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

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**FORM 10-Q**

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

**For the quarterly period ended December 31, 2012**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 001-32686**

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**VIACOM INC.**

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

Class of Stock	Shares Outstanding as of January 15, 2013
Class A common stock, par value \$0.001 per share	51,151,250
Class B common stock, par value \$0.001 per share	443,807,473

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**VIACOM INC.**  
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# PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

### VIACOM INC. CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

(in millions, except per share amounts)	Quarter Ended December 31,	
	2012	2011
Revenues	\$ 3,314	\$ 3,952
Expenses:		
Operating	1,763	2,185
Selling, general and administrative	697	689
Depreciation and amortization	57	62
Total expenses	2,517	2,936
Operating income	797	1,016
Interest expense, net	(110)	(105)
Equity in net earnings of investee companies	24	10
Other items, net	7	(4)
Earnings from continuing operations before provision for income taxes	718	917
Provision for income taxes	(236)	(316)
Net earnings from continuing operations	482	601
Discontinued operations, net of tax	(3)	(379)
Net earnings (Viacom and noncontrolling interests)	479	222
Net earnings attributable to noncontrolling interests	(9)	(10)
Net earnings attributable to Viacom	<u>\$ 470</u>	<u>\$ 212</u>
Amounts attributable to Viacom:		
Net earnings from continuing operations	\$ 473	\$ 591
Discontinued operations, net of tax	(3)	(379)
Net earnings attributable to Viacom	<u>\$ 470</u>	<u>\$ 212</u>
Basic earnings per share attributable to Viacom:		
Continuing operations	\$ 0.94	\$ 1.07
Discontinued operations	-	(0.68)
Net earnings	<u>\$ 0.94</u>	<u>\$ 0.39</u>
Diluted earnings per share attributable to Viacom:		
Continuing operations	\$ 0.93	\$ 1.06
Discontinued operations	(0.01)	(0.68)
Net earnings	<u>\$ 0.92</u>	<u>\$ 0.38</u>
Weighted average number of common shares outstanding:		
Basic	501.5	550.6
Diluted	509.1	557.2
Dividends declared per share of Class A and Class B common stock	\$ 0.275	\$ 0.25

See accompanying notes to Consolidated Financial Statements

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	<b>Quarter Ended December 31,</b>	
(in millions)	<b>2012</b>	<b>2011</b>
Net earnings (Viacom and noncontrolling interests)	\$ 479	\$ 222
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(18)	(43)
Defined benefit pension plans	14	2
Cash flow hedges	7	2
Available for sale securities	3	(1)
Other comprehensive income (loss) (Viacom and noncontrolling interests)	6	(40)
Comprehensive income	485	182
Less: Comprehensive income attributable to noncontrolling interests	7	10
Comprehensive income attributable to Viacom	<u>\$ 478</u>	<u>\$ 172</u>

*See accompanying notes to Consolidated Financial Statements*

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

(in millions, except par value)	December 31, 2012 (Unaudited)	September 30, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 671	\$ 848
Receivables, net	2,602	2,533
Inventory, net	797	832
Deferred tax assets, net	68	68
Prepaid and other assets	485	572
Total current assets	4,623	4,853
Property and equipment, net	1,046	1,068
Inventory, net	4,105	4,205
Goodwill	11,067	11,045
Intangibles, net	322	328
Other assets	734	751
Total assets	<u>\$ 21,897</u>	<u>\$ 22,250</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 193	\$ 255
Accrued expenses	913	943
Participants' share and residuals	1,166	989
Program rights obligations	588	569
Deferred revenue	210	230
Current portion of debt	18	18
Other liabilities	634	826
Total current liabilities	3,722	3,830
Noncurrent portion of debt	8,371	8,131
Participants' share and residuals	378	533
Program rights obligations	571	642
Deferred tax liabilities, net	70	5
Other liabilities	1,454	1,491
Redeemable noncontrolling interest	175	179
Commitments and contingencies (Note 7)		
Viacom stockholders' equity:		
Class A common stock, par value \$0.001, 375.0 authorized; 51.1 and 51.1 outstanding, respectively	-	-
Class B common stock, par value \$0.001, 5,000.0 authorized; 445.2 and 455.9 outstanding, respectively	-	1
Additional paid-in capital	8,997	8,916
Treasury stock, 280.4 and 267.1 common shares held in treasury, respectively	(11,725)	(11,025)
Retained earnings	10,149	9,820
Accumulated other comprehensive loss	(256)	(264)
Total Viacom stockholders' equity	7,165	7,448
Noncontrolling interests	(9)	(9)
Total equity	7,156	7,439
Total liabilities and equity	<u>\$ 21,897</u>	<u>\$ 22,250</u>

