debt of $47 million and $120 million for the three and six months ended June 30, 2022, respectively.

During the six months ended June 30, 2022, we issued $1.00 billion of 6.375% junior subordinated debentures due 2062. The interest rate on these debentures will reset on March 30, 2027, and every five years thereafter to a fixed rate equal to the 5-year Treasury Rate (as defined pursuant to the terms of the debentures) plus a spread of 3.999% from March 30, 2027, 4.249% from March 30, 2032 and 4.999% from March 30, 2047. These debentures can be called by us at par plus a make whole premium any time before March 30, 2027, or at par on March 30, 2027, or at any interest payment date thereafter.

During the six months ended June 30, 2021, we redeemed senior notes totaling $1.99 billion, prior to maturity, for an aggregate redemption price of $2.11 billion resulting in a pre-tax loss on extinguishment of debt of $128 million.

Our 6.25% junior subordinated debentures due February 2057 accrue interest at the stated fixed rates until February 28, 2027, on which date the rate will switch to a floating rate. Under the terms of the debentures the floating rate is based on three-month LIBOR plus 3.899%, reset quarterly. These debentures can be called by us at par at any time after the expiration of the fixed-rate period.

Commercial Paper

At both June 30, 2022 and December 31, 2021, we had no outstanding commercial paper borrowings.

Credit Facility

At June 30, 2022, we had a $3.50 billion revolving credit facility with a maturity in January 2025 (the “Credit Facility”). The Credit Facility is used for general corporate purposes and to support commercial paper borrowings, if any. We may, at our option, also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the Credit Facility are determined at the time of each borrowing and are generally based on either the prime rate in the U.S. or an applicable benchmark rate plus a margin (based on our senior unsecured debt rating), depending on the type and tenor of the loans entered. The benchmark rate for loans denominated in euros, sterling and yen is based on EURIBOR, SONIA and TIBOR rates, respectively. The Credit Facility has one principal financial covenant that requires our Consolidated Total Leverage Ratio to be less than 4.5x (which we may elect to increase to 5.0x for up to four consecutive quarters following a qualified acquisition) at the end of each quarter. The Consolidated Total Leverage Ratio reflects the ratio of our Consolidated Indebtedness at the end of a quarter, to our Consolidated EBITDA (each as defined in the amended credit agreement) for the trailing twelve-month period. On February 14, 2022, we amended our Credit Facility to modify the definition of the Consolidated Total Leverage Ratio in the amended credit agreement to allow unrestricted cash and cash equivalents to be netted against Consolidated Indebtedness through June 2024. We met the covenant as of June 30, 2022.

At June 30, 2022, we had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $3.50 billion.

Other Bank Borrowings

At June 30, 2022 and December 31, 2021, we had bank borrowings under Miramax’s $300 million credit facility, which matures in April 2023, of $25 million and $35 million, respectively, with weighted average interest rates of 4.36% and 3.50%, respectively.

(Tabular dollars in millions, except per share amounts)

7) FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The carrying value of our financial instruments approximates fair value, except for notes and debentures. At June 30, 2022 and December 31, 2021, the carrying value of our notes and debentures was $15.77 billion and $17.66 billion, respectively, and the fair value, which is determined based on quoted prices in active markets (Level 1 in the fair value hierarchy) was $15.0 billion and $21.5 billion, respectively.

The carrying value of our investments without a readily determinable fair value for which we have no significant influence was $67 million and $59 million at June 30, 2022 and December 31, 2021, respectively. These investments are included in “Other assets” on the Consolidated Balance Sheets.

During the three and six months ended June 30, 2021, we recorded an unrealized loss of $5 million and an unrealized gain of $15 million, respectively, resulting from changes in the fair value of a marketable security. In addition, during the second quarter of 2021 we recognized a gain of $37 million from the sale of an investment without a readily determinable fair value.

Foreign Exchange Contracts

We use derivative financial instruments primarily to modify our exposure to market risks from fluctuations in foreign currency exchange rates. We do not use derivative instruments unless there is an underlying exposure and therefore we do not hold or enter into derivative financial instruments for speculative trading purposes.

Foreign exchange forward contracts have principally been used to hedge projected cash flows, in currencies such as the British Pound, the Euro, the Canadian Dollar and the Australian Dollar, generally for periods up to 24 months. We designate foreign exchange forward contracts used to hedge committed and forecasted foreign currency transactions as cash flow hedges. Additionally, we enter into non-designated forward contracts to hedge non-U.S. dollar denominated cash flows.

At June 30, 2022 and December 31, 2021, the notional amount of all foreign exchange contracts was $2.41 billion and $1.94 billion, respectively. At June 30, 2022, $1.69 billion related to future production costs and $716 million related to our foreign currency balances and other expected foreign currency cash flows. At December 31, 2021, $1.38 billion related to future production costs and $564 million related to our foreign currency balances and other expected foreign currency cash flows.

Gains (losses) recognized on derivative financial instruments were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		
	2022	2021	2022	2021	Financial Statement Account
Non-designated foreign exchange contracts	$ 38	$ (2)	$ 40	$ (1)	Other items, net

The fair value of our derivative instruments was not material to the Consolidated Balance Sheets for any of the periods presented.

(Tabular dollars in millions, except per share amounts)

Fair Value Measurements

Certain of our assets and liabilities are measured at fair value on a recurring basis. The table below presents our assets and liabilities measured at fair value on a recurring basis at June 30, 2022 and December 31, 2021. These assets and liabilities have been categorized according to the three-level fair value hierarchy established by the FASB, which prioritizes the inputs used in measuring fair value. Level 1 is based on publicly quoted prices for the asset or liability in active markets. Level 2 is based on inputs that are observable other than quoted market prices in active markets, such as quoted prices for the asset or liability in inactive markets or quoted prices for similar assets or liabilities. Level 3 is based on unobservable inputs reflecting our own assumptions about the assumptions that market participants would use in pricing the asset or liability. All of our assets and liabilities that are measured at fair value on a recurring basis use level 2 inputs. The fair value of foreign currency hedges is determined based on the present value of future cash flows using observable inputs including foreign currency exchange rates. The fair value of deferred compensation liabilities is determined based on the fair value of the investments elected by employees.

	At June 30, 2022	At December 31, 2021
Assets:		
Foreign currency hedges	$ 38	$ 23
Total Assets	$ 38	$ 23
Liabilities:		
Deferred compensation	$ 328	$ 435
Foreign currency hedges	65	29
Total Liabilities	$ 393	$ 464

8) 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 variable interest entity ("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.

The following tables present the amounts recorded in our consolidated financial statements related to our consolidated VIEs.

	At June 30, 2022	At December 31, 2021
Total assets	$ 1,651	$ 1,578
Total liabilities	$ 256	$ 184

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 86	$ 92	$ 189	$ 163
Operating income (loss)	$ (27)	$ 3	$ (55)	$ 8

9) STOCKHOLDERS' EQUITY

Stock Offerings

On March 26, 2021, we completed offerings of 20 million shares of our Class B Common Stock at a price to the public of $85 per share and 10 million shares of 5.75% Series A Mandatory Convertible Preferred Stock at a price to the public and liquidation preference of $100 per share. The net proceeds from the Class B Common Stock offering and the Mandatory Convertible Preferred Stock offering were approximately $1.67 billion and $983 million, respectively, in each case after deducting underwriting discounts, commissions and estimated offering expenses.

Mandatory Convertible Preferred Stock

Unless earlier converted, each share of Mandatory Convertible Preferred Stock will automatically and mandatorily convert on the mandatory conversion date, expected to be April 1, 2024, into between 1.0013 and 1.1765 shares of our Class B Common Stock, subject to customary antidilution adjustments. The number of shares of Class B Common Stock issuable upon conversion will be determined based on the average of the volume-weighted average price per share of our Class B Common Stock over the 20 consecutive trading day period commencing on, and including, the 21st scheduled trading day immediately preceding April 1, 2024. Holders of the Mandatory Convertible Preferred Stock ("Holders") have the right to convert all or any portion of their shares of Mandatory Convertible Preferred Stock at any time prior to April 1, 2024 at the minimum conversion rate of 1.0013 shares of our Class B Common Stock. In addition, the conversion rate applicable to such an early conversion may, in certain circumstances, be increased to compensate Holders for certain unpaid accumulated dividends. However, if a fundamental change (as defined in the Certificate of Designations governing the Mandatory Convertible Preferred Stock) occurs on or prior to April 1, 2024, then Holders will, in certain circumstances, be entitled to convert all or a portion of their shares of Mandatory Convertible Preferred Stock at an increased conversion rate for a specified period of time and receive an amount to compensate them for unpaid accumulated dividends and any remaining future scheduled dividend payments.

The Mandatory Convertible Preferred Stock is not redeemable. However, at our option, we may purchase or otherwise acquire (including in an exchange transaction) the Mandatory Convertible Preferred Stock from time to time in the open market, by tender or exchange offer or otherwise, without the consent of, or notice to, Holders. Holders have no voting rights, with certain exceptions.

If declared, dividends on the Mandatory Convertible Preferred Stock are payable quarterly through April 1, 2024. Dividends on the Mandatory Convertible Preferred Stock accumulate from the most recent dividend payment date, and will be payable on a cumulative basis when, as and if declared by our Board of Directors, or an authorized committee thereof, at an annual rate of 5.75% of the liquidation preference of $100 per share, payable in cash or, subject to certain limitations, by delivery of shares of Class B Common Stock or through any combination of cash and shares of Class B Common Stock, at our election. If we have not declared any portion of the accumulated and unpaid dividends by April 1, 2024, the conversion rate will be adjusted so that Holders receive an additional number of shares of our Class B Common Stock, with certain limitations.

Dividends

We declared cash dividends of $.24 per share on our Class A and Class B Common Stock during each of the three months ended June 30, 2022 and 2021, resulting in total dividends of $160 million and $158 million, respectively. We declared cash dividends of $.48 per share on our Class A and Class B Common Stock during each of the six months ended June 30, 2022 and 2021, resulting in total dividends of $318 million and $310 million, respectively.

(Tabular dollars in millions, except per share amounts)

During each of the first and second quarters of 2022, we declared a quarterly cash dividend of $1.4375 per share on our Mandatory Convertible Preferred Stock, resulting in total dividends of $14.4 million for the three months ended June 30, 2022, and $28.8 million for the six months ended June 30, 2022. During the second quarter of 2021, we declared a cash dividend of $1.5493 per share on our Mandatory Convertible Preferred Stock, representing a dividend period from March 26, 2021 through July 1, 2021. Accordingly, we recorded dividends on the Mandatory Convertible Preferred Stock of $14.4 million and $15.4 million during the three and six months ended June 30, 2021, respectively.

Accumulated Other Comprehensive Income (Loss)

The following tables summarize the changes in the components of accumulated other comprehensive loss.

	Continuing Operations		Discontinued Operations	
	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Other Comprehensive Income (Loss) [(a)]	Accumulated Other Comprehensive Loss
At December 31, 2021	$ (445)	$ (1,434)	$ (23)	$ (1,902)
Other comprehensive loss before reclassifications	(205)	—	(6)	(211)
Reclassifications to net earnings	—	33 [(b)]	—	33
Other comprehensive income (loss)	(205)	33	(6)	(178)
At June 30, 2022	$ (650)	$ (1,401)	$ (29)	$ (2,080)

	Continuing Operations		Discontinued Operations	
	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Other Comprehensive Income (Loss) [(a)]	Accumulated Other Comprehensive Loss
At December 31, 2020	$ (303)	$ (1,509)	$ (20)	$ (1,832)
Other comprehensive income (loss) before reclassifications	(55)	—	5	(50)
Reclassifications to net earnings	—	29 [(b)]	—	29
Other comprehensive income (loss)	(55)	29	5	(21)
At June 30, 2021	$ (358)	$ (1,480)	$ (15)	$ (1,853)

(a) Reflects cumulative translation adjustments.

(b) Reflects amortization of net actuarial losses (see Note 11).

The net actuarial loss and prior service cost related to pension and other postretirement benefit plans included in other comprehensive income (loss) is net of a tax benefit of $10 million for each of the six-month periods ended June 30, 2022 and 2021.

10) INCOME TAXES

The provision/benefit for income taxes represents federal, state and local, and foreign taxes on earnings from continuing operations before income taxes and equity in loss of investee companies. For the three and six months ended June 30, 2022, we recorded a provision for income taxes of $129 million and $163 million, reflecting effective income tax rates of 24.9% and 16.5%, respectively. Included in the provision for income taxes for the second quarter of 2022 is a net discrete tax benefit of $3 million, which together with a net tax benefit of $23 million on other items identified as affecting the comparability of our results during the period, which include a loss on extinguishment of debt and charges for restructuring and other corporate matters, decreased our effective income tax rate by 0.3 percentage points. The tax provision for the six months ended June 30, 2022 included a net discrete tax benefit of $81 million primarily resulting from the transfer of intangible assets between our subsidiaries in connection with a reorganization of our international operations. This item, together with a net tax benefit of $48 million on other items identified as affecting the comparability of our results during the six-month period, which include a loss on extinguishment of debt, charges for restructuring and other corporate matters, and gains on sales, decreased our effective income tax rate by 7.8 percentage points.

For the three months ended June 30, 2021, we recorded a benefit for income taxes of $34 million, reflecting a negative effective income tax rate of 3.3%, and for the six months ended June 30, 2021, we recorded a provision for income taxes of $192 million, reflecting an effective income tax rate of 8.8%. Included in income taxes for the three and six months ended June 30, 2021 are discrete tax benefits of $268 million and $289 million, respectively, primarily consisting of a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the second quarter of 2021 of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits. For the three and six months ended June 30, 2021, the discrete tax benefit in each period, together with a net tax provision of $26 million and $1 million, respectively, on other items identified as affecting the comparability of our results during the period, which include net gains from sales and investments, and restructuring charges in each period, and a loss on extinguishment of debt in the six-month period, reduced our effective income tax rate by 26.3 percentage points and 13.3 percentage points, respectively.

The Company and its subsidiaries file income tax returns with the Internal Revenue Service (“IRS”) and various state and local and foreign jurisdictions. For periods prior to the merger of Viacom Inc. (“Viacom”) with and into CBS Corporation (“CBS”) (the “Merger”), Viacom and CBS filed separate tax returns. For CBS, we are currently under examination by the IRS for the 2017 and 2018 tax years. For Viacom, we are currently under examination by the IRS for the 2016 through 2019 tax years. Various tax years are also currently under examination by state and local and foreign tax authorities. With respect to open tax years in all jurisdictions, we currently do not believe that it is reasonably possible that the reserve for uncertain tax positions will significantly change within the next 12 months; however, it is difficult to predict the final outcome or timing of resolution of any particular tax matter and events could cause our current expectation to change in the future.

(Tabular dollars in millions, except per share amounts)

11) PENSION AND OTHER POSTRETIREMENT BENEFITS

The following table presents the components of net periodic cost for our pension and postretirement benefit plans, which are included within "Other items, net" on the Consolidated Statements of Operations.

	Pension Benefits		Postretirement Benefits	
Three Months Ended June 30,	**2022**	**2021**	**2022**	**2021**
Components of net periodic cost [(a)]:				
Interest cost	$ 37	$ 36	$ 2	$ 2
Expected return on plan assets	(43)	(47)	—	—
Amortization of actuarial loss (gain) [(b)]	25	23	(4)	(4)
Net periodic cost	$ 19	$ 12	$ (2)	$ (2)

	Pension Benefits		Postretirement Benefits	
Six Months Ended June 30,	**2022**	**2021**	**2022**	**2021**
Components of net periodic cost [(a)]:				
Interest cost	$ 75	$ 72	$ 4	$ 4
Expected return on plan assets	(86)	(94)	—	—
Amortization of actuarial loss (gain) [(b)]	49	47	(7)	(7)
Net periodic cost	$ 38	$ 25	$ (3)	$ (3)

(a) Amounts reflect our domestic plans only.

(b) Reflects amounts reclassified from accumulated other comprehensive loss to net earnings.

12) REDEEMABLE NONCONTROLLING INTERESTS

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" on the Consolidated Balance Sheets. The activity reflected within redeemable noncontrolling interest for the six months ended June 30, 2022 and 2021 is presented below.

