



January 19, 2018

To Our Shareholders,

In February 2017, Viacom announced a new strategic plan to strengthen the Company's financial performance and revitalize its business. The plan emphasizes several strategic priorities: unlock the full power of our global entertainment brands; elevate our approach to content and talent; deepen our advertising and distribution partnerships; expand our digital and real-world offerings; and optimize our organization.

Viacom has aggressively executed against this strategy over the past year, stabilizing the business and establishing a strong foundation from which to grow. In fiscal 2017, we delivered improvements across a number of key financial metrics. Full-year revenues increased six percent to \$13.3 billion; adjusted operating income held steady at \$2.7 billion after decreasing 30 percent in fiscal 2016; and net earnings and diluted earnings per share increased by double-digits to \$1.9 billion and \$4.67 respectively.¹ We also upheld our ongoing commitment to a strong balance sheet, reducing debt outstanding by approximately \$2 billion since February 2017, while growing full-year operating free cash flow by more than \$300 million to \$1.5 billion, compared to a decline of over \$1 billion in 2016.²

With our base stabilized, we are focused on three growth initiatives in 2018: 1.) evolving our media business to better serve next-generation platforms and solutions; 2.) further diversifying into businesses with synergies to our traditional core; and 3.) increasing market share and margins in our core TV and film businesses to drive profitability. Success in these areas will accelerate Viacom's transformation and ensure it thrives in this quickly evolving media landscape.

As we execute this next phase of our strategy, we will build off operational improvements made in 2017, including the continued revitalization of our flagship brands: Nickelodeon, MTV, BET, Comedy Central and Paramount. Stronger ratings performances across these networks and at VH1, CMT and TV Land helped stabilize domestic advertising revenues at the close of fiscal 2017 after three years of declines. This success extended internationally as well, with all of our flagships and Channel 5, Telefe and Viacom 18 growing ratings share in the fourth quarter of fiscal 2017 – a momentous first. Viacom International Media Networks was a bright spot throughout the year, driving double-digit top-line growth and launching new channels in Europe, Southeast Asia and the Middle East, among other key markets.

At Paramount, the studio's talented new management team continues to stabilize costs and rebuild the film slate, reinvigorating it with franchise favorites like *Mission: Impossible 6* (out this summer) and new Viacom branded film projects that will come to life in 2019. Paramount Television has re-established itself as a go-to supplier of original programming, more than tripling its revenues in fiscal 2017 with breakout hits including *13 Reasons Why* and *Shooter*. 2018 will see an even bigger expression of the iconic Paramount brand, starting with this month's landmark launch of the Paramount Network, a rebrand of Spike that will focus on premium original scripted and non-scripted general entertainment.

Viacom has also recommitted itself to be the home for the world's best talent. In July 2017, we announced a cross-platform talent agreement with award-winning writer, director and actor Tyler Perry that encompasses

¹ Adjustments for results in fiscal year 2017, as well as reconciliations for non-GAAP measures, are detailed in our Fourth Quarter and Full Year 2017 Earnings Release and our Earnings Presentation, which are available at ir.viacom.com.

² *Ibid*

TV, film, short-form and digital video for BET and other Viacom networks. This multi-year partnership will bring Perry's signature brand of storytelling to audiences and reaffirms our leadership in creating and delivering bold, relevant African American entertainment content. We're also thrilled with the rapid rise of Trevor Noah at the helm of Comedy Central's *The Daily Show* – now the number-one late-night talk show with millennials. Trevor's fresh perspective and versatility is exactly what our audiences want, and we're thrilled he'll be behind the desk for years to come. Going forward, we will continue to strengthen our talent pipeline, partnering with those who can work flexibly across our brands and platforms to create compelling original content.

Our work to strengthen partnerships extends beyond talent to other areas of Viacom. Our distribution business has now expanded beyond carriage to include groundbreaking data, advanced advertising and co-production opportunities that will drive value for Viacom and our partners. In 2017, we completed deals with major distributors Altice USA and Charter Communications, among others, and have now renewed or extended multi-year agreements representing nearly half of our subscriber base – an important source of stability. Additionally, Viacom has helped to realize new, innovative forms of distribution for consumers, joining Philo and other content providers in November 2017 to announce a first-of-its-kind U.S. entertainment skinny bundle product. This marks an important first step to fill a gap in the market for low-cost, sports-free programming, and thereby generate new growth for Viacom.

Likewise, in ad sales, our strong relationships, expertise and innovative data-driven products and solutions continue to lead the competition. In 2017, Viacom partnered with Turner and Fox to launch OpenAP, the TV industry's first open platform for cross-publisher audience targeting and independent measurement that addresses advertiser demand to make audience buying easier and more transparent. OpenAP enables greater monetization of viewing for TV publishers and advertisers by helping them, plan, buy, and measure media across multiple screens and platforms.

In tandem with our distribution and ad sales businesses, we continue to grow Viacom's off-linear presence through digital and real-world offerings. Last year, Viacom piloted a series of initiatives with Japanese mobile carriers to provide ad-supported content to consumers. We are highly encouraged with these results and with the growth in digital and social consumption driven by our flagship networks. To accelerate our push into digital-native content, we launched Viacom Digital Studios in November 2017. This unit focuses on creating and expanding digital content at scale across our portfolio to grow the reach of our global brands with diverse audiences; drive engagement and innovation across platforms; and create more value for our distribution and advertising partners.

Significant opportunities also exist in our global consumer products and live events businesses, which already benefit from strong bases. To create a true scale position in the CP marketplace, we are working to further leverage our full portfolio of intellectual property across TV and film, including new and existing IP from Nickelodeon, and aim to grow partnerships with third-party IP owners. Meanwhile, strong showings at Viacom live events, including Comedy Central's Clusterfest in San Francisco and Nickelodeon's SlimeFest – launching this year in the U.S. after selling out multiple shows in five countries – doubled total attendance in 2017 to over two million people. And just last month, the stage adaptation of *SpongeBob SquarePants* opened on Broadway to rave reviews. On top of growth in events, we anticipate gains from new licensed recreation and theme park properties, which are already in the pipeline.

Viacom has made remarkable progress in the last year, with an organization that is more integrated, collaborative and efficient, and a culture re-energized to foster greater inclusion and creativity. We have the pieces in place to accelerate our momentum: culturally and commercially powerful brands that are number-one with important and coveted audiences; unrivaled diversity and depth of content; and the global infrastructure and expertise to support the largest reach of any entertainment company in the world.

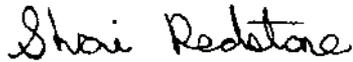
As ever, we appreciate your ongoing support and commitment to our success in this exciting new period of transformation for Viacom.



Thomas J. May
Non-Executive Chairman of the Board



Robert M. Bakish
President and Chief Executive Officer



Shari Redstone
Non-Executive Vice Chair of the Board

This letter should be read in conjunction with Viacom's 2017 Annual Report on Form 10-K, including the risk factors discussed therein.