*See accompanying notes to Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(in millions)	Quarter Ended December 31,	
	2012	2011
<b>OPERATING ACTIVITIES</b>		
Net earnings (Viacom and noncontrolling interests)	\$ 479	\$ 222
Discontinued operations, net of tax	3	379
Net earnings from continuing operations	482	601
Reconciling items:		
Depreciation and amortization	57	62
Feature film and program amortization	1,022	1,185
Equity-based compensation	31	29
Equity in net income and distributions from investee companies	(15)	(6)
Deferred income taxes	61	(67)
Operating assets and liabilities, net of acquisitions:		
Receivables	(28)	(360)
Inventory, program rights and participations	(912)	(1,106)
Accounts payable and other current liabilities	(92)	229
Other, net	(37)	63
Discontinued operations, net	-	(3)
Cash provided by operations	569	627
<b>INVESTING ACTIVITIES</b>		
Acquisitions and investments	(10)	(8)
Capital expenditures	(36)	(28)
Net cash flow used in investing activities	(46)	(36)
<b>FINANCING ACTIVITIES</b>		
Borrowings	242	982
Debt repayments	-	(142)
Commercial paper	-	(423)
Purchase of treasury stock	(700)	(711)
Dividends paid	(277)	(141)
Excess tax benefits on equity-based compensation awards	16	-
Exercise of stock options	73	19
Other, net	(49)	(38)
Net cash flow used in financing activities	(695)	(454)
Effect of exchange rate changes on cash and cash equivalents	(5)	(11)
Net change in cash and cash equivalents	(177)	126
Cash and cash equivalents at beginning of period	848	1,021
Cash and cash equivalents at end of period	\$ 671	\$ 1,147

*See accompanying notes to Consolidated Financial Statements*

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

**NOTE 1. BASIS OF PRESENTATION**

*Description of Business*

Viacom Inc. is a leading global entertainment content company that connects with audiences through compelling content across television, motion picture, online and mobile platforms in over 160 countries and territories. Viacom operates through two reporting segments: *Media Networks*, which includes Music and Logo, Nickelodeon, Entertainment and BET Networks; and *Filmed Entertainment*. The *Media Networks* segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. The *Filmed Entertainment* segment produces, finances and distributes motion pictures and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Insurge Pictures, MTV Films and Nickelodeon Movies brands. It also acquires films for distribution and has distribution relationships with third parties. References in this document to “Viacom”, “Company”, “we”, “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

*Unaudited Interim Financial Statements*

The accompanying unaudited consolidated quarterly financial statements have been prepared on a basis consistent with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the rules of the Securities and Exchange Commission (“SEC”). In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the Company’s results of operations, financial position and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results expected for the fiscal year ending September 30, 2013 (“fiscal 2013”) or any future period. These statements should be read in conjunction with the Company’s Form 10-K for the year ended September 30, 2012, as filed with the SEC on November 15, 2012 (the “2012 Form 10-K”).

*Use of Estimates*

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

*Reclassification*

Certain prior year amounts have been reclassified to conform to the fiscal 2013 presentation.

**NOTE 2. EARNINGS PER SHARE**

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

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

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

Common Shares Outstanding and Anti-Dilutive Common Shares (in millions)	Quarter Ended December 31,	
	2012	2011
Weighted average common shares outstanding, basic	501.5	550.6
Dilutive effect of equity awards	7.6	6.6
Weighted average common shares outstanding, diluted	509.1	557.2
Anti-dilutive common shares	7.3	17.3

**NOTE 3. INVENTORY**

Inventory (in millions)	December 31, 2012	September 30, 2012
Film inventory:		
Released, net of amortization	\$ 651	\$ 612
Completed, not yet released	35	108
In process and other	684	706
Total film inventory, net of amortization	1,370	1,426
Original programming:		
Released, net of amortization	1,383	1,414
In process and other	507	506
Total original programming, net of amortization	1,890	1,920
Acquired program rights, net of amortization	1,506	1,557
Merchandise and other inventory, net of allowance of \$70 and \$74	136	134
Total inventory, net	4,902	5,037
Less current portion	(797)	(832)
Total inventory-noncurrent, net	\$ 4,105	\$ 4,205

**NOTE 4. DEBT**

Total debt of the Company consists of the following:

Debt (in millions)	December 31, 2012	September 30, 2012
Senior Notes and Debentures:		
Senior notes due September 2014, 4.375%	\$ 599	\$ 598
Senior notes due February 2015, 1.250%	599	599
Senior notes due September 2015, 4.250%	250	250
Senior notes due April 2016, 6.250%	916	916
Senior notes due December 2016, 2.500%	398	398
Senior notes due April 2017, 3.500%	497	497
Senior notes due October 2017, 6.125%	498	498
Senior notes due September 2019, 5.625%	553	553
Senior notes due March 2021, 4.500%	493	493
Senior notes due December 2021, 3.875%	591	591
Senior notes due June 2022, 3.125%	296	296
Senior debentures due April 2036, 6.875%	1,072	1,736
Senior debentures due October 2037, 6.750%	76	249
Senior debentures due February 2042, 4.500%	245	245
Senior debentures due March 2043, 4.375%	1,082	-
Capital lease and other obligations	224	230
Total debt	8,389	8,149
Less current portion	(18)	(18)
Total noncurrent portion	\$ 8,371	\$ 8,131