	Six Months Ended June 30,	
	2022	**2021**
Beginning balance	$ 107	$ 197
Net earnings	1	4
Distributions	(4)	(2)
Translation adjustment	(15)	1
Redemption value adjustment	19	(10)
Ending balance	$ 108	$ 190

13) SEGMENT INFORMATION

The tables below set forth our financial information by reportable segment. Our operating segments, which are the same as our reportable segments, have been determined in accordance with our internal management structure, which is organized based upon products and services. Beginning in 2022, primarily as a result of our increased strategic focus on our direct-to-consumer businesses, we made certain changes to how we manage our businesses and allocate resources that resulted in the changes described below. Prior period results have been recast to conform to these presentation changes.

Management Structure Change

Our management structure has been reorganized to focus on managing our business as the combination of three parts: a traditional media business, a portfolio of global DTC services, and a film studio. As a result, we realigned our operating segments and accordingly, beginning in the first quarter of 2022, and for all periods presented we are reporting results based on the segments in the tables below (see Note 1 for a description of each operating segment). In connection with the management structure change, we also reassessed our reporting units and reallocated goodwill from the reporting units that existed prior to the change, to the new reporting units, using a relative fair value approach. We performed goodwill impairment tests as of January 1, 2022 on both the reporting units in place prior to the change and the new reporting units and concluded that the estimated fair values of each of the reporting units exceeded their respective carrying values and therefore no impairment charge was necessary.

Intercompany License Fees

Concurrent with the change to our operating segments, we changed the way we record intersegment content licensing. Under our previous segment structure, management evaluated the results of our segments including intersegment content licensing at market value as if the sales were to third parties. Therefore, the licensor segment recorded intercompany license fee revenues and profits and the licensee segment recorded production costs in the amount of the license fee charged by the licensor, which generally reflected the cost to the Company plus a margin. The intercompany revenues and the margin embedded in the cost to the licensee were eliminated in consolidation.

Under our new segment structure, management evaluates the results of the segments using an allocation of the total cost of content from the licensor segment to each licensee segment utilizing the content. As a result, content costs are allocated across segments based on the relative value of the distribution windows within each segment. The allocation is recorded by the licensor segment as a reduction of content cost and no intersegment licensing revenues or profits are recorded.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Advertising	$ 2,174	$ 2,303	$ 4,695	$ 5,191
Affiliate and subscription	2,058	2,112	4,156	4,195
Licensing and other	1,024	804	2,050	1,826
TV Media	5,256	5,219	10,901	11,212
Advertising	363	291	710	509
Subscription	830	476	1,572	856
Direct-to-Consumer	1,193	767	2,282	1,365
Advertising	12	6	14	12
Theatrical	764	134	895	135
Licensing and other	587	463	1,078	1,316
Filmed Entertainment	1,363	603	1,987	1,463
Eliminations	(33)	(25)	(63)	(64)
Total Revenues	$ 7,779	$ 6,564	$ 15,107	$ 13,976

Revenues generated between segments are principally from intersegment arrangements for the distribution of content, rental of studio space, and advertising, as well as licensing revenues earned from third parties who license our content to our internal platforms either through a sub-license or co-production arrangement. These transactions are recorded at market value as if the sales were to third parties and are eliminated in consolidation.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Intercompany Revenues:				
TV Media	$ 13	$ 5	$ 24	$ 19
Direct-to-Consumer	—	1	—	1
Filmed Entertainment	20	19	39	44
Total Intercompany Revenues	$ 33	$ 25	$ 63	$ 64

We present operating income excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters and net gain on sales, each where applicable ("Adjusted OIBDA"), as the primary measure of profit and loss for our operating segments in accordance with FASB guidance for segment reporting since it is the primary method used by our management. Stock-based compensation is excluded from our segment measure of profit and loss because it is set and approved by our Board of Directors in consultation with corporate executive management.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Adjusted OIBDA:				
TV Media	$ 1,380	$ 1,504	$ 2,924	$ 3,269
Direct-to-Consumer	(445)	(143)	(901)	(292)
Filmed Entertainment	181	52	144	231
Corporate/Eliminations	(112)	(124)	(216)	(240)
Stock-based compensation [(a)]	(41)	(49)	(75)	(101)
Depreciation and amortization	(94)	(95)	(190)	(194)
Restructuring and other corporate matters	(50)	(35)	(107)	(35)
Net gain on sales	—	116	15	116
Operating income	819	1,226	1,594	2,754
Interest expense	(230)	(243)	(470)	(502)
Interest income	19	13	40	26
Net gains from investments	—	32	—	52
Loss on extinguishment of debt	(47)	—	(120)	(128)
Other items, net	(42)	(10)	(55)	(29)
Earnings from continuing operations before income taxes and equity in loss of investee companies	519	1,018	989	2,173
(Provision) benefit for income taxes	(129)	34	(163)	(192)
Equity in loss of investee companies, net of tax	(29)	(44)	(66)	(62)
Net earnings from continuing operations	361	1,008	760	1,919
Net earnings from discontinued operations, net of tax	61	41	103	53
Net earnings (Paramount and noncontrolling interests)	422	1,049	863	1,972
Net earnings attributable to noncontrolling interests	(3)	(13)	(11)	(25)
Net earnings attributable to Paramount	$ 419	$ 1,036	$ 852	$ 1,947

(a) For the six months ended June 30, 2022, $2 million of stock-based compensation expense is included in restructuring and other corporate matters.

	At June 30, 2022	At December 31, 2021
Assets:		
TV Media	$ 38,019	$ 38,491
Direct-to-Consumer	6,334	5,545
Filmed Entertainment	7,939	7,472
Corporate/Eliminations	3,232	5,552
Discontinued Operations	1,437	1,560
Total Assets	$ 56,961	$ 58,620

14) COMMITMENTS AND CONTINGENCIES

Guarantees

Letters of Credit and Surety Bonds

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. At June 30, 2022, the outstanding letters of credit and surety bonds approximated $173 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City

In connection with the sale of the CBS Television City property and sound stage operation (“CBS Television City”) in 2019, we guaranteed a specified level of cash flows to be generated by the business during the first five years following the completion of the sale. Included in “Other current liabilities” and “Other liabilities” on the Consolidated Balance Sheet at June 30, 2022 is a liability totaling $51 million, reflecting the present value of the estimated amount remaining under the guarantee obligation.

Lease Guarantees

We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. These lease commitments totaled $41 million at June 30, 2022 and are presented within “Other liabilities” on the Consolidated Balance Sheet. The amount of lease commitments varies over time depending on the expiration or termination of individual underlying leases, or 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 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

In the course of our business, we both provide and receive indemnities which 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 obligation. We record a liability for our indemnification obligations and other contingent liabilities when probable and reasonably estimable.

Legal Matters

General

On an ongoing basis, we vigorously defend ourselves in numerous lawsuits and proceedings and respond to various investigations and inquiries from federal, state, local and international authorities (collectively, “litigation”). Litigation may be brought against us without merit, 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 following matters are not likely, in the aggregate, to result in a material adverse effect on our business, financial condition and results of operations.

Stockholder Matters

Litigation Relating to the Merger

Beginning on February 20, 2020, three purported CBS stockholders filed separate derivative and/or putative class action lawsuits in the Court of Chancery of the State of Delaware. On March 31, 2020, the Court consolidated the three lawsuits and appointed Bucks County Employees' Retirement Fund and International Union of Operating Engineers of Eastern Pennsylvania and Delaware as co-lead plaintiffs for the consolidated action. On April 14, 2020, the lead plaintiffs filed a Verified Consolidated Class Action and Derivative Complaint (as used in this paragraph, the "Complaint") against Shari E. Redstone, NAI, Sumner M. Redstone National Amusements Trust, members of the CBS Board of Directors (comprised of Candace K. Beinecke, Barbara M. Byrne, Gary L. Countryman, Brian Goldner, Linda M. Griego, Robert N. Klieger, Martha L. Minow, Susan Schuman, Frederick O. Terrell and Strauss Zelnick), former CBS President and Acting Chief Executive Officer Joseph Ianniello and the Company as nominal defendant. The Complaint alleges breaches of fiduciary duties to CBS stockholders in connection with the negotiation and approval of the Agreement and Plan of Merger dated as of August 13, 2019, as amended on October 16, 2019 (the "Merger Agreement"). The Complaint also alleges waste and unjust enrichment in connection with Mr. Ianniello's compensation. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On June 5, 2020, the defendants filed motions to dismiss. On January 27, 2021, the Court dismissed one disclosure claim, while allowing all other claims against the defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

Beginning on November 25, 2019, four purported Viacom stockholders filed separate putative class action lawsuits in the Court of Chancery of the State of Delaware. On January 23, 2020, the Court consolidated the four lawsuits. On February 6, 2020, the Court appointed California Public Employees' Retirement System ("CalPERS") as lead plaintiff for the consolidated action. On February 28, 2020, CalPERS, together with Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago and Louis M. Wilen, filed a First Amended Verified Class Action Complaint (as used in this paragraph, the "Complaint") against NAI, NAI Entertainment Holdings LLC, Shari E. Redstone, the members of the special transaction committee of the Viacom Board of Directors (comprised of Thomas J. May, Judith A. McHale, Ronald L. Nelson and Nicole Seligman) and our President and Chief Executive Officer and director, Robert M. Bakish. The Complaint alleges breaches of fiduciary duties to Viacom stockholders in connection with the negotiation and approval of the Merger Agreement. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On May 22, 2020, the defendants filed motions to dismiss. On December 29, 2020, the Court dismissed the claims against Mr. Bakish, while allowing the claims against the remaining defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

Investigation-Related Matters

As announced on August 1, 2018, the CBS Board of Directors retained two law firms to conduct a full investigation of the allegations in press reports about CBS' former Chairman of the Board, President and Chief Executive Officer, Leslie Moonves, CBS News and cultural issues at CBS. On December 17, 2018, the CBS Board of Directors announced the completion of its investigation, certain findings of the investigation and the CBS Board of Directors' determination, with respect to the termination of Mr. Moonves' employment. We have received subpoenas or requests for information from the New York County District Attorney's Office, the New York City Commission on Human Rights, the New York State Attorney General's Office and the United States Securities and Exchange Commission regarding the subject matter of this investigation and related matters, including with respect to CBS' related public disclosures. We may continue to receive additional related regulatory and investigative inquiries from these and other entities in the future. We are cooperating with these inquiries.

On August 27, 2018 and on October 1, 2018, Gene Samit and John Lantz, respectively, filed putative class action lawsuits in the United States District Court for the Southern District of New York, individually and on behalf of others similarly situated, for claims that are similar to those alleged in the amended complaint described below. On November 6, 2018, the Court entered an order consolidating the two actions. On November 30, 2018, the Court appointed Construction Laborers Pension Trust for Southern California as the lead plaintiff of the consolidated action. On February 11, 2019, the lead plaintiff filed a consolidated amended putative class action complaint against CBS, certain current and former senior executives and members of the CBS Board of Directors. The consolidated action is stated to be on behalf of purchasers of CBS Class A Common Stock and Class B Common Stock between September 26, 2016 and December 4, 2018. This action seeks to recover damages arising during this time period allegedly caused by the defendants' purported violations of the federal securities laws, including by allegedly making materially false and misleading statements or failing to disclose material information, and seeks costs and expenses as well as remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On April 12, 2019, the defendants filed motions to dismiss this action, which the Court granted in part and denied in part on January 15, 2020. With the exception of one statement made by Mr. Moonves at an industry event in November 2017, in which he allegedly was acting as the agent of CBS, all claims as to all other allegedly false and misleading statements were dismissed. We reached an agreement with the plaintiffs to settle the lawsuit. The settlement, which includes no admission of liability or wrongdoing by the Company, was granted preliminary approval by the Court on May 13, 2022. All amounts payable by the Company under the settlement will be paid by the Company's insurers.

Litigation Related to Stock Offerings

On August 13, 2021, Camelot Event Driven Fund filed a putative securities class action lawsuit in New York Supreme Court, County of New York, and on November 5, 2021, an amended complaint was filed that, among other changes, added an additional named plaintiff (the "Complaint"). The Complaint is purportedly on behalf of investors who purchased shares of the Company's Class B Common Stock and 5.75% Series A Mandatory Convertible Preferred Stock pursuant to public securities offerings completed in March 2021, and was filed against the Company, certain senior executives, members of our Board of Directors, and the underwriters involved in the offerings. The Complaint asserts violations of federal securities law and alleges that the offering documents contained material misstatements and omissions, including through an alleged failure to adequately disclose certain total return swap transactions involving Archegos Capital Management referenced to our securities and related alleged risks to the Company's stock price. On December 22, 2021, the plaintiffs filed a stipulation seeking the voluntary dismissal without prejudice of the outside director defendants from the lawsuit, which the Court subsequently ordered. On the same date, the defendants filed motions to dismiss the lawsuit, which are pending. The complaint seeks unspecified compensatory damages, as well as other relief. We believe that the claims are without merit and intend to defend against them vigorously.

Litigation Related to Television Station Owners

On September 9, 2019, the Company was added as a defendant in a multi-district putative class action lawsuit filed in the United States District Court for the Northern District of Illinois. The lawsuit was filed by parties that claim to have purchased broadcast television spot advertising beginning on or about January 1, 2014 on television stations owned by one or more of the defendant television station owners and alleges the sharing of allegedly competitively sensitive information among such television stations in alleged violation of the Sherman Antitrust Act. The action, which names the Company among fourteen total defendants, seeks monetary damages, attorneys' fees, costs and interest as well as injunctions against the allegedly unlawful conduct. On October 8, 2019, the Company and other defendants filed a motion to dismiss the matter, which was denied by the Court on November 6, 2020. We have reached an agreement in principle with the plaintiffs to settle the lawsuit. The settlement, which will include no admission of liability or wrongdoing by the Company, will be subject to Court approval.

Litigation Related to the Proposed Sale of Simon & Schuster

On November 2, 2021, the U.S. Department of Justice (the "DOJ") filed suit in the United States District Court for the District of Columbia to block our sale of the Simon & Schuster business to Penguin Random House (the "Transaction") pursuant to a Share Purchase Agreement ("Purchase Agreement"), dated November 24, 2020, between the Company, certain of its subsidiaries, Penguin Random House and Bertelsmann SE & Co. KGaA. The DOJ asserts that the sale of Simon & Schuster would reduce competition for the acquisition of titles. The Purchase Agreement contains customary representations and warranties and covenants, including commitments on the part of Penguin Random House to take all necessary steps to obtain any required regulatory approvals and to defend any litigation that would delay or prevent consummation, and also provides for a $200 million termination fee payable to the Company in certain circumstances in the event the Transaction does not close for regulatory reasons. The trial commenced on August 1, 2022 and is expected to conclude on or about August 18, 2022. We and the other defendants believe the DOJ's claims are without merit, and we intend to defend against them vigorously.

Claims Related to Former Businesses

Asbestos

We are a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. We are typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of our products is the basis of a claim. Claims against us in which a product has been identified most commonly relate to allegations of exposure to asbestos-containing insulating material used in conjunction with turbines and electrical equipment.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. We do not report as pending those claims on inactive, stayed, deferred or similar dockets that some jurisdictions have established for claimants who allege minimal or no impairment. As of June 30, 2022, we had pending approximately 26,790 asbestos claims, as compared with approximately 27,770 as of December 31, 2021. During the second quarter of 2022, we received approximately 670 new claims and closed or moved to an inactive docket approximately 640 claims. We report claims as closed when we become aware that a dismissal order has been entered by a court or when we have reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claims, the quality of evidence supporting the claims and other factors. Our total costs for the years 2021 and 2020 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $63 million and $35 million, respectively. Our costs for settlement and defense of asbestos claims may vary year to year and insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of pending claims against us are non-cancer claims. It is difficult to predict future asbestos liabilities, as events and circumstances may impact the estimate of our asbestos liabilities, including, among others, the number and types of claims and average cost to resolve such claims. We record an accrual for a loss contingency when it is both probable that a liability has been incurred and when the amount of the loss can be reasonably estimated. We believe that our accrual and insurance are sufficient to cover our asbestos liabilities. Our liability estimate is based upon many factors, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims, as well as consultation with a third party firm on trends that may impact our future asbestos liability.

(Tabular dollars in millions, except per share amounts)

Other

From time to time we receive claims from federal and state environmental regulatory agencies and other entities asserting that we are or may be liable for environmental cleanup costs and related damages principally relating to our historical and predecessor operations. In addition, from time to time we receive personal injury claims including toxic tort and product liability claims (other than asbestos) arising from our historical operations and predecessors.

15) SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2022	2021
Cash paid for interest	$ 474	$ 506
Cash paid for income taxes:		
Continuing operations	$ 79	$ 144
Discontinued operations	$ 10	$ 38
Noncash additions to operating lease assets	$ 96	$ 28

Lease Income

We enter into operating leases for the use of our owned production facilities and office buildings. Lease payments received under these agreements consist of fixed payments for the rental of space and certain building operating costs, as well as variable payments based on usage of production facilities and services, and escalating costs of building operations. We recorded total lease income, including both fixed and variable amounts, of $19 million and $34 million for the three and six months ended June 30, 2022, respectively, and $35 million and $71 million for the three and six months ended June 30, 2021, respectively. The lower lease income for the three and six months ended June 30, 2022 compared with the same periods in 2021 is the result of the sales of a production facility and an office building during the fourth quarter of 2021.

(Tabular dollars in millions, except per share amounts)

Restructuring and Other Corporate Matters

During the three and six months ended June 30, 2022 and 2021, we recorded the following costs associated with restructuring and other corporate matters.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Severance	$ 10	$ —	$ 28	$ —
Exit costs	—	35	—	35
Restructuring charges	10	35	28	35
Other corporate matters	40	—	79	—
Restructuring and other corporate matters	$ 50	$ 35	$ 107	$ 35

During the three and six months ended June 30, 2022, we recorded restructuring charges of $10 million and $28 million, respectively, consisting of severance costs primarily associated with changes in management related to the realignment of our operating segments. The restructuring charges for the six-month period were comprised of $18 million recorded within the *Filmed Entertainment* segment, $9 million recorded within the *TV Media* segment, and $1 million recorded within the *Direct-to-Consumer* segment.

During the second quarter of 2021, we recorded charges of $35 million within the *TV Media* segment for the impairment of lease assets that we determined we would not use and began actively marketing for sublease. This determination was made in connection with cost-transformation initiatives related to the Merger. The impairment was the result of a decline in market conditions since inception of these leases and reflects the difference between the estimated fair values, which were determined based on the expected discounted future cash flows of the lease assets, and the carrying values.

At June 30, 2022 and December 31, 2021, our restructuring liability was $139 million and $190 million, respectively, and was recorded in “Other current liabilities” and “Other liabilities” on the Consolidated Balance Sheets. During the six months ended June 30, 2022, we made payments for restructuring of $67 million. The liability at June 30, 2022, which principally relates to severance payments, is expected to be substantially paid by the end of 2023.

In addition, for the six months ended June 30, 2022, we recorded charges for other corporate matters of $79 million, consisting of $39 million recorded during the first quarter, following Russia’s invasion of Ukraine, principally to reserve against amounts due from counterparties in Russia, Belarus and Ukraine, and $40 million recorded during the second quarter associated with litigation described under *Legal Matters—Stockholder Matters* in Note 14.

Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition. (Tabular dollars in millions, except per share amounts)

Effective February 16, 2022, we changed our name from ViacomCBS Inc. to Paramount Global. Management’s discussion and analysis of the results of operations and financial condition of Paramount Global should be read in conjunction with the consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed prior to our name change. References in this document to “Paramount,” the “Company,” “we,” “us” and “our” refer to Paramount Global.

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

- *Overview*—Summary of our business and operational highlights.
- *Consolidated Results of Operations*—Analysis of our results on a consolidated basis for the three and six months ended June 30, 2022 compared with the three and six months ended June 30, 2021.
- *Segment Results of Operations*—Analysis of our results on a reportable segment basis for the three and six months ended June 30, 2022 compared with the three and six months ended June 30, 2021.
- *Liquidity and Capital Resources*—Discussion of our cash flows, including sources and uses of cash, for the six months ended June 30, 2022 and June 30, 2021; and our outstanding debt as of June 30, 2022.
- *Legal Matters*—Discussion of legal matters in which we are involved.

(Tabular dollars in millions, except per share amounts)

Overview

Operational Highlights - Three Months Ended June 30, 2022 versus Three Months Ended June 30, 2021

Consolidated results of operations					**Increase/(Decrease)**	
Three Months Ended June 30,	**2022**	**2021**	**$**	**%**		
GAAP:						
Revenues	$ 7,779	$ 6,564	$ 1,215	19 %		
Operating income	$ 819	$ 1,226	$ (407)	(33)%		
Net earnings from continuing operations attributable to Paramount	$ 358	$ 995	$ (637)	(64)%		
Diluted EPS from continuing operations attributable to Paramount	$ .53	$ 1.50	$ (.97)	(65)%		
Non-GAAP: [(a)]						
Adjusted OIBDA	$ 963	$ 1,240	$ (277)	(22)%		
Adjusted net earnings from continuing operations attributable to Paramount	$ 429	$ 640	$ (211)	(33)%		
Adjusted diluted EPS from continuing operations attributable to Paramount	$ .64	$ .97	$ (.33)	(34)%		

(a) Certain items identified as affecting comparability are excluded in non-GAAP results. See "*Reconciliation of Non-GAAP Measures*" for details of these items and reconciliations of non-GAAP results to the most directly comparable financial measures in accordance with accounting principles generally accepted in the United States ("GAAP").

For the three months ended June 30, 2022, revenues increased 19% to $7.78 billion, driven by the box office success of our second quarter theatrical releases, *Top Gun: Maverick* and *Sonic the Hedgehog 2*; significant increases in revenues from our direct-to-consumer streaming services ("DTC services"), led by Paramount+; and higher content licensing, mainly reflecting an increase in programming produced for third parties, the monetization of recent theatrical releases, and increased international licensing. These increases were partially offset by a decline in advertising revenues for our broadcast and cable networks.

Operating income for the three months ended June 30, 2022 decreased 33% from the same prior-year period. This comparison was impacted by a net gain on sales of $116 million in 2021, principally from the sale of a noncore trademark licensing operation. Adjusted operating income before depreciation and amortization ("Adjusted OIBDA"), which excludes this gain, as well as charges for restructuring and other corporate matters, decreased 22%, mainly as a result of an increased investment in our DTC services.

For the three months ended June 30, 2022, net earnings from continuing operations attributable to Paramount and diluted earnings per share ("EPS") from continuing operations decreased 64% and 65%, respectively, from the same prior-year period as a result of the decline in operating income and a higher effective tax rate in 2022. The effective tax rate was higher in 2022 because of a discrete tax benefit of $260 million recorded in the 2021 period to remeasure our UK net deferred income tax asset as a result of the enactment of an increase in the UK corporate income tax rate. Adjusted net earnings from continuing operations attributable to Paramount and adjusted diluted EPS, which exclude discrete tax benefits in each period, a loss on extinguishment of debt in the current-year period, and net gains from investments in the prior-year period, as well as the items impacting the comparability of operating income listed above, decreased 33% and 34%, respectively, primarily reflecting the lower Adjusted OIBDA.

(Tabular dollars in millions, except per share amounts)

Operational Highlights - Six Months Ended June 30, 2022 versus Six Months Ended June 30, 2021

Consolidated results of operations Six Months Ended June 30,	**2022**	**2021**	**Increase/(Decrease) $**	**%**
GAAP:				
Revenues	$ 15,107	$ 13,976	$ 1,131	8 %
Operating income	$ 1,594	$ 2,754	$ (1,160)	(42)%
Net earnings from continuing operations attributable to Paramount	$ 749	$ 1,894	$ (1,145)	(60)%
Diluted EPS from continuing operations attributable to Paramount	$ 1.11	$ 2.93	$ (1.82)	(62)%
Non-GAAP: [a]				
Adjusted OIBDA	$ 1,876	$ 2,867	$ (991)	(35)%
Adjusted net earnings from continuing operations attributable to Paramount	$ 832	$ 1,601	$ (769)	(48)%
Adjusted diluted EPS from continuing operations attributable to Paramount	$ 1.24	$ 2.47	$ (1.23)	(50)%

(a) Certain items identified as affecting comparability are excluded in non-GAAP results. See "*Reconciliation of Non-GAAP Measures*" for details of these items and reconciliations of non-GAAP results to the most directly comparable financial measures in accordance with GAAP.

For the six months ended June 30, 2022, revenues increased 8% to $15.11 billion, driven by significant growth in revenues from our DTC services, including Paramount+ and Pluto TV, and the success of our current year theatrical releases. These increases were partially offset by lower advertising revenues for our broadcast and cable networks, driven by the benefit in 2021 from CBS' broadcast of the Super Bowl, reflecting the rotational nature of the rights to air this event. The absence of the Super Bowl negatively impacted the total revenue comparison by 4-percentage points.

Operating income for the six months ended June 30, 2022 decreased 42% from the same prior-year period. The operating income comparison was impacted by higher charges in 2022 for restructuring and other corporate matters, as well as the net gain on sales in 2021 discussed above. Adjusted OIBDA, which excludes these items, decreased 35%, driven by increased investment in our DTC services, the benefit to the 2021 period from the broadcast of the Super Bowl, higher costs from the mix of programming on our linear networks, and lower profits from the licensing of films.

For the six months ended June 30, 2022, net earnings from continuing operations attributable to Paramount and diluted EPS from continuing operations decreased 60% and 62%, respectively, from the same prior-year period as a result of the decline in operating income, as well as a higher effective tax rate in 2022. The higher effective tax rate was the result of lower discrete tax benefits in the current year, which included a net benefit of $81 million compared with $289 million for the prior-year period. Adjusted net earnings from continuing operations attributable to Paramount and adjusted diluted EPS, which exclude discrete tax benefits and a loss on extinguishment of debt in each period, net gains from investments in 2021, and the items impacting the comparability of operating income noted above, decreased 48% and 50%, respectively, primarily reflecting the lower Adjusted OIBDA.

(Tabular dollars in millions, except per share amounts)

Reconciliation of Non-GAAP Measures

Results for the three and six months ended June 30, 2022 and 2021 included certain items identified as affecting comparability. Adjusted OIBDA, adjusted earnings from continuing operations before income taxes, adjusted provision for income taxes, adjusted net earnings from continuing operations attributable to Paramount, and adjusted diluted EPS from continuing operations (together, the "adjusted measures") exclude the impact of these items and are measures of performance not calculated in accordance with GAAP. We use these measures to, among other things, evaluate our operating performance. These measures are among the primary measures used by management for planning and forecasting of future periods, and they are important indicators of our operational strength and business performance. In addition, we use Adjusted OIBDA to, among other things, value prospective acquisitions. We believe these measures are relevant and useful for investors because they allow investors to view performance in a manner similar to the method used by our management; provide a clearer perspective on our underlying performance; and make it easier for investors, analysts and peers to compare our operating performance to other companies in our industry and to compare our year-over-year results.

Because the adjusted measures are measures of performance not 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 income taxes, provision/benefit for income taxes, net earnings from continuing operations attributable to Paramount or diluted EPS from continuing operations, as applicable, as indicators of operating performance. These measures, as we calculate them, may not be comparable to similarly titled measures employed by other companies.

The following tables reconcile the adjusted measures to their most directly comparable financial measures in accordance with GAAP.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating income (GAAP)	$ 819	$ 1,226	$ 1,594	$ 2,754
Depreciation and amortization	94	95	190	194
Restructuring and other corporate matters [(a)]	50	35	107	35
Net gain on sales [(a)]	—	(116)	(15)	(116)
Adjusted OIBDA (Non-GAAP)	$ 963	$ 1,240	$ 1,876	$ 2,867

(a) See notes on the following tables for additional information on items affecting comparability.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30, 2022			
	Earnings from Continuing Operations Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to Paramount	Diluted EPS from Continuing Operations
Reported (GAAP)	$ 519	$ (129)	$ 358	$ .53
Items affecting comparability:				
Restructuring and other corporate matters [a]	50	(12)	38	.06
Loss on extinguishment of debt	47	(11)	36	.05
Discrete tax items	—	(3)	(3)	—
Adjusted (Non-GAAP)	$ 616	$ (155)	$ 429	$ .64

(a) Reflects restructuring charges of $10 million consisting of severance costs primarily associated with changes in management related to the realignment of our operating segments, as well as a charge of $40 million associated with litigation described under *Legal Matters—Stockholder Matters*.

	Three Months Ended June 30, 2021			
	Earnings from Continuing Operations Before Income Taxes	(Provision) Benefit for Income Taxes	Net Earnings from Continuing Operations Attributable to Paramount	Diluted EPS from Continuing Operations
Reported (GAAP)	$ 1,018	$ 34	$ 995	$ 1.50
Items affecting comparability:				
Restructuring and other corporate matters [a]	35	(8)	27	.04
Net gain on sales [b]	(116)	27	(89)	(.13)
Net gains from investments [c]	(32)	7	(25)	(.04)
Discrete tax items [d]	—	(268)	(268)	(.40)
Adjusted (Non-GAAP)	$ 905	$ (208)	$ 640	$ .97

(a) Reflects the impairment of lease assets in connection with cost transformation initiatives related to the merger of Viacom Inc. ("Viacom") with and into CBS Corporation ("CBS") ("the Merger").

(b) Primarily reflects a gain on the sale of a noncore trademark licensing operation.

(c) Reflects a gain of $37 million on the sale of an investment, partially offset by a decrease in the fair value of a marketable security of $5 million.

(d) Primarily reflects a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment in June 2021 of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits.

(Tabular dollars in millions, except per share amounts)

	Six Months Ended June 30, 2022			
	Earnings from Continuing Operations Before Income Taxes	**Provision for Income Taxes**	**Net Earnings from Continuing Operations Attributable to Paramount**	**Diluted EPS from Continuing Operations**
Reported (GAAP)	$ 989	$ (163)	$ 749	$ 1.11
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	107	(24)	83	.13
Net gain on sales [(b)]	(15)	4	(11)	(.02)
Loss on extinguishment of debt	120	(28)	92	.14
Discrete tax items [(c)]	—	(81)	(81)	(.12)
Adjusted (Non-GAAP)	$ 1,201	$ (292)	$ 832	$ 1.24

(a) Comprised of charges of $28 million for restructuring, consisting of severance costs; $39 million recorded following Russia's invasion of Ukraine, principally to reserve against amounts due from counterparties in Russia, Belarus and Ukraine; and $40 million associated with litigation described under *Legal Matters—Stockholder Matters*.

(b) Reflects a gain from the sale of international intangible assets and a working capital adjustment to the gain from the fourth quarter 2021 sale of CBS Studio Center.

(c) Primarily reflects a deferred tax benefit resulting from the transfer of intangible assets between our subsidiaries in connection with a reorganization of our international operations.

	Six Months Ended June 30, 2021			
	Earnings from Continuing Operations Before Income Taxes	**Provision for Income Taxes**	**Net Earnings from Continuing Operations Attributable to Paramount**	**Diluted EPS from Continuing Operations**
Reported (GAAP)	$ 2,173	$ (192)	$ 1,894	$ 2.93
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	35	(8)	27	.04
Net gain on sales [(b)]	(116)	27	(89)	(.14)
Loss on extinguishment of debt	128	(30)	98	.15
Net gains from investments [(c)]	(52)	12	(40)	(.06)
Discrete tax items [(d)]	—	(289)	(289)	(.45)
Adjusted (Non-GAAP)	$ 2,168	$ (480)	$ 1,601	$ 2.47

(a) Reflects the impairment of lease assets in connection with cost transformation initiatives related to the Merger.

(b) Primarily reflects a gain on the sale of a noncore trademark licensing operation.

(c) Reflects a gain of $37 million on the sale of an investment and an increase in the fair value of a marketable security of $15 million.

(d) Primarily reflects a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment in June 2021 of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits.

(Tabular dollars in millions, except per share amounts)

Consolidated Results of Operations

Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

Revenues

	Three Months Ended June 30,					
Revenues by Type	2022	% of Total Revenues	2021	% of Total Revenues	Increase/(Decrease) $	%
Advertising	$ 2,545	33 %	$ 2,599	40 %	$ (54)	(2)%
Affiliate and subscription	2,888	37	2,588	39	300	12
Theatrical	764	10	134	2	630	470
Licensing and other	1,582	20	1,243	19	339	27
Total Revenues	$ 7,779	100 %	$ 6,564	100 %	$ 1,215	19 %

	Six Months Ended June 30,					
Revenues by Type	2022	% of Total Revenues	2021	% of Total Revenues	Increase/(Decrease) $	%
Advertising	$ 5,409	36 %	$ 5,708	41 %	$ (299)	(5)%
Affiliate and subscription	5,728	38	5,051	36	677	13
Theatrical	895	6	135	1	760	563
Licensing and other	3,075	20	3,082	22	(7)	—
Total Revenues	$ 15,107	100 %	$ 13,976	100 %	$ 1,131	8 %

Advertising

For the three months ended June 30, 2022, advertising revenues declined 2% as lower revenues from our broadcast and cable networks more than offset growth from Paramount+ and Pluto TV. The decline was driven by our domestic networks as lower linear impressions were only partially offset by higher pricing, as a result of softness in the scatter market. For the six months ended June 30, 2022, the 5% decrease in advertising revenues is due to the rotational nature of the rights to broadcast the Super Bowl, which aired on CBS in 2021 and another network in 2022, resulting in a negative impact on the advertising comparison of 8-percentage points. Increases in advertising from Pluto TV and Paramount+ partially offset the decline. The comparison for the six-month period also reflects the impact from lower linear impressions for our domestic networks, partially offset by higher pricing, and for both the three- and six-month periods reflects the impact from unfavorable foreign exchange rate changes, partially offset by revenues for Chilevisión, which was acquired in the third quarter of 2021, and higher political advertising sales. Foreign exchange rate changes negatively impacted the comparison of total advertising revenues for the three-month period by 2-percentage points and for the six-month period by 1-percentage point.