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

**Senior Notes and Debentures**

During the quarter ended December 31, 2012, we issued 4.375% Senior Debentures due March 2043 (the “2043 Debentures”) with an aggregate principal amount of \$250 million at a price equal to 97.755% of the principal amount. The proceeds, net of the discount and other issuance fees and expenses, were \$242 million. We also issued an additional \$1.196 billion of 2043 Debentures in exchange for a portion of our outstanding 6.875% Senior Debentures due 2036 and 6.750% Senior Debentures due 2037 totaling \$844 million. There was no gain or loss recognized as a result of the exchange.

At December 31, 2012, the total unamortized net discount related to the senior notes and debentures was \$405 million. The fair value of the Company’s senior notes and debentures was approximately \$9.495 billion at December 31, 2012. The valuation of the Company’s publicly traded debt is based on quoted prices in active markets.

**Credit Facility**

During the quarter ended December 31, 2012, we amended our revolving credit agreement, originally dated as of October 8, 2010, to, among other things, increase the amount of the credit facility from \$2.1 billion to \$2.5 billion and extend the maturity date from December 2015 to November 2017. The credit facility is used for general corporate purposes. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 0.5% to 1.5% based on our current public debt rating. The credit facility has one principal financial covenant that requires the Company’s interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which the Company met at December 31, 2012. During the quarter, our two 364-day credit facilities, which comprised an aggregate amount of \$600 million, were terminated.

There were no amounts outstanding under our credit facility as of December 31, 2012.

**NOTE 5. PENSION BENEFITS**

In November 2012, we amended our funded defined benefit pension plan to freeze future benefits effective January 1, 2013.

The amendment to freeze the funded plan resulted in a remeasurement loss of \$44 million of the pension obligation and plan assets as well as a curtailment gain of \$65 million due to the elimination of the accrual of benefits for all future services of employees. Therefore, in connection with the plan freeze, we recognized a net decrease to the benefit obligation of \$21 million, with a corresponding decrease to the unrecognized actuarial loss included within *Accumulated other comprehensive income (loss)* in the Consolidated Balance Sheet.

The components of net periodic benefit cost for the Company’s defined benefit pension plans are set forth below. The amendment reduced the net periodic costs for the funded defined benefit plan.

Net Periodic Benefit Costs (in millions)	Quarter Ended December 31,	
	2012	2011
Service cost	\$ 8	\$ 8
Interest cost	11	12
Expected return on plan assets	(11)	(9)
Recognized actuarial loss	3	4
Prior service cost	1	-
Net periodic benefit costs	<u>\$ 12</u>	<u>\$ 15</u>

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

**NOTE 6. FAIR VALUE MEASUREMENTS**

At December 31, 2012, the Company had recurring financial assets and liabilities reflected in the Consolidated Financial Statements at fair value consisting of marketable securities and derivatives. Fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end. Fair value for derivatives is determined utilizing a market-based approach.

The following table summarizes the Company's financial assets and liabilities as of December 31, 2012 and September 30, 2012:

Financial Asset (Liability) (in millions)	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>December 31, 2012</b>				
Marketable securities	\$ 75	\$ 75	\$ -	\$ -
Derivatives	(2)	-	(2)	-
Total	<u>\$ 73</u>	<u>\$ 75</u>	<u>\$ (2)</u>	<u>\$ -</u>
<b>September 30, 2012</b>				
Marketable securities	\$ 84	\$ 84	\$ -	\$ -
Derivatives	(1)	-	(1)	-
Total	<u>\$ 83</u>	<u>\$ 84</u>	<u>\$ (1)</u>	<u>\$ -</u>

The fair value of the Company's senior notes and debentures is disclosed in Note 4.

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

**Commitments**

As more fully described in Notes 3 and 15 of the 2012 Form 10-K, the Company's commitments primarily consist of programming and talent commitments, operating and capital lease arrangements and purchase obligations for goods and services. These arrangements result from the Company's normal course of business and represent obligations that may be payable over several years. Additionally, the Company is subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary. The put option expires in January 2016, and is classified as *Redeemable noncontrolling interest* in the Consolidated Balance Sheets.

**Contingencies**

The Company has certain indemnification obligations with respect to leases associated with the previously discontinued operations of Famous Players and Blockbuster Inc. In addition, Viacom has certain indemnities provided by the acquirer of Famous Players. At December 31, 2012, these lease commitments, substantially all of which relate to Famous Players, amounted to approximately \$560 million. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. The Company may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. The Company has recorded a liability of \$199 million with respect to such obligations. Based on the Company's consideration of financial information available to it, the lessees' historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees' business models, the Company believes its accrual is sufficient to meet any future obligations.