Affiliate and Subscription

Affiliate and subscription revenues are principally comprised of fees received from multichannel video programming distributors ("MVPDs") and third-party live television streaming services ("virtual MVPDs" or "vMVPDs") for carriage of our cable networks ("cable affiliate fees"), fees received from television stations affiliated with the CBS Television Network ("reverse compensation"), fees for authorizing the MVPDs' and vMVPDs' carriage of our owned television stations ("retransmission fees"), and subscription fees for our DTC services.

For the three and six months ended June 30, 2022, affiliate and subscription revenues increased 12% and 13%, respectively, driven by growth in subscribers for our DTC services of 50% to 63.7 million at June 30, 2022 from 42.4 million at June 30, 2021, led by an increase of 21.9 million for Paramount+ to 43.3 million at June 30, 2022.

(Tabular dollars in millions, except per share amounts)

These increases were partially offset by lower revenues from international affiliates, including a negative impact from foreign exchange rate changes, and lower revenues from pay-per-view boxing events.

Theatrical

For the three months ended June 30, 2022, theatrical revenues grew $630 million, led by the success of the second quarter 2022 theatrical releases of *Top Gun: Maverick* and *Sonic the Hedgehog 2*, and the first quarter release of *The Lost City,* while the prior-year period benefited from second quarter 2021 theatrical releases, principally *A Quiet Place Part II*. For the six months ended June 30, 2022, the $760 million increase in theatrical revenues also includes the benefit from the first quarter 2022 theatrical releases of *Scream* and *Jackass Forever.* There were no theatrical releases in the first quarter of 2021 as movie theaters continued to be impacted by closures or reduced capacity in response to the coronavirus pandemic ("COVID-19").

Licensing and Other

Licensing and other revenues are principally comprised of fees from the licensing of the rights to exhibit our internally-produced television and film programming on various platforms in the secondary market after its initial exhibition on our owned or third-party platforms; license fees from content produced for third parties; home entertainment revenues, which includes the viewing of our content on a transactional basis through transactional video-on-demand (TVOD) and electronic sell-through services and the sale and distribution of our content through DVDs and Blu-ray discs to wholesale and retail partners; fees from the use of our trademarks and brands for consumer products, recreation and live events; fees from the distribution of third-party programming; and revenues from the rental of production facilities.

For the three months ended June 30, 2022, the 27% increase in licensing and other revenues primarily reflects a higher volume of content produced for third parties, driven by additional seasons of existing series, including season 3 of *Jack Ryan*; the monetization of recent theatrical releases; and growth in international licensing. For the six months ended June 30, 2022, licensing and other revenues remained relatively flat.

Operating Expenses

	Three Months Ended June 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2022**	**% of Operating Expenses**	**2021**	**% of Operating Expenses**	**$**	**%**
Content costs	$ 4,117	81 %	$ 3,114	81 %	$ 1,003	32 %
Distribution and other	989	19	751	19	238	32
Total Operating Expenses	$ 5,106	100 %	$ 3,865	100 %	$ 1,241	32 %

	Six Months Ended June 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2022**	**% of Operating Expenses**	**2021**	**% of Operating Expenses**	**$**	**%**
Content costs	$ 7,948	80 %	$ 6,838	83 %	$ 1,110	16 %
Distribution and other	1,954	20	1,390	17	564	41
Total Operating Expenses	$ 9,902	100 %	$ 8,228	100 %	$ 1,674	20 %

(Tabular dollars in millions, except per share amounts)

Content Costs

Content costs include the amortization of costs of internally-produced television and theatrical film content; amortization of acquired program rights; other television production costs, including on-air talent; and participation and residuals expenses, which reflect amounts owed to talent and other participants in our content pursuant to contractual and collective bargaining arrangements.

For the three months ended June 30, 2022, content costs increased 32% driven by costs associated with second quarter theatrical releases, an increased investment in content for our DTC services, and higher costs associated with the increase in content licensing. For the six months ended June 30, 2022, content costs increased 16% reflecting higher costs associated with theatrical releases and increased investment in content for our DTC services, partially offset by costs in 2021 from CBS’ broadcast of the Super Bowl.

Distribution and Other

Distribution and other operating expenses primarily include costs relating to the distribution of our content, including print and advertising for theatrical releases and costs for amounts paid to third-party distributors; compensation; revenue-sharing costs to television stations affiliated with the CBS Television Network; and other ancillary and overhead costs associated with our operations.

For the three and six months ended June 30, 2022, distribution and other expenses increased 32% and 41%, respectively, primarily reflecting costs to support our theatrical releases. The increase also reflects higher costs associated with the growth of our DTC services, mainly for amounts paid to third-party distributors.

Selling, General and Administrative Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	**2021**	**Increase/(Decrease)**	**2022**	**2021**	**Increase/(Decrease)**
Selling, general and administrative expenses	$ 1,710	$ 1,459	17 %	$ 3,329	$ 2,881	16 %

Selling, general and administrative (“SG&A”) expenses include costs incurred for advertising, marketing, occupancy, professional service fees, and back office support, including employee compensation and technology. For the three and six months ended June 30, 2022, SG&A expenses increased 17% and 16%, respectively, driven by advertising, marketing and other cost increases to support the growth and expansion of our DTC services.

Depreciation and Amortization

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	**2021**	**Increase/(Decrease)**	**2022**	**2021**	**Increase/(Decrease)**
Depreciation and amortization	$ 94	$ 95	(1)%	$ 190	$ 194	(2)%

(Tabular dollars in millions, except per share amounts)

Restructuring and Other Corporate Matters

During the three and six months ended June 30, 2022 and 2021, we recorded the following costs associated with restructuring and other corporate matters.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Severance	$ 10	$ —	$ 28	$ —
Exit costs	—	35	—	35
Restructuring charges	10	35	28	35
Other corporate matters	40	—	79	—
Restructuring and other corporate matters	$ 50	$ 35	$ 107	$ 35

During the three and six months ended June 30, 2022, we recorded restructuring charges of $10 million and $28 million, respectively, consisting of severance costs primarily associated with changes in management related to the realignment of our operating segments. The restructuring charges for the six-month period were comprised of $18 million recorded within the *Filmed Entertainment* segment, $9 million recorded within the *TV Media* segment, and $1 million recorded within the *Direct-to-Consumer* segment. In addition, for the six months ended June 30, 2022, we recorded charges for other corporate matters of $79 million, consisting of $39 million recorded during the first quarter, following Russia's invasion of Ukraine, principally to reserve against amounts due from counterparties in Russia, Belarus and Ukraine, and $40 million recorded during the second quarter associated with litigation described under *Legal Matters—Stockholder Matters*.

During the second quarter of 2021, we recorded charges of $35 million within the *TV Media* segment for the impairment of lease assets that we determined we would not use and began actively marketing for sublease. This determination was made in connection with cost-transformation initiatives related to the Merger. The impairment was the result of a decline in market conditions since inception of these leases and reflects the difference between the estimated fair values, which were determined based on the expected discounted future cash flows of the lease assets, and the carrying values.

Net Gain on Sales

For the six months ended June 30, 2022, we recorded gains on sales totaling $15 million, comprised of a gain from the sale of international intangible assets and a working capital adjustment to the gain from the fourth quarter 2021 sale of CBS Studio Center. For the three and six months ended June 30, 2021, net gain on sales of $116 million principally included a gain on the sale of a noncore trademark licensing operation.

Interest Expense/Income

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Increase/(Decrease)	2022	2021	Increase/(Decrease)
Interest expense	$ (230)	$ (243)	(5)%	$ (470)	$ (502)	(6)%
Interest income	$ 19	$ 13	46 %	$ 40	$ 26	54 %

(Tabular dollars in millions, except per share amounts)

The following table presents our outstanding debt balances, excluding finance leases, and the weighted average interest rates as of June 30, 2022 and 2021.

	At June 30,			
	2022	Weighted Average Interest Rate	2021	Weighted Average Interest Rate
Total long-term debt	$ 15,768	5.13 %	$ 17,644	4.93 %
Other bank borrowings	$ 25	4.36 %	$ 45	3.50 %

Net Gains from Investments

Net gains from investments for the three and six months ended June 30, 2021 primarily reflect a gain of $37 million from the sale of an investment. In addition, during the three and six months ended June 30, 2021, we recorded an unrealized loss of $5 million and an unrealized gain of $15 million, respectively, resulting from changes in the fair value of a marketable security.

Loss on Extinguishment of Debt

For the three and six months ended June 30, 2022, we recorded losses on extinguishment of debt of $47 million and $120 million, respectively, associated with the early redemption of long-term debt of $2.91 billion, of which $970 million was redeemed during the second quarter. For the six months ended June 30, 2021, we recorded a loss on extinguishment of debt of $128 million associated with the early redemption of long-term debt of $1.99 billion.

Other Items, Net

The following table presents the components of Other items, net.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Pension and postretirement benefit costs	$ (16)	$ (10)	$ (33)	$ (22)
Foreign exchange loss	(24)	—	(23)	(8)
Other	(2)	—	1	1
Other items, net	$ (42)	$ (10)	$ (55)	$ (29)

(Tabular dollars in millions, except per share amounts)

Provision/Benefit for Income Taxes

The provision/benefit for income taxes represents federal, state and local, and foreign taxes on earnings from continuing operations before income taxes and equity in loss of investee companies. For the three and six months ended June 30, 2022, we recorded a provision for income taxes of $129 million and $163 million, reflecting effective income tax rates of 24.9% and 16.5%, respectively. Included in the provision for income taxes for the second quarter of 2022 is a net discrete tax benefit of $3 million, which together with a net tax benefit of $23 million on other items identified as affecting the comparability of our results during the period, which include a loss on extinguishment of debt and charges for restructuring and other corporate matters, decreased our effective income tax rate by 0.3 percentage points. The tax provision for the six months ended June 30, 2022 included a net discrete tax benefit of $81 million primarily resulting from the transfer of intangible assets between our subsidiaries in connection with a reorganization of our international operations. This item, together with a net tax benefit of $48 million on other items identified as affecting the comparability of our results during the six-month period, which include a loss on extinguishment of debt, charges for restructuring and other corporate matters, and gains on sales, decreased our effective income tax rate by 7.8 percentage points.

For the three months ended June 30, 2021, we recorded a benefit for income taxes of $34 million, reflecting a negative effective income tax rate of 3.3%, and for the six months ended June 30, 2021, we recorded a provision for income taxes of $192 million, reflecting an effective income tax rate of 8.8%. Included in income taxes for the three and six months ended June 30, 2021 are discrete tax benefits of $268 million and $289 million, respectively, primarily consisting of a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the second quarter of 2021 of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits. For the three and six months ended June 30, 2021, the discrete tax benefit in each period, together with a net tax provision of $26 million and $1 million, respectively, on other items identified as affecting the comparability of our results during the period, which include net gains from sales and investments, and restructuring charges in each period, and a loss on extinguishment of debt in the six-month period, reduced our effective income tax rate by 26.3 percentage points and 13.3 percentage points, respectively.

Equity in Loss of Investee Companies, Net of Tax

The following table presents equity in loss of investee companies for our equity-method investments.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	**2021**	**Increase/(Decrease)**	**2022**	**2021**	**Increase/(Decrease)**
Equity in loss of investee companies	$ (39)	$ (60)	35 %	$ (91)	$ (92)	1 %
Tax benefit	10	16	(38)	25	30	(17)
Equity in loss of investee companies, net of tax	$ (29)	$ (44)	34 %	$ (66)	$ (62)	(6)%

(Tabular dollars in millions, except per share amounts)

Net Earnings from Discontinued Operations

During the fourth quarter of 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, to Penguin Random House LLC (“Penguin Random House”), a wholly owned subsidiary of Bertelsmann SE & Co. KGaA (see *Legal Matters*). Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented.

The following table sets forth details of net earnings from discontinued operations for the three and six months ended June 30, 2022 and 2021, which primarily reflects the results of Simon & Schuster.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 293	$ 219	$ 510	$ 404
Costs and expenses:				
Operating	161	127	285	247
Selling, general and administrative	47	38	85	76
Total costs and expenses [(a)]	208	165	370	323
Operating income	85	54	140	81
Other items, net	(5)	—	(6)	(2)
Earnings from discontinued operations	80	54	134	79
Income tax provision [(b)]	(19)	(13)	(31)	(26)
Net earnings from discontinued operations, net of tax	$ 61	$ 41	$ 103	$ 53

(a) Included in total costs and expenses are amounts associated with the release of indemnification obligations for leases relating to a previously disposed business of $5 million and $10 million for the three and six months ended June 30, 2022, respectively, and $2 million for each of the three and six months ended June 30, 2021.

(b) The tax provision includes amounts relating to previously disposed businesses of $1 million and $2 million for the three and six months ended June 30, 2022, respectively, and $7 million for the six months ended June 30, 2021.

Net Earnings from Continuing Operations Attributable to Paramount and Diluted EPS from Continuing Operations Attributable to Paramount

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Increase/(Decrease)	2022	2021	Increase/(Decrease)
Net earnings from continuing operations attributable to Paramount	$ 358	$ 995	(64)%	$ 749	$ 1,894	(60)%
Diluted EPS from continuing operations attributable to Paramount	$ .53	$ 1.50	(65)%	$ 1.11	$ 2.93	(62)%

For the three and six months ended June 30, 2022, net earnings from continuing operations attributable to Paramount decreased 64% and 60%, respectively, and diluted EPS from continuing operations decreased 65% and 62%, respectively, driven by the decrease in operating income as well as higher discrete tax benefits in the prior-year periods.

(Tabular dollars in millions, except per share amounts)

Segment Results of Operations

We present operating income excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters and net gain on sales, each where applicable ("Adjusted OIBDA"), as the primary measure of profit and loss for our operating segments in accordance with Financial Accounting Standards Board guidance for segment reporting. We believe the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by our management and enhances their ability to understand our operating performance. Stock-based compensation is excluded from our segment measure of profit and loss because it is set and approved by our Board of Directors in consultation with corporate executive management. Stock-based compensation is included as a component of our consolidated Adjusted OIBDA. The reconciliation of Adjusted OIBDA to our consolidated net earnings is presented in Note 13 to the consolidated financial statements.

Beginning in 2022, primarily as a result of our increased strategic focus on our direct-to-consumer businesses, we made certain changes to how we manage our businesses and allocate resources that resulted in a change to our operating segments. Our management structure has been reorganized to focus on managing our business as the combination of three parts: a traditional media business, a portfolio of global DTC services, and a film studio. Accordingly, beginning in the first quarter of 2022, and for all periods presented we are reporting results based on the following segments:

- *TV Media*—Our *TV Media* segment consists of our domestic and international broadcast networks, including the CBS Television Network, Network 10, Channel 5, Telefe and Chilevisión; our premium and basic cable networks, including Showtime, BET, Nickelodeon, MTV, Comedy Central, Paramount Network, Smithsonian Channel, international extensions of these brands, and CBS Sports Network; our television production operations, including CBS Studios, Paramount Television Studios and CBS Media Ventures, which primarily produces or distributes first-run syndicated programming; and our owned broadcast television stations, CBS Stations.

- *Direct-to-Consumer*—Our *Direct-to-Consumer* segment consists of our portfolio of pay, free and premium global DTC services, including Paramount+, Pluto TV, Showtime Networks' premium subscription streaming service ("Showtime OTT"), BET+ and Noggin.

- *Filmed Entertainment*—Our *Filmed Entertainment* segment consists of Paramount Pictures, Paramount Players, Paramount Animation, Nickelodeon Studio, and Miramax.

Three Months Ended June 30, 2022 and 2021

	Three Months Ended June 30,					
	2022	% of Total Revenues	2021	% of Total Revenues	Increase/(Decrease) $	%
Revenues:						
TV Media	$ 5,256	68 %	$ 5,219	79 %	$ 37	1 %
Direct-to-Consumer	1,193	15	767	12	426	56
Filmed Entertainment	1,363	17	603	9	760	126
Eliminations	(33)	—	(25)	—	(8)	(32)
Total Revenues	$ 7,779	100 %	$ 6,564	100 %	$ 1,215	19 %

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30,			
			Increase/(Decrease)	
	2022	2021	$	%
Adjusted OIBDA:				
TV Media	$ 1,380	$ 1,504	$ (124)	(8)%
Direct-to-Consumer	(445)	(143)	(302)	(211)
Filmed Entertainment	181	52	129	248
Corporate/Eliminations	(112)	(124)	12	10
Stock-based compensation	(41)	(49)	8	16
Total Adjusted OIBDA	963	1,240	(277)	(22)
Depreciation and amortization	(94)	(95)	1	1
Restructuring and other corporate matters	(50)	(35)	(15)	(43)
Net gain on sales	—	116	(116)	n/m
Total Operating Income	$ 819	$ 1,226	$ (407)	(33)%

n/m - not meaningful

Six Months Ended June 30, 2022 and 2021

	Six Months Ended June 30,					
	2022	% of Total Revenues	2021	% of Total Revenues	Increase/(Decrease) $	%
Revenues:						
TV Media	$ 10,901	72 %	$ 11,212	80 %	$ (311)	(3)%
Direct-to-Consumer	2,282	15	1,365	10	917	67
Filmed Entertainment	1,987	13	1,463	10	524	36
Eliminations	(63)	—	(64)	—	1	2
Total Revenues	$ 15,107	100 %	$ 13,976	100 %	$ 1,131	8 %

	Six Months Ended June 30,			
			Increase/(Decrease)	
	2022	2021	$	%
Adjusted OIBDA:				
TV Media	$ 2,924	$ 3,269	$ (345)	(11)%
Direct-to-Consumer	(901)	(292)	(609)	(209)
Filmed Entertainment	144	231	(87)	(38)
Corporate/Eliminations	(216)	(240)	24	10
Stock-based compensation [(a)]	(75)	(101)	26	26
Total Adjusted OIBDA	1,876	2,867	(991)	(35)
Depreciation and amortization	(190)	(194)	4	2
Restructuring and other corporate matters	(107)	(35)	(72)	(206)
Net gain on sales	15	116	(101)	(87)
Total Operating Income	$ 1,594	$ 2,754	$ (1,160)	(42)%

(a) For 2022, $2 million of stock-based compensation expense is included in restructuring and other corporate matters.

(Tabular dollars in millions, except per share amounts)

TV Media

Three Months Ended June 30, 2022 and 2021

	Three Months Ended June 30,			
			Increase/(Decrease)	
TV Media	**2022**	**2021**	**$**	**%**
Advertising	$ 2,174	$ 2,303	$ (129)	(6)%
Affiliate and subscription	2,058	2,112	(54)	(3)
Licensing and other	1,024	804	220	27
Revenues	$ 5,256	$ 5,219	$ 37	1 %
Adjusted OIBDA	$ 1,380	$ 1,504	$ (124)	(8)%

Revenues

For the three months ended June 30, 2022, revenues increased 1%, primarily reflecting higher licensing revenues, partially offset by lower advertising and affiliate revenues.

Advertising

The 6% decrease in advertising revenues was primarily driven by lower linear impressions for our domestic networks. Pricing only partially offset the decline as it was impacted by softness in the scatter market. The decline also reflects unfavorable foreign exchange rate changes, which negatively impacted the total advertising revenue comparison by 2-percentage points. The decrease was partially offset by the benefit from the acquisition of Chilevisión in the third quarter of 2021 and higher political advertising sales.

Affiliate and Subscription

The 3% decrease in affiliate and subscription revenues was driven by lower affiliate revenues in international markets, where we restructured certain affiliate agreements, resulting in a shift of revenue from our pay television services to our DTC services. The decline in international affiliate revenues also reflects unfavorable foreign exchange rate changes, which negatively impacted the total affiliate and subscription revenue comparison by 1-percentage point, and the absence of revenues in Russia, where we suspended our operations following Russia's invasion of Ukraine. Lower revenues from pay-per-view boxing events also contributed to the decline.

Licensing and Other

Licensing and other revenues increased 27%, reflecting a higher volume of content produced for third parties, primarily driven by the licensing of additional seasons of existing series, including season 3 of *Jack Ryan*, and higher international licensing.

Adjusted OIBDA

Adjusted OIBDA decreased 8%, reflecting the decline in advertising and affiliate revenues. The increase in licensing revenues was principally offset by the associated content costs.

(Tabular dollars in millions, except per share amounts)

Six Months Ended June 30, 2022 and 2021

	Six Months Ended June 30,			
			Increase/(Decrease)	
TV Media	**2022**	**2021**	**$**	**%**
Advertising	$ 4,695	$ 5,191	$ (496)	(10)%
Affiliate and subscription	4,156	4,195	(39)	(1)
Licensing and other	2,050	1,826	224	12
Revenues	$ 10,901	$ 11,212	$ (311)	(3)%
Adjusted OIBDA	$ 2,924	$ 3,269	$ (345)	(11)%

Revenues

For the six months ended June 30, 2022, revenues decreased 3%, reflecting lower advertising revenues, driven by the comparison against CBS’ broadcast of the Super Bowl in the first quarter of 2021, which negatively impacted the total revenue comparison by 4-percentage points. The decline was partially offset by higher licensing revenues.

Advertising

The 10% decrease in advertising revenues was driven by the rotational nature of the rights to broadcast the Super Bowl, which aired on CBS in 2021 and another network in 2022, resulting in a negative impact on the advertising revenue comparison of 9-percentage points. Also included in the decline is the impact from lower linear impressions for our domestic networks, partially offset by higher pricing and higher political advertising sales.

Affiliate and Subscription

The 1% decrease in affiliate and subscription revenues was driven by lower international affiliate revenues, partially offset by higher domestic affiliate revenues. International affiliate revenues decreased as a result of the previously-mentioned restructuring of certain affiliate agreements; unfavorable foreign exchange rate changes, which negatively impacted the total affiliate and subscription revenue comparison by 1-percentage point; and the absence of revenues in Russia. The increase in domestic affiliate revenues was driven by rate increases from MVPDs and vMVPDs, the launch of our basic cable networks on a vMVPD in April 2021, and growth in reverse compensation, partially offset by a decline in MVPD subscribers.

Licensing and Other

Licensing and other revenues increased 12%, reflecting higher international licensing and a higher volume of content produced for third parties, primarily driven by the licensing of additional seasons of existing series, partially offset by lower revenues from the domestic licensing of library titles.

Adjusted OIBDA

Adjusted OIBDA decreased 11%, primarily reflecting the benefit to the prior-year period from the broadcast of the Super Bowl, declines in other advertising revenues and affiliate revenues as well as higher costs associated with the mix of programming.

Direct-to-Consumer

Three Months Ended June 30, 2022 and 2021

Direct-to-Consumer	**Three Months Ended June 30,**			
(Subscribers in millions)	**2022**	**2021**	**Increase/(Decrease)**	
Advertising	$ 363	$ 291	$ 72	25 %
Subscription	830	476	354	74
Revenues	$ 1,193	$ 767	$ 426	56 %
Adjusted OIBDA	$ (445)	$ (143)	$ (302)	(211)%
Global DTC Subscribers [a]	63.7	42.4	21.3	50 %

	Three Months Ended June 30,			
(Subscribers in millions)	**2022**	**2021**	**Increase/(Decrease)**	
Paramount+ (Global)				
Subscribers [a]	43.3	21.4	21.9	102 %
Revenues	$ 672	$ 305	$ 367	120 %
Pluto TV (Global)				
MAUs [b]	69.6	52.3	17.3	33 %
Revenues	$ 265	$ 241	$ 24	10 %

(a) Direct-to-consumer streaming subscribers ("DTC subscribers") include customers with access to our domestic or international DTC services, either directly through our owned and operated apps and websites, or through third-party distributors. Our subscribers include paid subscriptions and those customers registered in a free trial, and subscribers are considered unique to each of our services, whether offered individually or as part of a bundle. For the periods above subscriber counts reflect the number of subscribers as of the applicable period-end date. Global DTC subscribers include subscribers for Paramount+, Showtime OTT and all other DTC subscription streaming services.

(b) The Monthly Active Users ("MAUs") count reflects the number of unique devices interacting with the Pluto TV service in a calendar month, and for the periods above reflects the MAU count for the last month of the applicable period.

Revenues

For the three months ended June 30, 2022, the 56% increase in revenues was driven by growth from Paramount+, Showtime OTT and Pluto TV.

Advertising

The 25% increase in advertising revenues reflects growth from Paramount+ and Pluto TV, which was driven by increased impressions, including from the benefit of subscriber growth for Paramount+ and MAU growth for Pluto TV. Pluto TV global MAUs were 69.6 million for June 2022, reflecting growth of 17.3 million, or 33%, from 52.3 million for June 2021, and 2.1 million, or 3%, from 67.5 million for March 2022.

Subscription

The 74% increase in subscription revenues was driven by growth from Paramount+ and Showtime OTT. Global DTC subscribers grew 21.3 million, or 50%, compared with June 30, 2021, led by an increase of 21.9 million, or 102% for Paramount+, reflecting significant growth in U.S. subscribers and the impact from launches in international markets. During the quarter, global DTC subscribers increased 1.3 million, or 2%, to 63.7 million at

(Tabular dollars in millions, except per share amounts)

June 30, 2022 from 62.4 million at March 31, 2022, and Paramount+ subscribers grew 3.7 million, or 9% to 43.3 million, driven by launches in international markets as well as growth in U.S. subscribers. The year-over-year comparisons and the growth in the quarter were each impacted by the removal of subscribers in Russia, where we suspended our operations following Russia's invasion of Ukraine. This resulted in the removal of 3.9 million global DTC subscribers during the second quarter of 2022, including 1.2 million for Paramount+. Excluding the impact of the removal of subscribers in Russia, global DTC subscribers increased 5.2 million and Paramount+ subscribers increased 4.9 million during the second quarter of 2022.

Adjusted OIBDA

Adjusted OIBDA decreased $302 million, as the revenue growth was more than offset by higher costs to support growth in our DTC services including content, marketing, distribution, employee and technology costs.

Six Months Ended June 30, 2022 and 2021

	Six Months Ended June 30,			
			Increase/(Decrease)	
Direct-to-Consumer	**2022**	**2021**	**$**	**%**
Advertising	$ 710	$ 509	$ 201	39 %
Subscription	1,572	856	716	84
Revenues	$ 2,282	$ 1,365	$ 917	67 %
Adjusted OIBDA	$ (901)	$ (292)	$ (609)	(209)%

	Six Months Ended June 30,			
			Increase/(Decrease)	
	2022	**2021**	**$**	**%**
Revenues				
Paramount+ (Global)	$ 1,257	$ 541	$ 716	132 %
Pluto TV (Global)	$ 518	$ 408	$ 110	27 %

Revenues

For the six months ended June 30, 2022, the 67% increase in revenues was primarily driven by growth from Paramount+, Pluto TV and Showtime OTT.

Advertising

The 39% increase in advertising revenues reflects growth from Paramount+ and Pluto TV, which was driven by increases in pricing and impressions, benefiting from subscriber growth for Paramount+ and MAU growth for Pluto TV.

Subscription

The 84% increase in subscription revenues was primarily driven by growth from Paramount+ and Showtime OTT.

Adjusted OIBDA

Adjusted OIBDA decreased $609 million, as the revenue growth was more than offset by higher costs to support growth in our DTC services including content, marketing, distribution, employee and technology costs.

(Tabular dollars in millions, except per share amounts)

Filmed Entertainment

Three Months Ended June 30, 2022 and 2021

	Three Months Ended June 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2022**	**2021**	**$**	**%**
Advertising [a]	$ 12	$ 6	$ 6	100 %
Theatrical	764	134	630	470
Licensing and other	587	463	124	27
Revenues	$ 1,363	$ 603	$ 760	126 %
Adjusted OIBDA	$ 181	$ 52	$ 129	248 %

(a) Primarily reflects advertising revenues earned from the use of *Filmed Entertainment* content on third party digital platforms as well as sponsorships.

Revenues

For the three months ended June 30, 2022, the 126% increase in revenues reflects growth across all revenue streams, primarily driven by the benefit from our recent theatrical releases.

Theatrical

Theatrical revenues increased $630 million, principally reflecting the strong performance of the current quarter theatrical releases of *Top Gun: Maverick* and *Sonic the Hedgehog 2*, and the first quarter release of *The Lost City*, while the prior-year period benefited from the theatrical releases of *A Quiet Place Part II* and *Wrath of Man*.

Licensing and Other

The 27% increase in licensing and other revenues was primarily driven by the monetization of recent theatrical releases, reflecting the benefit from a higher volume of theatrical releases during the past year, as well as the licensing of *Senior Year*.

Adjusted OIBDA

Adjusted OIBDA increased $129 million, reflecting the strong performance of current year releases.

(Tabular dollars in millions, except per share amounts)

Six Months Ended June 30, 2022 and 2021

	Six Months Ended June 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2022**	**2021**	**$**	**%**
Advertising [(a)]	$ 14	$ 12	$ 2	17 %
Theatrical	895	135	760	563
Licensing and other	1,078	1,316	(238)	(18)
Revenues	$ 1,987	$ 1,463	$ 524	36 %
Adjusted OIBDA	$ 144	$ 231	$ (87)	(38)%

(a) Primarily reflects advertising revenues earned from the use of *Filmed Entertainment* content on third party digital platforms as well as sponsorships.

Revenues

For the six months ended June 30, 2022, the 36% increase in revenues reflects higher theatrical revenues, partially offset by lower licensing revenues.

Theatrical

The $760 million increase in theatrical revenues reflects the success of our current year releases, including the previously-mentioned releases that drove the growth in the three-month period, as well as the first quarter theatrical releases of *Scream* and *Jackass Foreve*r. The comparable period in 2021 included revenues from the second quarter 2021 theatrical releases of *A Quiet Place Part II* and *Wrath of Man*. There were no theatrical releases in the first quarter of 2021 as movie theaters continued to be impacted by closures or reduced capacity in response to COVID-19.

Licensing and Other

The 18% decrease in licensing and other revenues primarily reflects lower revenues from the licensing of library titles.

Adjusted OIBDA

Adjusted OIBDA decreased 38%, mainly reflecting lower profits from the licensing of library titles, partially offset by higher profits from current year releases.

Fluctuations in results for the *Filmed Entertainment* segment may occur as a result of the timing of the recognition of distribution costs, including print and advertising, which are generally incurred before and throughout the theatrical release of a film, while the revenues for the respective film are recognized as earned through the film's theatrical exhibition and distribution to other platforms.

Liquidity and Capital Resources

Sources and Uses of Cash

We project anticipated cash requirements for our operating, investing and financing needs as well as cash flows expected to be generated and available to meet these needs. Our operating needs include, among other items, expenditures for content for our broadcast and cable networks and DTC services, including television and film programming, sports rights, and talent contracts, as well as advertising and marketing costs to promote our content and platforms; payments for leases, interest, and income taxes; and pension funding obligations. Our investing and financing spending includes capital expenditures; acquisitions; funding relating to new and existing investments, including funding of our streaming joint venture with Comcast, SkyShowtime, under which both parent companies have committed to support initial operations; share repurchases; dividends and principal payments on our outstanding indebtedness. We believe that our operating cash flows, cash and cash equivalents, borrowing capacity under our $3.50 billion Credit Facility described below, as well as access to capital markets are sufficient to fund our operating, investing and financing requirements for the next twelve months.

Our funding for short-term and long-term obligations, including our long-term debt obligations due over the next five years, which were $2.35 billion as of June 30, 2022, as well as our other long term commitments, will come primarily from cash flows from operating activities, proceeds from non-core asset sales, including the planned sale of Simon & Schuster described below, and our ability to refinance our debt. Any additional cash funding requirements are financed with short-term borrowings, including commercial paper, and long-term debt. To the extent that commercial paper is not available to us, the Credit Facility provides sufficient capacity to satisfy short-term borrowing needs. We routinely assess our capital structure and opportunistically enter into transactions to manage our outstanding maturities, which could result in a charge from the early extinguishment of debt.