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

**Legal Matters**

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

In March 2007, the Company filed a complaint in the United States District Court for the Southern District of New York against Google Inc. ("Google") and its wholly-owned subsidiary YouTube, alleging that Google and YouTube violated and continue to violate the Company's copyrights. The Company is seeking both damages and injunctive relief. In March 2010, the Company and Google filed motions for summary judgment, and in June 2010, Google's motion was granted. In April 2012, the U.S. Court of Appeals for the Second Circuit vacated the District Court's decision and remanded the case to the District Court for further proceedings. In December 2012, Google renewed its motion for summary judgment. Briefing on the motion will be completed in the first calendar quarter of 2013 and thereafter will await decision by the District Court.

Our 2006 acquisition agreement with Harmonix Music Systems, Inc. ("Harmonix"), a developer of music-based games, including the *Rock Band* franchise, provided that to the extent financial results exceeded specific contractual targets against a defined gross profit metric for the calendar years 2007 and 2008, former Harmonix shareholders would be eligible for incremental earn-out payments. In 2008, we paid \$150 million, subject to adjustment, under this earn-out agreement. A private dispute resolution process was commenced as provided in the acquisition agreement to determine the final amount of the earn-out. On December 19, 2011, the resolution accountants in the private dispute resolution process issued their determination, finding that we owe an additional \$383 million under the agreement, as compared to the additional \$700 million sought by the former shareholders. We recorded a reserve of \$383 million in the quarter ended December 31, 2011, which is reflected in *Other liabilities—current* on the Consolidated Balance Sheets, and paid \$84 million of this amount in the quarter ended June 30, 2012, plus accrued interest of \$3 million.

On December 27, 2011, we commenced a lawsuit in the Delaware Court of Chancery to vacate the determination of the resolution accountants on the grounds that they improperly failed to consider arguments and evidence put before them. In responsive pleadings and motions, the shareholder representative has sought confirmation of the determination of the resolution accountants and has opposed our efforts to vacate that determination. Our motion to vacate the resolution accountants' decision based on the resolution accountants' determination not to consider the impact of inventory write-downs on the 2008 earn-out calculation was denied by the Delaware Chancery Court on August 9, 2012. The Court held that (i) the resolution accountants had the authority to, and did, determine what issues were and were not properly before them; (ii) there was no reason to vacate the determination under the applicable standards of the Federal Arbitration Act; and (iii) in any event, the resolution accountants made the correct decision in refusing to consider the impact of inventory write-downs on the 2008 earn-out calculation. On September 17, 2012, we appealed the decision of the Chancery Court to the Delaware Supreme Court. On September 21, 2012, the Chancery Court entered an order staying payment of the judgment pending the appeal. Oral argument on the appeal is set for February 27, 2013 before the Delaware Supreme Court.

Approximately \$13 million is being held in escrow to secure the former shareholders' indemnification obligations to us under the acquisition agreement. We believe we are entitled to all the funds being held in escrow and that we are also entitled to reduce the earn-out payment to the extent the amount the Company is entitled to recover under the former shareholders' indemnification obligations exceeds the amount held in escrow. In December 2010, the shareholder representative filed a lawsuit in the Court of Chancery for the State of Delaware seeking the release of the funds being held in escrow. The lawsuit also asserted certain other claims. In May 2011, we filed a motion to dismiss the portion of the shareholder representative's amended complaint that

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

related to the other claims as meritless, and in November 2011, the court dismissed those claims. On December 12, 2012, the Delaware Chancery Court granted the shareholder representative's motion for summary judgment on our indemnification claims; the Company is now considering whether to appeal that decision to the Delaware Supreme Court. It is also possible that the shareholder representative will now appeal the November 2011 decision dismissing its non-escrow claims.

In 2006, Paramount and DreamWorks L.L.C. (now known as DW Studios L.L.C.) entered into a Motion Picture Investment Agreement with Melrose Investors 2 LLC ("Melrose 2") in connection with the financing of a slate of up to thirty motion pictures distributed by Paramount. In late November 2011, the Melrose 2 investors filed a lawsuit in state court in Los Angeles against Paramount and DW Studios alleging breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, and unfair competition in relation to Paramount's accounting to the investors. The investors filed an amended complaint in October 2012 claiming that revenues received by Viacom and NAI as part of certain transactions were misapplied to their detriment. Paramount and DW Studios denied these allegations. In early January 2013, the parties settled the dispute. In connection with the settlement, Paramount re-acquired all of the Melrose 2 investors' remaining interests in the film slate.