During 2020, we entered into an agreement to sell Simon & Schuster for $2.175 billion in cash, and expect to use proceeds from the sale to invest in our strategic growth priorities, including in streaming, as well as to fund dividends and pay down debt. On November 2, 2021, the U.S. Department of Justice filed suit to block the sale. The purchase agreement contains commitments on the part of the purchaser to take all necessary steps to obtain any required regulatory approvals and to defend any litigation that would delay or prevent consummation, and also provides for a $200 million termination fee payable to us in certain circumstances in the event the transaction does not close for regulatory reasons. The trial commenced on August 1, 2022 and is expected to conclude on or about August 18, 2022 (see *Legal Matters*).

On March 26, 2021, we completed offerings of 20 million shares of our Class B Common Stock at a price to the public of $85 per share and 10 million shares of 5.75% Series A Mandatory Convertible Preferred Stock at a price to the public and liquidation preference of $100 per share. The net proceeds from the Class B Common Stock offering and the Mandatory Convertible Preferred Stock offering were approximately $1.67 billion and $983 million, respectively, in each case after deducting underwriting discounts, commissions and estimated offering expenses. We have used and intend to continue to use the net proceeds for general corporate purposes, including investments in streaming.
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 for our expected cash needs. The cost of any new borrowings is affected by market conditions and short and long-term debt ratings assigned by independent rating 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.

(Tabular dollars in millions, except per share amounts)

Cash Flows

The changes in cash, cash equivalents and restricted cash were as follows:

	Six Months Ended June 30,		
	2022	**2021**	**Increase/(Decrease)**
Net cash flow provided by operating activities from:			
Continuing operations	$ 475	$ 1,702	$ (1,227)
Discontinued operations	116	89	27
Net cash flow provided by operating activities	591	1,791	(1,200)
Net cash flow (used for) provided by investing activities from:			
Continuing operations	(257)	131	(388)
Discontinued operations	(1)	(2)	1
Net cash flow (used for) provided by investing activities	(258)	129	(387)
Net cash flow (used for) provided by financing activities	(2,498)	351	(2,849)
Effect of exchange rate changes on cash and cash equivalents	(65)	(8)	(57)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (2,230)	$ 2,263	$ (4,493)

Operating Activities. For the six months ended June 30, 2022, the decrease in cash flow provided by operating activities from continuing operations was mainly driven by an increased investment in our DTC services, including spending for content, marketing and distribution costs, and the timing of incentive compensation payments.

Cash flow provided by operating activities for the six months ended June 30, 2022 and 2021 included payments for restructuring, merger-related costs and transformation initiatives of $95 million and $181 million, respectively. Since the Merger, we have invested in a number of transformation initiatives. Initially, these were undertaken to realize synergies related to the Merger. Beginning in 2022, our transformation initiatives are related to future-state technology, including the unification and evolution of systems and platforms, and migration to the cloud. In addition, we are investing in future-state workspaces, including adapting our facilities to accommodate our hybrid and agile work model.

Cash flow provided by operating activities from discontinued operations reflects the operating activities of Simon & Schuster.

(Tabular dollars in millions, except per share amounts)

Investing Activities

	Six Months Ended June 30,	
	2022	2021
Investments [(a)]	$ (141)	$ (114)
Capital expenditures [(b)]	(151)	(138)
Proceeds from dispositions [(c)]	36	408
Other investing activities	(1)	(25)
Net cash flow (used for) provided by investing activities from continuing operations	(257)	131
Net cash flow used for investing activities from discontinued operations	(1)	(2)
Net cash flow (used for) provided by investing activities	$ (258)	$ 129

(a) 2022 and 2021 primarily include investment in The CW. 2022 also includes investment in SkyShowtime.

(b) Includes payments associated with the implementation of our transformation initiatives of $26 million and $36 million in 2022 and 2021, respectively.

(c) 2022 primarily reflects the disposition of international intangible assets. 2021 primarily reflects proceeds received from the sale of our investment in fuboTV Inc. during the fourth quarter of 2020, as well as proceeds received from the sales of a noncore trademark licensing operation and an investment.

Financing Activities

	Six Months Ended June 30,	
	2022	2021
Proceeds from issuance of debt	$ 1,078	$ 38
Repayment of debt	(3,108)	(2,200)
Dividends paid on preferred stock	(29)	—
Dividends paid on common stock	(315)	(302)
Proceeds from issuance of preferred stock	—	983
Proceeds from issuance of common stock	—	1,672
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(13)	(49)
Proceeds from exercise of stock options	—	408
Payments to noncontrolling interests	(77)	(157)
Other financing activities	(34)	(42)
Net cash flow (used for) provided by financing activities	$ (2,498)	$ 351

Dividends

We declared cash dividends of $.24 per share on our Class A and Class B Common Stock during each of the three months ended June 30, 2022 and 2021, resulting in total dividends of $160 million and $158 million, respectively. We declared cash dividends of $.48 per share on our Class A and Class B Common Stock during each of the six months ended June 30, 2022 and 2021, resulting in total dividends of $318 million and $310 million, respectively.

During each of the first and second quarters of 2022, we declared a quarterly cash dividend of $1.4375 per share on our Mandatory Convertible Preferred Stock, resulting in total dividends of $14.4 million for the three months ended June 30, 2022, and $28.8 million for the six months ended June 30, 2022. During the second quarter of 2021, we declared a cash dividend of $1.5493 per share on our Mandatory Convertible Preferred Stock, representing a dividend period from March 26, 2021 through July 1, 2021. Accordingly, we recorded dividends on the Mandatory Convertible Preferred Stock of $14.4 million and $15.4 million during the three and six months ended June 30, 2021, respectively.

(Tabular dollars in millions, except per share amounts)

Capital Structure

The following table sets forth our debt.

	At June 30, 2022	At December 31, 2021
Senior debt (2.90%-7.875% due 2023-2050)	$ 14,136	$ 16,501
Junior debt (5.875%-6.375% due 2057 and 2062)	1,632	1,157
Other bank borrowings	25	35
Obligations under finance leases	17	16
Total debt [(a)]	15,810	17,709
Less current portion	37	11
Total long-term debt, net of current portion	$ 15,773	$ 17,698

(a) At June 30, 2022 and December 31, 2021, the senior and junior subordinated debt balances included (i) a net unamortized discount of $451 million and $466 million, respectively, and (ii) unamortized deferred financing costs of $92 million and $95 million, respectively. The face value of our total debt was $16.35 billion and $18.27 billion at June 30, 2022 and December 31, 2021, respectively.

During the six months ended June 30, 2022, we redeemed senior notes totaling $2.39 billion, prior to maturity, for an aggregate redemption price of $2.49 billion which included second quarter redemptions of $970 million for a redemption price of $1.01 billion. Additionally, in February 2022, we redeemed our $520 million of 5.875% junior subordinated debentures due February 2057 at par. These redemptions resulted in a total pre-tax loss on extinguishment of debt of $47 million and $120 million for the three and six months ended June 30, 2022, respectively.

During the six months ended June 30, 2022, we issued $1.00 billion of 6.375% junior subordinated debentures due 2062. The interest rate on these debentures will reset on March 30, 2027, and every five years thereafter to a fixed rate equal to the 5-year Treasury Rate (as defined pursuant to the terms of the debentures) plus a spread of 3.999% from March 30, 2027, 4.249% from March 30, 2032 and 4.999% from March 30, 2047. These debentures can be called by us at par plus a make whole premium any time before March 30, 2027, or at par on March 30, 2027, or at any interest payment date thereafter.

During the six months ended June 30, 2021, we redeemed senior notes totaling $1.99 billion, prior to maturity, for an aggregate redemption price of $2.11 billion resulting in a pre-tax loss on extinguishment of debt of $128 million.

Our 6.25% junior subordinated debentures due February 2057 accrue interest at the stated fixed rates until February 28, 2027, on which date the rate will switch to a floating rate. Under the terms of the debentures the floating rate is based on three-month LIBOR plus 3.899%, reset quarterly. These debentures can be called by us at par at any time after the expiration of the fixed-rate period.

The subordination, interest deferral option and extended term of our junior subordinated debentures provide significant credit protection measures for senior creditors and, as a result of these features, the debentures received a 50% equity credit by Standard & Poor's Rating Services and Fitch Ratings Inc., and a 25% equity credit by Moody's Investors Service, Inc.

Commercial Paper

At both June 30, 2022 and December 31, 2021, we had no outstanding commercial paper borrowings.

Credit Facility

At June 30, 2022, we had a $3.50 billion revolving credit facility with a maturity in January 2025 (the "Credit Facility"). The Credit Facility is used for general corporate purposes and to support commercial paper borrowings, if any. We may, at our option, also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the Credit Facility are determined at the time of each borrowing and are generally based on either the prime rate in the U.S. or an applicable benchmark rate plus a margin (based on our senior unsecured debt rating), depending on the type and tenor of the loans entered. The benchmark rate for loans denominated in euros, sterling and yen is based on EURIBOR, SONIA and TIBOR rates, respectively. The Credit Facility has one principal financial covenant that requires our Consolidated Total Leverage Ratio to be less than 4.5x (which we may elect to increase to 5.0x for up to four consecutive quarters following a qualified acquisition) at the end of each quarter. The Consolidated Total Leverage Ratio reflects the ratio of our Consolidated Indebtedness at the end of a quarter, to our Consolidated EBITDA (each as defined in the amended credit agreement) for the trailing twelve-month period. On February 14, 2022, we amended our Credit Facility to modify the definition of the Consolidated Total Leverage Ratio in the amended credit agreement to allow unrestricted cash and cash equivalents to be netted against Consolidated Indebtedness through June 2024. We met the covenant as of June 30, 2022.

At June 30, 2022, we had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $3.50 billion.

Other Bank Borrowings

At June 30, 2022 and December 31, 2021, we had bank borrowings under Miramax's $300 million credit facility, which matures in April 2023, of $25 million and $35 million, respectively, with weighted average interest rates of 4.36% and 3.50%, respectively.

Guarantees

Letters of Credit and Surety Bonds

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. At June 30, 2022, the outstanding letters of credit and surety bonds approximated $173 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City

In connection with the sale of the CBS Television City property and sound stage operation ("CBS Television City") in 2019, we guaranteed a specified level of cash flows to be generated by the business during the first five years following the completion of the sale. Included in "Other current liabilities" and "Other liabilities" on the Consolidated Balance Sheet at June 30, 2022 is a liability totaling $51 million, reflecting the present value of the estimated amount remaining under the guarantee obligation.

Lease Guarantees

We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. These lease commitments totaled $41 million at June 30, 2022 and are presented within "Other liabilities" on the Consolidated Balance Sheet. The amount of lease commitments varies over time depending on the expiration or termination of individual underlying leases, or 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 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

In the course of our business, we both provide and receive indemnities which 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 obligation. We record a liability for our indemnification obligations and other contingent liabilities when probable and reasonably estimable.

Legal Matters

General

On an ongoing basis, we vigorously defend ourselves in numerous lawsuits and proceedings and respond to various investigations and inquiries from federal, state, local and international authorities (collectively, "litigation"). Litigation may be brought against us without merit, 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 following matters are not likely, in the aggregate, to result in a material adverse effect on our business, financial condition and results of operations.

Stockholder Matters

Litigation Relating to the Merger

Beginning on February 20, 2020, three purported CBS stockholders filed separate derivative and/or putative class action lawsuits in the Court of Chancery of the State of Delaware. On March 31, 2020, the Court consolidated the three lawsuits and appointed Bucks County Employees' Retirement Fund and International Union of Operating Engineers of Eastern Pennsylvania and Delaware as co-lead plaintiffs for the consolidated action. On April 14, 2020, the lead plaintiffs filed a Verified Consolidated Class Action and Derivative Complaint (as used in this paragraph, the "Complaint") against Shari E. Redstone, NAI, Sumner M. Redstone National Amusements Trust, members of the CBS Board of Directors (comprised of Candace K. Beinecke, Barbara M. Byrne, Gary L. Countryman, Brian Goldner, Linda M. Griego, Robert N. Klieger, Martha L. Minow, Susan Schuman, Frederick O. Terrell and Strauss Zelnick), former CBS President and Acting Chief Executive Officer Joseph Ianniello and the Company as nominal defendant. The Complaint alleges breaches of fiduciary duties to CBS stockholders in connection with the negotiation and approval of the Agreement and Plan of merger of Viacom Inc. ("Viacom") with and into CBS Corporation ("CBS") (the "Merger") dated as of August 13, 2019, as amended on October 16, 2019 (the "Merger Agreement"). The Complaint also alleges waste and unjust enrichment in connection with Mr. Ianniello's compensation. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On June 5, 2020, the defendants filed motions to dismiss. On January 27, 2021, the Court dismissed one disclosure claim, while allowing all other claims against the defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

Beginning on November 25, 2019, four purported Viacom stockholders filed separate putative class action lawsuits in the Court of Chancery of the State of Delaware. On January 23, 2020, the Court consolidated the four lawsuits. On February 6, 2020, the Court appointed California Public Employees' Retirement System ("CalPERS") as lead plaintiff for the consolidated action. On February 28, 2020, CalPERS, together with Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago and Louis M. Wilen, filed a First Amended Verified Class Action Complaint (as used in this paragraph, the "Complaint") against NAI, NAI Entertainment Holdings LLC, Shari E. Redstone, the members of the special transaction committee of the Viacom Board of Directors (comprised of Thomas J. May, Judith A. McHale, Ronald L. Nelson and Nicole Seligman) and our President and Chief Executive Officer and director, Robert M. Bakish. The Complaint alleges breaches of fiduciary duties to Viacom stockholders in connection with the negotiation and approval of the Merger Agreement. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On May 22, 2020, the defendants filed motions to dismiss. On December 29, 2020, the Court dismissed the claims against Mr. Bakish, while allowing the claims against the remaining defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

Investigation-Related Matters

As announced on August 1, 2018, the CBS Board of Directors retained two law firms to conduct a full investigation of the allegations in press reports about CBS' former Chairman of the Board, President and Chief Executive Officer, Leslie Moonves, CBS News and cultural issues at CBS. On December 17, 2018, the CBS Board of Directors announced the completion of its investigation, certain findings of the investigation and the CBS Board of Directors' determination, with respect to the termination of Mr. Moonves' employment. We have received subpoenas or requests for information from the New York County District Attorney's Office, the New York City Commission on Human Rights, the New York State Attorney General's Office and the United States Securities and Exchange Commission regarding the subject matter of this investigation and related matters, including with respect to CBS' related public disclosures. We may continue to receive additional related regulatory and investigative inquiries from these and other entities in the future. We are cooperating with these inquiries.

On August 27, 2018 and on October 1, 2018, Gene Samit and John Lantz, respectively, filed putative class action lawsuits in the United States District Court for the Southern District of New York, individually and on behalf of others similarly situated, for claims that are similar to those alleged in the amended complaint described below. On November 6, 2018, the Court entered an order consolidating the two actions. On November 30, 2018, the Court appointed Construction Laborers Pension Trust for Southern California as the lead plaintiff of the consolidated action. On February 11, 2019, the lead plaintiff filed a consolidated amended putative class action complaint against CBS, certain current and former senior executives and members of the CBS Board of Directors. The consolidated action is stated to be on behalf of purchasers of CBS Class A Common Stock and Class B Common Stock between September 26, 2016 and December 4, 2018. This action seeks to recover damages arising during this time period allegedly caused by the defendants' purported violations of the federal securities laws, including by allegedly making materially false and misleading statements or failing to disclose material information, and seeks costs and expenses as well as remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On April 12, 2019, the defendants filed motions to dismiss this action, which the Court granted in part and denied in part on January 15, 2020. With the exception of one statement made by Mr. Moonves at an industry event in November 2017, in which he allegedly was acting as the agent of CBS, all claims as to all other allegedly false and misleading statements were dismissed. We reached an agreement with the plaintiffs to settle the lawsuit. The settlement, which includes no admission of liability or wrongdoing by the Company, was granted preliminary approval by the Court on May 13, 2022. All amounts payable by the Company under the settlement will be paid by the Company's insurers.