On August 17, 2012, a complaint was filed in the United States District Court for the District of Delaware by a Viacom Class B stockholder against us and each member of our Board of Directors. The complaint purports to be a derivative action alleging that, between 2008 and 2011, the Company violated the terms of its 2007 Senior Executive Short-Term Incentive Plan (the "2007 Plan") by allegedly using improper subjective criteria to determine the bonuses paid to Messrs. Redstone, Dauman and Dooley in each of those years, which according to the complaint, constituted a breach of fiduciary duty by the members of the Board of Directors. The plaintiff alleges that during this period Messrs. Redstone, Dauman and Dooley were overpaid and the plaintiff seeks to recover the amount of the overpayment, plus interest, for the Company. The plaintiff also alleges that adoption of the Company's 2012 Senior Executive Short-Term Incentive Plan (the "2012 Plan") required the vote of all Viacom stockholders and not simply holders of our voting Class A common stock. Accordingly, the plaintiff seeks to enjoin any overpayment under the 2012 Plan until a new vote on that plan, which includes Class B stockholders, occurs. We believe the claim is without merit and filed a motion to dismiss on October 22, 2012. The motion will be fully briefed by late January 2013 and thereafter will await decision by the District Court.

**NOTE 8. STOCKHOLDERS' EQUITY**

The components of Stockholders' equity are as follows:

(in millions)	As of December 31, 2012			As of December 31, 2011		
	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
<b>Balance at Beginning of Period</b>	\$ 7,448	\$ (9)	\$ 7,439	\$ 8,644	\$ (11)	\$ 8,633
Net earnings	470	9	479	212	10	222
Other comprehensive income (loss) <sup>(1)</sup>	8	(2)	6	(40)	-	(40)
Noncontrolling interests	(1)	(7)	(8)	-	(10)	(10)
Dividends declared	(140)	-	(140)	(138)	-	(138)
Purchase of treasury stock	(700)	-	(700)	(700)	-	(700)
Equity-based compensation and other	80	-	80	36	-	36
<b>Balance at End of Period</b>	<b>\$ 7,165</b>	<b>\$ (9)</b>	<b>\$ 7,156</b>	<b>\$ 8,014</b>	<b>\$ (11)</b>	<b>\$ 8,003</b>

<sup>(1)</sup> The components of other comprehensive income (loss) are recorded net of tax provisions of \$6 million and \$3 million for the quarters ended December 31, 2012 and 2011, respectively.

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

**NOTE 9. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION**

Supplemental Cash Flow Information (in millions)	Quarter Ended December 31,	
	2012	2011
Cash paid for interest	\$ 155	\$ 146
Cash paid (received) for income taxes*	\$ 59	\$ (40)

\* The quarter ended December 31, 2011 includes approximately \$100 million related to a federal tax refund resulting from the carryback of capital losses against taxes previously paid on capital gains.

Redeemable Noncontrolling Interest (in millions)	Quarter Ended December 31,	
	2012	2011
<b>Beginning balance</b>	\$ 179	\$ 152
Net earnings	5	5
Distributions	(8)	(9)
Translation adjustment	(2)	-
Redemption value adjustment	1	-
<b>Ending balance</b>	<u>\$ 175</u>	<u>\$ 148</u>

**Accounts Receivable**

At December 31, 2012, there were \$353 million of noncurrent trade receivables in the *Filmed Entertainment* segment included within *Other assets* in the Company's Consolidated Balance Sheets principally related to long-term television license arrangements. Such amounts are due in accordance with the underlying terms of the respective agreements and are principally from investment grade companies with which the Company has historically done business under similar terms, for which credit loss allowances are generally not considered necessary.

**Investments in Variable Interest Entities**

At December 31, 2012 and September 30, 2012, the Company's aggregate investment carrying value in unconsolidated VIEs was \$158 million and \$143 million, respectively. The impact of the Company's unconsolidated VIEs on its Consolidated Financial Statements, including related party transactions, is further described in Note 11.

The Company's Consolidated Balance Sheets include amounts related to consolidated VIEs totaling \$80 million in assets and \$89 million in liabilities as of December 31, 2012, and \$44 million in assets and \$86 million of liabilities as of September 30, 2012. The consolidated VIEs revenues, expenses and operating income for the quarters ended December 31, 2012 and 2011 were not significant to the Company.

**Income Taxes**

We had \$12 million of discrete tax benefits recognized in the quarter ended December 31, 2012, principally reflecting the release of tax reserves with respect to certain effectively settled tax positions.

**Discontinued Operations**

Discontinued operations activity for the quarter ended December 31, 2011 principally reflects the \$383 million charge related to the earn-out dispute with the former shareholders of Harmonix, which we sold in December 2010. To the extent paid, the charge will generate a tax benefit of up to \$135 million, which will be available to offset qualifying future cash taxes.

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

**NOTE 10. REPORTING SEGMENTS**

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

The Company's measure of segment performance is adjusted operating income (loss). Adjusted operating income (loss) is defined as operating income (loss), before equity-based compensation and certain other items identified as affecting comparability, including restructuring and asset impairment, when applicable.

Revenues by Segment (in millions)	Quarter Ended December 31,	
	2012	2011
Media Networks	\$ 2,394	\$ 2,448
Filmed Entertainment	975	1,558
Eliminations	(55)	(54)
Total revenues	<u>\$ 3,314</u>	<u>\$ 3,952</u>

Adjusted Operating Income (Loss) (in millions)	Quarter Ended December 31,	
	2012	2011
Media Networks	\$ 1,030	\$ 1,129
Filmed Entertainment	(139)	(31)
Corporate expenses	(60)	(53)
Equity-based compensation	(31)	(29)
Eliminations	(3)	-
Operating income	797	1,016
Interest expense, net	(110)	(105)
Equity in net earnings of investee companies	24	10
Other items, net	7	(4)
Earnings from continuing operations before provision for income taxes	<u>\$ 718</u>	<u>\$ 917</u>

Total Assets (in millions)	December 31, 2012	September 30, 2012
Media Networks	\$ 16,498	\$ 16,401
Filmed Entertainment	5,149	5,251
Corporate/Eliminations	250	598
Total assets	<u>\$ 21,897</u>	<u>\$ 22,250</u>

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

Revenues by Component (in millions)	Quarter Ended December 31,	
	2012	2011
Advertising	\$ 1,269	\$ 1,354
Feature film	896	1,466
Affiliate fees	972	943
Ancillary	232	243
Eliminations	(55)	(54)
Total revenues	<u>\$ 3,314</u>	<u>\$ 3,952</u>

**NOTE 11. RELATED PARTY TRANSACTIONS**

National Amusements, Inc. (“NAI”), directly and through a wholly-owned subsidiary, is the controlling stockholder of both Viacom and CBS Corporation (“CBS”). Sumner M. Redstone, the controlling shareholder, Chairman and Chief Executive Officer of NAI, serves as our Executive Chairman and Founder and as the Executive Chairman and Founder of CBS. Shari Redstone, who is Sumner Redstone’s daughter, is the President and a director of NAI, and serves as non-executive Vice Chair of the Board of Directors of both Viacom and CBS. George Abrams, one of the Company’s directors, serves on the boards of both NAI and Viacom, and Frederic Salerno, another of the Company’s directors, serves on the boards of both Viacom and CBS. Philippe Dauman, the Company’s President and Chief Executive Officer, also serves on the boards of both NAI and Viacom. Transactions between Viacom and related parties are overseen by the Company’s Governance and Nominating Committee.

**Viacom and NAI Related Party Transactions**

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. During the quarters ended December 31, 2012 and 2011, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately \$4 million and \$6 million, respectively. The accounts receivable associated with the revenues was \$4 million as of December 31, 2012 and September 30, 2012.

**Viacom and CBS Corporation Related Party Transactions**

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

Paramount earns revenues and recognizes expenses associated with the distribution of certain television products into the home entertainment market on behalf of CBS. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable prior to any participation payments to CBS. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products. Additionally, the *Media Networks* segment recognizes advertising revenues from CBS.

The *Media Networks* segment purchases television programming from CBS. The cost of such purchases is initially recorded as acquired program rights inventory and amortized over the estimated period that revenues will be generated. Both of the Company’s segments recognize advertising expenses related to the placement of advertisements with CBS.

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

The following table summarizes the transactions with CBS as included in the Company's Consolidated Financial Statements:

CBS Related Party Transactions (in millions)	Quarter Ended December 31,	
	2012	2011
<b>Consolidated Statements of Earnings</b>		
Revenues	\$ 81	\$ 90
Operating expenses	\$ 98	\$ 109
<b>Consolidated Balance Sheets</b>		
	December 31, 2012	September 30, 2012
Accounts receivable	\$ 5	\$ 7
Other assets	1	1
Total due from CBS	<u>\$ 6</u>	<u>\$ 8</u>
Accounts payable	\$ 2	\$ 1
Participants' share and residuals, current	160	143
Program rights obligations, current	109	110
Program rights obligations, noncurrent	144	169
Other liabilities	24	24
Total due to CBS	<u>\$ 439</u>	<u>\$ 447</u>

**Other Related Party Transactions**

In the ordinary course of business, the Company is involved in related party transactions with equity investees, principally related to investments in unconsolidated variable interest entities ("VIEs"). These related party transactions primarily relate to the provision of advertising services, licensing of film and programming content, distribution of films and provision of certain administrative support services for which the impact on the Company's Consolidated Financial Statements is as follows:

Other Related Party Transactions (in millions)	Quarter Ended December 31,	
	2012	2011
<b>Consolidated Statements of Earnings</b>		
Revenues	\$ 36	\$ 60
Operating expenses	\$ 4	\$ 18
Selling, general and administrative	\$ (4)	\$ (4)
<b>Consolidated Balance Sheets</b>		
	December 31, 2012	September 30, 2012
Accounts receivable	\$ 117	\$ 114
Other assets	4	3
Total due from other related parties	<u>\$ 121</u>	<u>\$ 117</u>
Accounts payable	\$ 7	\$ 8
Other liabilities	18	17
Total due to other related parties	<u>\$ 25</u>	<u>\$ 25</u>