Litigation Related to Stock Offerings

On August 13, 2021, Camelot Event Driven Fund filed a putative securities class action lawsuit in New York Supreme Court, County of New York, and on November 5, 2021, an amended complaint was filed that, among other changes, added an additional named plaintiff (the "Complaint"). The Complaint is purportedly on behalf of investors who purchased shares of the Company's Class B Common Stock and 5.75% Series A Mandatory Convertible Preferred Stock pursuant to public securities offerings completed in March 2021, and was filed against the Company, certain senior executives, members of our Board of Directors, and the underwriters involved in the offerings. The Complaint asserts violations of federal securities law and alleges that the offering documents contained material misstatements and omissions, including through an alleged failure to adequately disclose certain total return swap transactions involving Archegos Capital Management referenced to our securities and related alleged risks to the Company's stock price. On December 22, 2021, the plaintiffs filed a stipulation seeking the voluntary dismissal without prejudice of the outside director defendants from the lawsuit, which the Court subsequently ordered. On the same date, the defendants filed motions to dismiss the lawsuit, which are pending. The complaint seeks unspecified compensatory damages, as well as other relief. We believe that the claims are without merit and intend to defend against them vigorously.

Litigation Related to Television Station Owners

On September 9, 2019, the Company was added as a defendant in a multi-district putative class action lawsuit filed in the United States District Court for the Northern District of Illinois. The lawsuit was filed by parties that claim to have purchased broadcast television spot advertising beginning on or about January 1, 2014 on television stations owned by one or more of the defendant television station owners and alleges the sharing of allegedly competitively sensitive information among such television stations in alleged violation of the Sherman Antitrust Act. The action, which names the Company among fourteen total defendants, seeks monetary damages, attorneys' fees, costs and interest as well as injunctions against the allegedly unlawful conduct. On October 8, 2019, the Company and other defendants filed a motion to dismiss the matter, which was denied by the Court on November 6, 2020. We have reached an agreement in principle with the plaintiffs to settle the lawsuit. The settlement, which will include no admission of liability or wrongdoing by the Company, will be subject to Court approval.

Litigation Related to the Proposed Sale of Simon & Schuster

On November 2, 2021, the U.S. Department of Justice (the "DOJ") filed suit in the United States District Court for the District of Columbia to block our sale of the Simon & Schuster business to Penguin Random House (the "Transaction") pursuant to a Share Purchase Agreement ("Purchase Agreement"), dated November 24, 2020, between the Company, certain of its subsidiaries, Penguin Random House and Bertelsmann SE & Co. KGaA. The DOJ asserts that the sale of Simon & Schuster would reduce competition for the acquisition of titles. The Purchase Agreement contains customary representations and warranties and covenants, including commitments on the part of Penguin Random House to take all necessary steps to obtain any required regulatory approvals and to defend any litigation that would delay or prevent consummation, and also provides for a $200 million termination fee payable to the Company in certain circumstances in the event the Transaction does not close for regulatory reasons. The trial commenced on August 1, 2022 and is expected to conclude on or about August 18, 2022. We and the other defendants believe the DOJ's claims are without merit, and we intend to defend against them vigorously.

Claims Related to Former Businesses

Asbestos

We are a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. We are typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of our products is the basis of a claim. Claims against us in which a product has been identified most commonly relate to allegations of exposure to asbestos-containing insulating material used in conjunction with turbines and electrical equipment.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. We do not report as pending those claims on inactive, stayed, deferred or similar dockets that some jurisdictions have established for claimants who allege minimal or no impairment. As of June 30, 2022, we had pending approximately 26,790 asbestos claims, as compared with approximately 27,770 as of December 31, 2021. During the second quarter of 2022, we received approximately 670 new claims and closed or moved to an inactive docket approximately 640 claims. We report claims as closed when we become aware that a dismissal order has been entered by a court or when we have reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claims, the quality of evidence supporting the claims and other factors. Our total costs for the years 2021 and 2020 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $63 million and $35 million, respectively. Our costs for settlement and defense of asbestos claims may vary year to year and insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of pending claims against us are non-cancer claims. It is difficult to predict future asbestos liabilities, as events and circumstances may impact the estimate of our asbestos liabilities, including, among others, the number and types of claims and average cost to resolve such claims. We record an accrual for a loss contingency when it is both probable that a liability has been incurred and when the amount of the loss can be reasonably estimated. We believe that our accrual and insurance are sufficient to cover our asbestos liabilities. Our liability estimate is based upon many factors, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims, as well as consultation with a third party firm on trends that may impact our future asbestos liability.

Other

From time to time we receive claims from federal and state environmental regulatory agencies and other entities asserting that we are or may be liable for environmental cleanup costs and related damages principally relating to our historical and predecessor operations. In addition, from time to time we receive personal injury claims including toxic tort and product liability claims (other than asbestos) arising from our historical operations and predecessors.

Related Parties

See Note 4 to the consolidated financial statements.

Recently Adopted Accounting Pronouncements

See Note 1 to the consolidated financial statements.

Critical Accounting Policies

See Item 7, Management’s Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the year ended December 31, 2021, for a discussion of our critical accounting policies.

Cautionary Note Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements, including statements related to our future results and performance. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements reflect our current expectations concerning future results and events; generally can be identified by the use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “may,” “could,” “estimate” or other similar words or phrases; and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others: risks related to our streaming initiatives; changes in consumer behavior, as well as evolving technologies, distribution platforms and packaging; the impact on our advertising revenues as a result of changes in consumer viewership, advertising market conditions and deficiencies in audience measurement; our ability to maintain attractive brands and our reputation, and to offer popular programming and other content; increased costs for content and other rights; competition for talent, content, audiences, subscribers, advertising and distribution; the potential for loss of carriage or other reduction in or the impact of negotiations for the distribution of our content; losses due to asset impairment charges for goodwill, intangible assets, FCC licenses and programming; risks related to our ongoing investments in new businesses, products, services and technologies, through acquisitions and other strategic initiatives; evolving business continuity, cybersecurity, privacy and data protection and similar risks; content infringement; the impact of COVID-19 and other pandemics and measures taken in response thereto; domestic and global political, economic and regulatory factors affecting our businesses generally; liabilities related to discontinued operations and former businesses; the loss of existing or inability to hire new key employees or secure creative talent; strikes and other union activity; potential conflicts of interest arising from our ownership structure with a controlling stockholder; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and we do not undertake any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes to market risk since reported in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures.

Our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Securities Exchange Act of 1934, as amended.

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Note 14 to the consolidated financial statements appearing in Item 1 of Part I of this Quarterly Report on Form 10-Q under the caption "Legal Matters" is incorporated by reference herein.

Item 1A. Risk Factors.

There have been no material changes to risk factors previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Company Purchases of Equity Securities

In November 2010, we announced that our Board of Directors approved a program to repurchase $1.5 billion of our common stock in open market purchases or other types of transactions (including accelerated stock repurchases or privately negotiated transactions). Since then, various increases totaling $16.4 billion have been approved and announced, including most recently, an increase to the share repurchase program to a total availability of $6.0 billion on July 28, 2016. During the second quarter of 2022, we did not purchase any shares under our publicly announced share repurchase program, which had remaining authorization of $2.36 billion at June 30, 2022.

Item 6. Exhibits.

Exhibit No.		Description of Document
(10)		**Material Contracts**
	(a)	Form of Terms and Conditions for Performance Share Units under ViacomCBS Inc. 2009 Long-Term Incentive Plan (filed herewith).*
(31)		**Rule 13a-14(a)/15d-14(a) Certifications**
	(a)	Certification of the Chief Executive Officer of Paramount Global. pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
	(b)	Certification of the Chief Financial Officer of Paramount Global pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
(32)		**Section 1350 Certifications**
	(a)	Certification of the Chief Executive Officer of Paramount Global furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (furnished herewith).
	(b)	Certification of the Chief Financial Officer of Paramount Global furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (furnished herewith).
(101)		**Interactive Data File**
		101. INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
		101. SCH Inline XBRL Taxonomy Extension Schema.
		101. CAL Inline XBRL Taxonomy Extension Calculation Linkbase.
		101. DEF Inline XBRL Taxonomy Extension Definition Linkbase.
		101. LAB Inline XBRL Taxonomy Extension Label Linkbase.
		101. PRE Inline XBRL Taxonomy Extension Presentation Linkbase.
(104)		**Cover Page Interactive Data File** (formatted as Inline XBRL and contained in Exhibit 101).

*Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

SIGNATURES

Pursuant to the requirements 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.

PARAMOUNT GLOBAL
(Registrant)

Date: August 4, 2022

/s/ Naveen Chopra
Naveen Chopra
Executive Vice President,
Chief Financial Officer

Date: August 4, 2022

/s/ Katherine Gill-Charest
Katherine Gill-Charest
Executive Vice President, Controller and
Chief Accounting Officer

Paramount Global

<u>20[_] Terms and Conditions to the Performance Share Units</u>

Granted under the ViacomCBS Inc. 2009 Long-Term Incentive Plan

ARTICLE I
TERMS OF PERFORMANCE SHARE UNITS

Section 1.1 Grant of Performance Share Units. Paramount Global, a Delaware corporation (f/k/a ViacomCBS Inc., the "Company"), has awarded the Participant Performance Share Units (the "Performance Share Units" or "PSUs") under the ViacomCBS Inc. 2009 Long-Term Incentive Plan, as amended from time to time (the "Plan"). The PSUs have been awarded to the Participant subject to the terms and conditions contained in (A) the certificate for the grant of PSUs, dated [__], that was previously delivered to the Participant (the "Performance Share Units Certificate" or the "Certificate"), (B) the terms and conditions contained herein and (C) the Plan, the terms of which are hereby incorporated by reference (the items listed in (A), (B), and (C), collectively, the "Terms and Conditions"). A copy of the Plan and the Prospectus dated [__] has been or will be made available to the Participant on the Morgan Stanley (or its successor's) website or has been attached hereto.

Capitalized terms that are not otherwise defined herein have the meanings assigned to them in the Terms and Conditions. Performance Share Units are notional units of measurement and represent the right to receive a number of shares of the Class B Common Stock based on the Company's performance against specific pre-determined goals.

Section 1.2 Terms of Performance Share Units.

(a) PSUs shall be tied to the achievement of relative total shareholder return or "Relative TSR", as defined herein, measured over a [three][1]-year Performance Period commencing on [_] and ending [_], with the number of PSUs earned and underlying Shares delivered following the Determination Date calculated based upon the following schedule:

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[1] Insert applicable performance period

Award Schedule
• **If the Company achieves less than the 25th percentile Relative TSR, the PSUs will be forfeited**
• **If the Company achieves the 25th percentile Relative TSR, the number of Shares to be delivered under the award will be 80% of the Target Award**
• **If the Company achieves the 50th percentile Relative TSR, the number of Shares to be delivered under the award will be 100% of the Target Award**
• **If Company achieves the 75th percentile Relative TSR or greater, the number of Shares to be delivered under the award will be 120% of the Target Award**

For Relative TSR achievement at an intermediate point between the 25th and 50th percentile, or between the 50^{th} percentile and the 75^{th} percentile, the number of Shares to be delivered will be interpolated between the respective percentages of Target Award at each of the percentiles. For example, if the Company were to achieve the 60th percentile Relative TSR, 108% of the Target Award would be delivered pursuant to this Section 1.2(a). Fractional Shares shall be rounded up to the nearest whole share. Except as otherwise provided herein, the PSUs earned shall vest on the Determination Date, subject to the Participant's continuous Service with the Company from the Date of Grant through the Determination Date. Any PSUs applicable to the Performance Target(s) and Performance Period that are no longer eligible to vest (due to the failure to achieve the applicable Performance Target achievement level(s)) shall immediately be forfeited and cancelled on the Determination Date, and the Participant shall not be entitled to any compensation or other amount with respect thereto.

(b) Settlement and Delivery of Shares. Shares delivered in settlement of the Performance Share Units will be delivered to the Participant (or, in the case of the Participant's death, to the person or persons who acquired the right to receive such shares by will, the laws of descent and distribution, or beneficiary designation), net of any shares withheld for Tax-Related Items pursuant to Section 4.2, as soon as administratively practicable following the Determination Date and the Committee's certification as to the Company's Relative TSR performance for the Performance Period; *provided, however*, that in no event shall settlement occur later than March 15^{th} of the calendar year following the Determination Date. The Company will settle vested PSUs by delivering the corresponding number of shares of Class B Common Stock (subject to withholding to satisfy Tax-Related Items) to the Participant's stock plan account maintained with Morgan Stanley (or its successor as service provider to the Company's equity compensation plans). Following settlement, the Participant may direct Morgan Stanley (or its successor) to sell some or all of such shares, may leave such shares in such stock plan account or may transfer them to an account that the Participant maintains with a bank or broker by following the instructions made available to the Participant by the Company or on behalf of the Company by Morgan Stanley or its successor, as applicable.

(c) Dividend Equivalents. If the Company pays regular cash dividends on Class B Common Stock, Dividend Equivalents shall accrue on the PSUs until the PSUs are settled. The Company will credit such Dividend Equivalents when it pays the corresponding dividend on the Class B Common Stock. Accrued Dividend Equivalents will be subject to the same earning and forfeiture conditions as the underlying PSUs on which the Dividend Equivalents were accrued. Accrued Dividend Equivalents that have been credited to the Participant’s account shall be paid in cash (reduced by amounts necessary to satisfy the Tax Related Items) through payroll in a lump sum as soon as administratively practicable after the date the PSUs on which the Dividend Equivalents accrued are settled; *provided, however*, if PSUs are scheduled to be settled between a dividend record date and a dividend payment date, the Dividend Equivalents payable with respect to the PSUs on account of such dividend will be paid in a lump sum based on the dividend payment date. Notwithstanding the foregoing, in no event shall Dividend Equivalents be paid later than March 15th of the calendar year following the calendar year in which the PSUs are earned.

The decision to pay a dividend and, if so, the amount of any such dividend, is determined by the Company in its sole discretion. Accrued Dividend Equivalents will not be paid with respect to any PSUs that are cancelled. Dividend Equivalents will not be credited with any interest or other return between the date they accrue and the date they are paid to the Participant.

(d) Termination of Employment.

(1) If, at the time of a Participant’s Termination of Employment, the Participant is a party to an employment agreement with the Company or one of its Subsidiaries or is covered by a written severance arrangement for the benefit of Company employees, in either case that contains provisions different from those set forth in Section 1.2(d)(2) below, then such different provisions will control so long as they are in effect and applicable to the Participant at the time of the Participant’s Termination of Employment. Further, if any such written arrangement should provide for accelerated vesting of outstanding PSUs, then unless otherwise provided in the terms of such arrangement, such PSUs shall be deemed earned at the Target Award and settled as soon as administratively practicable following the Participant’s termination date (without requirement by the Committee to certify performance), but in no event later than March 15th of the calendar year following the Participant’s termination date. In the event that any such provision would cause the PSUs to be subject to the requirements of Section 409A, the vesting and settlement of the PSUs shall also comply with Section 4.6 hereof.

(2) Otherwise, in the event that the Participant incurs a Termination of Employment:

(A) due to the Participant's death or Permanent Disability:

1) prior to the Determination Date, then the Target Award (and all unvested Dividend Equivalents accrued thereon) will be deemed earned, certification by the Committee with respect to such PSUs shall not be required, and such PSUs will be settled as soon as administratively practicable following the Participant's termination date, but in no event later than March 15th of the calendar year following the Participant's termination date. Any PSUs in excess of the Target Award will be cancelled immediately; and

2) after the Determination Date and prior to settlement of the PSUs, the number of shares of Class B Common Stock that the Participant will receive will be the Shares determined in accordance with Section 1.2(a) and such Shares and any Dividend Equivalents accrued on the underlying PSUs will be delivered in accordance with Section 1.2(b) and Section 1.2(c), respectively.

(B) for any reason other than due to the Participant's death or Permanent Disability, then, unless otherwise determined by the Committee, the Participant shall forfeit all unearned PSUs (and all unearned Dividend Equivalents accrued thereon) as of the date of such Termination of Employment. Any PSUs that have been earned as of the date of Termination of Employment will be settled in accordance with Section 1.2(b).

ARTICLE II
EFFECT OF CERTAIN CORPORATE CHANGES

In the event of a merger, consolidation, stock split, reverse stock split, dividend, distribution, combination, reclassification, reorganization, split-up, spin-off, split-off, or recapitalization that changes the character, value, or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Committee shall make such adjustments, if any, to the number and kind of securities subject to the Performance Share Units, as it deems appropriate. The Committee may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve the benefits or potential benefits intended to be made available hereunder. Such determinations by the Committee shall be conclusive and binding on all persons for all purposes.

ARTICLE III
DEFINITIONS

As used herein, the following terms shall have the following meanings:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Certificate" shall have the meaning set forth in Section 1.1 hereof.

(c) "Class B Common Stock" shall mean shares of Class B Common Stock, par value $0.001 per share, of the Company.