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



**Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.**

Management's discussion and analysis of results of operations and financial condition is provided as a supplement to and should be read in conjunction with the unaudited consolidated financial statements and related notes to enhance the understanding of our results of operations, financial condition and cash flows. Additional context can also be found in our Form 10-K for the fiscal year ended September 30, 2012, as filed with the Securities and Exchange Commission ("SEC") on November 15, 2012 (the "2012 Form 10-K"). References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

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

*Overview.* The overview section provides a summary of Viacom's business.

*Results of Operations.* The results of operations section provides an analysis of our results on a consolidated and reportable segment basis for the quarter ended December 31, 2012, compared to the quarter ended December 31, 2011. In addition, we provide a discussion of items that affect the comparability of our results of operations.

*Liquidity and Capital Resources.* The liquidity and capital resources section provides a discussion of our cash flows for the quarter ended December 31, 2012, compared to the quarter ended December 31, 2011, and an update on our indebtedness.

**OVERVIEW**

**Summary**

We are a leading global entertainment content company that connects with audiences through compelling content across television, motion picture, online and mobile platforms in over 160 countries and territories. With media networks reaching approximately 700 million households, Viacom's leading brands include MTV®, VH1®, CMT®, Logo®, BET®, CENTRIC®, Nickelodeon®, Nick Jr.®, TeenNick®, Nicktoons®, Nick at Nite®, COMEDY CENTRAL®, TV Land®, SPIKE®, Tr3s®, Paramount Channel™ and VIVA™, among others. Paramount Pictures® is a major global producer and distributor of filmed entertainment. Viacom operates a large portfolio of branded digital media experiences, including many of the world's most popular properties for entertainment, community and casual online gaming.

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

When applicable, we use consolidated adjusted operating income, adjusted net earnings from continuing operations attributable to Viacom and adjusted diluted earnings per share ("EPS") from continuing operations, among other measures, to evaluate our actual operating performance and for planning and forecasting of future periods. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare Viacom's results with those of other companies and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"), they should not be considered in isolation of, or as a substitute for, operating income, net earnings from continuing operations attributable to Viacom and diluted EPS as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies. For a reconciliation of our adjusted measures and discussion of the items affecting comparability refer to the section entitled "*Factors Affecting Comparability*".

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

**Media Networks**

Our *Media Networks* segment generates revenues principally in three categories: (i) the sale of advertising related to our content and marketing services, (ii) affiliate fees from cable television operators, direct-to-home satellite television operators, digital distributors, telecommunications operators and mobile networks and (iii) ancillary revenues, which include consumer products licensing, brand licensing, home entertainment sales of our programming, television syndication and casual gaming. Our advertising revenues may be affected by the strength of advertising markets and general economic conditions and may fluctuate depending on the success of our programming, as measured by viewership, at any given time. Audience measurement ratings may vary due to the timing of availability of new episodes of popular programming, success of our programming, performance of competing programs and other entertainment alternatives for viewers, as well as variations related to the methods used by third parties to measure ratings.

*Media Networks* segment expenses consist of operating expenses, selling, general and administrative ("SG&A") expenses and depreciation and amortization. Operating expenses are comprised of costs related to original and acquired programming, including programming amortization, expenses associated with the manufacturing and distribution of home entertainment products and consumer products licensing, participation fees, integrated marketing expenses and other costs of sales. SG&A expenses consist primarily of employee compensation, marketing, research and professional service fees and facility and occupancy costs. Depreciation and amortization expenses reflect depreciation of fixed assets, including transponders financed under capital leases, and amortization of finite-lived intangible assets.

**Filmed Entertainment**

Our *Filmed Entertainment* segment generates revenues worldwide principally from: (i) the theatrical release and/or distribution of motion pictures, (ii) home entertainment, which includes sales of DVDs, Blu-ray discs and other products relating to the motion pictures we release theatrically and direct-to-DVD, as well as certain other programming, including content we distribute on behalf of third parties, (iii) television and digital license fees paid worldwide by third parties for film exhibition rights during the various other distribution windows and (iv) ancillary revenues from digital license fees paid worldwide by third parties for film exhibition rights through digital distributors, providing production services to third parties, primarily at Paramount's studio lot, licensing of its brands for consumer products and theme parks, and distribution of content specifically developed for digital platforms and game distribution.

*Filmed Entertainment* segment expenses consist of operating expenses, SG&A expenses and depreciation and amortization. Operating expenses principally include the amortization of film costs of our released feature films (including participations accrued under our third-party distribution arrangements), print and advertising expenses and other distribution costs. SG&A expenses include employee compensation, facility and occupancy costs, professional service fees and other overhead costs. Depreciation and amortization expense includes depreciation of fixed assets and amortization of finite-lived intangible assets.