(d) "Code" shall mean the U.S. Internal Revenue Code of 1986, as amended, including any successor law thereto and the rules, regulations and guidance promulgated thereunder.

(e) "Committee" shall mean the Compensation Committee of the Board (or such other committee(s) as may be appointed or designated by the Board to administer the Plan).

(f) "Company" shall mean Paramount Global, a Delaware corporation, or any successor.

(g) "Date of Grant" shall mean the grant date set forth on the Certificate.

(h) "Determination Date" means the last calendar day of the Performance Period.

(i) "Dividend Equivalent" shall mean an amount in cash equal to the regular cash dividend, if any, that would have been paid on the number of shares of Class B Common Stock underlying the PSUs.

(j) "Fair Market Value" of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the closing price on such date on the NASDAQ Global Select Market or, if different, the principal stock exchange on which the Class B Common Stock is then listed, as reported by any authoritative source selected by the Company in its discretion. If such date is not a business day on which the Fair Market Value can be determined, then the Fair Market Value shall be determined as of the last preceding business day on which the Fair Market Value can be determined.

(k) "Good Reason" has the meaning assigned to such term in the Participant's employment agreement with the Company or a Subsidiary as then in effect, if any.

(l) "Participant" shall mean the employee named in the Certificate.

(m) "Performance Share Units" shall mean notional units of measurement representing the contractual right granted to the Participant to receive shares of Class B Common Stock pursuant to this Award, subject to these Terms and Conditions.

(n) "Permanent Disability" shall have the same meaning as such term or a similar term has under the long-term disability plan or policy maintained by the Company or a Subsidiary under which the Participant has coverage and which is in effect on the date of the onset of the Participant's disability; *provided, however*, that if the Participant is not covered by a long-term disability plan or policy, then "Permanent Disability" shall have the meaning set forth in Section 22(e) of the Code.

(o) "Plan" shall mean the ViacomCBS Inc. 2009 Long-Term Incentive Plan, as may be amended from time to time.

(p) "Reference Group" means all companies whose common stock is included in the S&P 500 at the start of the Performance Period (other than (i) companies that cease to be included in the S&P 500 during the Performance Period solely due to merger, acquisition, liquidation or similar events changing the identity and nature of the company and (ii) companies that cease to be included in the S&P 500 other than on account of events described in the preceding clause (i) and which also cease to have common stock publicly traded on an exchange or on a recognized market system or the over-the-counter market).

(q) "Relative TSR" means for the Class B Common Stock and for the common stock of each company in the Reference Group, the percentage change in value (positive or negative) over the Performance Period as measured by dividing (i) the sum of (A) each company's cumulative value of dividends and other distributions in respect of its common stock for the Performance Period, assuming dividend reinvestment, and (B) the difference (positive or negative) between each company's common stock price on the first and last day of the Performance Period (calculated on the basis of the average closing prices over the 20-day trading period immediately prior to and including the first day of the Performance Period and the average closing prices over the 20-day trading period immediately prior to and including the Determination Date, in each case, as reported by Bloomberg L.P. (or such other reporting service that the Committee may designate from time to time)); by (ii) the common stock price on the first day of the Performance Period, calculated on the basis described above. Appropriate and equitable adjustments will be made to account for stock splits and reverse stock splits. Relative TSR will be determined by the Committee in a manner consistent with this definition. For purposes of computing Relative TSR, if a company has more than one class of common stock outstanding, then only the class that is included in the S&P 500 shall be taken into account, and if there is more than one such class the company's Relative TSR shall be computed using the aggregate values of and distributions on all such classes.

(r) "Shares" means the number of shares of Class B Common Stock delivered following the Determination Date based on the Award Schedule and other provisions set forth in Section 1.2 hereof.

(s) "S&P 500" means the Standard & Poor's 500 Composite Index.

(t) "Section 409A" shall mean Section 409A of the Code and the rules, regulations and guidance promulgated thereunder from time to time.

(u) "Subsidiary" shall mean a corporation or other entity with respect to which the Company owns or controls, directly or indirectly, 50% or more of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable voting power), provided that the Committee may also designate any other corporation or other entity in which the Company, directly or indirectly, has an equity or similar interest corresponding to less than 50% of such voting power as a Subsidiary for purposes of the Plan.

(v) "Target Award" means the target number of shares, subject to the Company's Relative TSR performance, reflected in the Certificate.

(w) "Tax-Related Items" means any federal, national, provincial, state, and/or local tax liability (including, but not limited to, income tax, social insurance contributions, payment on account, employment tax obligations, stamp taxes, and any other taxes) that may be due or required by law to be withheld, and/or any employer tax liability shifted to a Participant.

(x) "Termination of Employment" shall mean, for purposes of the PSUs, when a Participant is no longer an employee of the Company or any of its Subsidiaries for any reason, including, without limitation, a reduction in force, a sale or divestiture or shut-down of the business for which the Participant works, the Participant's voluntary resignation; the Participant's resignation with Good Reason (provided such right to resign for Good Reason applies to the Participant through their employment agreement); the Participant's termination with or without cause; or the Participant's retirement, death or Permanent Disability. Also, unless the Committee determines otherwise, the employment of a Participant who works for a Subsidiary shall terminate, for purposes of the PSUs, on the date on which the Participant's employing company ceases to be a Subsidiary. Further, unless the Committee determines or a Participant's employment agreement provides otherwise, a Participant's resignation in connection with the Participant's acceptance of an offer of employment with the purchaser in a sale of the Participant's employing company's assets will be a "voluntary resignation."

ARTICLE IV
MISCELLANEOUS

Section 4.1 No Rights to Awards or Continued Employment. None of the Certificate, the Plan, these terms and conditions, or any action taken in accordance with such documents shall confer upon the Participant any right to be employed by or to continue in the employment of the Company or any Subsidiary, or to be entitled to any remuneration or benefits not set forth in the Plan or the Terms and Conditions, including the right to receive any future awards under the Plan or any other plan of the Company or any Subsidiary or interfere with or limit the right of the Company or any Subsidiary to modify the terms of or terminate the Participant's employment at any time for any reason.

Section 4.2 Taxes. The Company or a Subsidiary, as appropriate, shall be entitled to deduct and withhold from any PSUs that vest and from any payment (including payment of accrued Dividend Equivalents) made with respect to the PSUs or otherwise under the Plan to the Participant, a Participant's estate or any permitted transferee or beneficiary an amount sufficient to satisfy any Tax-Related Items. The amount sufficient to satisfy the Tax-Related Items with respect to the vesting of PSUs shall be calculated by valuing the shares of Class B Common Stock on the date of vesting or such other date as determined by the Committee, in its sole discretion. Further, any shares of Class B Common Stock that are retained to satisfy the Tax-Related Items shall be valued based on the fair market value on the date that the amount sufficient to satisfy the Tax-Related Items is to be determined in accordance with the foregoing sentence.

In order to satisfy such Tax-Related Items, the Company may, in its discretion and subject to such conditions as it may determine, direct or permit, as a condition of the settlement of the PSUs, payment of the Dividend Equivalents, or delivery of any shares of Class B Common Stock, that such Tax-Related Items be satisfied by (i) withholding shares of Class B Common Stock (or in the case of Dividend Equivalents, cash) subject to the applicable PSUs; (ii) selling a portion of the shares of Class B

Common Stock subject to the applicable PSUs and using the proceeds of such sale to satisfy the applicable Tax-Related Items; (iii) payment by the Participant of an additional cash amount equal to the amount of such Tax-Related Items; (iv) delivery of Class B Common Stock already owned by the Participant having a Fair Market Value equal to the amount of such Tax-Related Items; or (v) any other means available under applicable law and the Plan that the Company, in its sole discretion, determines to be appropriate in order to satisfy the Tax-Related Items.

As a condition to receiving this grant of PSUs, the Participant has agreed to take, or to allow the Company to take, in its discretion, the foregoing actions to satisfy such Tax Related Items.

Section 4.3 Stockholder Rights: Unsecured Creditor Status. The grant of PSUs under the Terms and Conditions shall not entitle the Participant, the Participant’s estate, or any permitted transferee or beneficiary to any rights of a holder of shares of Class B Common Stock, unless, and only when, the Participant, the Participant's estate, or any permitted transferee or beneficiary, as applicable, is registered on the books and records of the Company as a stockholder with respect to the shares of Class B Common Stock underlying the PSUs (or where the shares are permitted to be held in “street” name by a broker designated by the Participant (or the Participant’s estate, permitted transferee or beneficiary, as applicable) until such broker has been so registered), and shares are delivered to such party upon settlement of the PSUs or payment of the Dividend Equivalents. Unless otherwise determined by the Committee in its discretion or as specified herein, no adjustment shall be made for dividends or distributions or other rights in respect of any shares of Class B Common Stock for which the record date is prior to the date on which the Participant, a Participant’s estate, or any permitted transferee or beneficiary (or broker of any of the foregoing, if applicable) shall become the registered or beneficial holder of such shares of Class B Common Stock. PSUs constitute unsecured and unfunded obligations of the Company. As a holder of PSUs, the Participant shall have only the rights of a general unsecured creditor of the Company.

Section 4.4 No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan, the Certificate (nor the terms set forth herein) shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.5 No Advice Regarding Award. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the shares of Class B Common Stock underlying the PSUs. The Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action in relation thereto.

Section 4.6 Section 409A. The intent of the Company is that payments and distributions under these Terms and Conditions comply with Section 409A of the Code and, accordingly, to the maximum extent permitted, these Terms and Conditions shall be interpreted to be in compliance therewith. If any provision of the Certificate (or set forth herein) contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause the Participant to be required to recognize income for United States federal income tax purposes with respect to any PSUs before such PSUs are settled or to be subject to any additional tax or interest under Section 409A, such provision may be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without the imposition of any additional tax or interest under Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Certificate shall not be applicable to PSUs that are subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

Notwithstanding anything herein to the contrary, if the Participant is deemed on the date of his or her "separation from service" (as determined by the Company pursuant to Section 409A) to be one of the Company's "specified employees" (as determined by the Company pursuant to Section 409A), then any portion of any of the Participant's PSUs that constitutes deferred compensation within the meaning of Section 409A and is payable or distributable upon the Participant's separation from service shall not be made or provided prior to the earlier of (i) the six-month anniversary of the date of the Participant's separation from service or (ii) the date of Participant's death (the "Delay Period"). All payments and distributions delayed pursuant to this Section 4.6 shall be paid or distributed to the Participant within thirty days following the end of the Delay Period, subject to the satisfaction of any Tax-Related Items, and any remaining payments and distributions due thereafter under these Terms and Conditions shall be paid or distributed in accordance with the dates specified for them herein. In no event shall the Company or any of its Subsidiaries be liable for any tax, interest or penalties that may be imposed on the Participant with respect to Section 409A.

Section 4.7 Amendment. The Committee shall have broad authority to amend the Terms and Conditions without approval of the Participant to the extent necessary or desirable (a) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (b) to ensure that the Participant is not required to recognize income for United States federal income tax purposes with respect to any PSUs before such PSUs are settled and is not subject to additional tax or interest under Section 409A with respect to any PSUs. The Committee shall not be obligated to make any such amendment, however, and neither the Committee nor the Company makes any representation or guarantee that the PSUs will not be subject to additional tax or interest under Section 409A.

Section 4.8 Interpretation. In the event of any conflict between the provisions of the Certificate or these terms and conditions (including the definitions set forth herein) and those of the Plan, the provisions of the Plan will control. Additionally, in the event of a conflict or ambiguity between the provisions of the Terms and Conditions and the provisions of any employment agreement that is in effect and applicable to the Participant with respect to the PSUs, the provisions of such employment agreement shall be deemed controlling to the extent such provisions are consistent with the provisions of the Plan and are more favorable to the Participant than the provisions of the Certificate and these terms and conditions.

Section 4.9 Breach of Covenants. In the event that (i) the Participant is party to an employment agreement or other agreement with the Company or one of its Subsidiaries containing restrictive covenants relating to non-competition, no solicitation of employees, confidential information or proprietary property, and (ii) the Committee makes a good faith determination at any time that the Participant committed a material breach of any such restrictive covenants during the Participant's employment or the one-year period after termination of the Participant's employment with the Company or a Subsidiary for any reason, then *(x)* the Participant shall be required to return to the Company all Shares received by him or her as a result of the vesting of the PSUs during the one year period prior to such breach or any time after such breach occurs, and the cash payment of related accrued Dividend Equivalents; *provided, however,* to the extent that any such Shares within the one-year period prior to such breach were sold by the Participant, the Participant shall remit to the Company any proceeds realized on the sale of such Shares, whether such sale occurred during the one year period prior to such breach or any time after such breach occurs, and (y) notwithstanding any provision of the Terms and Conditions or any other agreement between the Company and the Participant, including any agreement referenced in Section 1.2(d) hereof, under no circumstances will any unvested PSUs vest following the Committee's determination that Participant has committed a material breach.

Section 4.10 Entire Agreement. Except to the extent provided in a valid and binding employment agreement or severance agreement, the Terms and Conditions constitute the entire understanding and agreement between the Company and the Participant with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Company and the Participant with respect hereto. The express terms of the Terms and Conditions control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

Section 4.11 Governmental Regulations. The PSUs shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 4.12 Repayment / Forfeiture. Any benefits the Participant may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. SEC adopted thereunder, (ii) similar rules under the laws of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to the Participant.

Section 4.13 Headings. The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this document.

Section 4.14 Electronic Delivery and Acceptance**.** The Company may, in its sole discretion, deliver any documents related to Awards granted under the Plan and participation in the Plan, or future Awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line, electronic and/or voice activated system established and maintained by the Company or a third party designated by the Company. Further, unless the Participant declines an Award by written notice to the Company no later than 30 days following the grant date or such other date that may be communicated by the Company, the Company will automatically accept the Award, subject to all terms and conditions set forth in these Terms and Conditions, the Certificate and the Plan, on the Participant's behalf. If the Participant properly declines the Award, the Award will be cancelled and the Participant will not be entitled to any benefits from the Award nor any compensation or benefits in lieu of the cancelled Award.

Section 4.15 Severability. The provisions of this document are severable, and, if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

Section 4.16 Governing Law and Venue. These terms and conditions and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the conflict of law provisions. For purposes of litigating any dispute that arises under this PSU grant or these Terms and Conditions, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted exclusively in the courts of New York, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

Section 4.17 Waiver. The Participant acknowledges that a waiver by the Company of breach of the Terms and Conditions shall not operate or be construed as a waiver of any other provision of the Terms and Conditions, or of any subsequent breach by the Participant or any other Participant.

Section 4.18 Stock Plan Accounts. If the Participant is a Plan participant in the United States, the Company shall be entitled to access the information contained in the Participant's individual stock plan account maintained by the applicable plan administrator; *provided, however*, that the Company may not disclose individual account information to third parties (other than the plan administrator), unless required by applicable law.

Section 4.19 Restriction on Transfer. The rights of the Participant with respect to the PSUs (including any Dividend Equivalents associated with such PSUs) shall not be transferable, except by will, the laws of descent and distribution, or beneficiary designation (if permitted); *provided, however*, that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose.

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The Participant will be deemed to have agreed to all Terms and Conditions (as set forth in the Certificate, this document, and the Plan), unless the Participant provides the Company with a written notice of rejection within 30 days of receipt of the Terms and Conditions. Any such notice may be addressed to the Company at the following email address: stockplanadministrator@viacomcbs.com. If a Participant properly declines the Award, the Award will be cancelled and such Participant will not be entitled to any benefits from the Award or any compensation or benefits in lieu of the cancelled Award.

If there is a discrepancy between any information set forth on the Paramount Stock Plans webpage and the official records maintained by the Company, the official records will prevail.

Exhibit 31(a)

CERTIFICATION

I, Robert M. Bakish, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paramount Global;

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: August 4, 2022

/s/ Robert M. Bakish

Robert M. Bakish
President and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Naveen Chopra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paramount Global;

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: August 4, 2022

/s/ Naveen Chopra
Naveen Chopra
Executive Vice President, Chief Financial Officer

Exhibit 32(a)

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 Quarterly Report of Paramount Global (the “Company”) on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission (the “Report”), I, Robert M. Bakish, 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/ Robert M. Bakish
Robert M. Bakish

August 4, 2022

Exhibit 32(b)

**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 Quarterly Report of Paramount Global (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission (the "Report"), I, Naveen Chopra, 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/ Naveen Chopra
Naveen Chopra

August 4, 2022