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

## RESULTS OF OPERATIONS

### Consolidated Results of Operations

Our summary consolidated results of operations are presented below for the quarters ended December 31, 2012 and 2011.

(in millions, except per share amounts)	Quarter Ended December 31,		Better/ (Worse)	
	2012	2011	\$	%
Revenues	\$ 3,314	\$ 3,952	\$ (638)	(16)%
Operating income	797	1,016	(219)	(22)
Net earnings from continuing operations attributable to Viacom	473	591	(118)	(20)
Adjusted net earnings from continuing operations attributable to Viacom	461	591	(130)	(22)
Diluted EPS from continuing operations	0.93	1.06	(0.13)	(12)
Adjusted diluted EPS from continuing operations	\$ 0.91	\$ 1.06	\$(0.15)	(14)%

See the section entitled “*Factors Affecting Comparability*” for a reconciliation of our adjusted measures to our reported results.

### Revenues

Worldwide revenues decreased \$638 million, or 16%, to \$3.314 billion in the quarter ended December 31, 2012, driven by declines in *Filmed Entertainment* revenues of \$583 million and *Media Networks* revenues of \$54 million. *Filmed Entertainment* revenues were driven by lower home entertainment and theatrical revenues and *Media Networks* revenues reflects lower advertising revenues, partially offset by higher affiliate fee revenues.

### Operating Income

Operating income decreased \$219 million, or 22%, to \$797 million in the quarter ended December 31, 2012. *Filmed Entertainment* generated an adjusted operating loss of \$139 million in the quarter ended December 31, 2012, compared to \$31 million in the prior year quarter. The increased operating loss reflects the number and mix of our theatrical and home entertainment releases. *Media Networks* adjusted operating income decreased \$99 million, reflecting the decrease in revenues and our continued investment in programming.

See the section entitled “*Segment Results of Operations*” for a more in-depth discussion of the revenues, expenses and adjusted operating income (loss) for each of the *Media Networks* and *Filmed Entertainment* segments.

### Net Earnings from Continuing Operations Attributable to Viacom

Adjusted net earnings from continuing operations attributable to Viacom decreased \$130 million, or 22%, to \$461 million in the quarter ended December 31, 2012, principally due to the decrease in tax-effected operating income described above. Our effective income tax rate was 34.5% in both periods, excluding the impact of discrete taxes. Including the impact of the current quarter discrete taxes, net earnings from continuing operations attributable to Viacom decreased \$118 million, or 20%.

Adjusted diluted EPS from continuing operations decreased \$0.15 per diluted share to \$0.91 in the quarter ended December 31, 2012, reflecting the decrease in adjusted net earnings from continuing operations, partially offset by fewer outstanding shares. Including the impact of the current quarter discrete tax benefits, diluted EPS from continuing operations decreased \$0.13 per diluted share to \$0.93.

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

### Discontinued Operations, Net of Tax

The \$379 million net loss from discontinued operations for the quarter ended December 31, 2011, reflects a \$383 million charge related to the earn-out dispute with the former shareholders of Harmonix, which we sold in December 2010.

### Segment Results of Operations

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

### Media Networks

(in millions)	Quarter Ended December 31,		Better/(Worse)	
	2012	2011	\$	%
<b>Revenues by Component</b>				
Advertising	\$ 1,269	\$ 1,354	\$ (85)	(6)%
Affiliate fees	972	943	29	3
Ancillary	153	151	2	1
Total revenues by component	<u>\$ 2,394</u>	<u>\$ 2,448</u>	<u>\$ (54)</u>	<u>(2)%</u>
<b>Expenses</b>				
Operating	\$ 833	\$ 782	\$ (51)	(7)%
Selling, general and administrative	497	498	1	-
Depreciation and amortization	34	39	5	13
Total expenses	<u>\$ 1,364</u>	<u>\$ 1,319</u>	<u>\$ (45)</u>	<u>(3)%</u>
<b>Adjusted Operating Income</b>	<u>\$ 1,030</u>	<u>\$ 1,129</u>	<u>\$ (99)</u>	<u>(9)%</u>

### Revenues

Worldwide revenues decreased \$54 million, or 2%, to \$2.394 billion in the quarter ended December 31, 2012, driven by lower advertising revenues, partially offset by higher affiliate fees. Domestic revenues were \$2.010 billion, a decrease of \$33 million, or 2%. International revenues were \$384 million, a decrease of \$21 million, or 5%, with 1 percentage point of the decline resulting from foreign exchange.

#### Advertising

Worldwide advertising revenues decreased \$85 million, or 6%, to \$1.269 billion in the quarter ended December 31, 2012. Domestic advertising revenues decreased 6% due to a decline in average unit pricing driven by the effect of lower ratings. International advertising revenues decreased 10%, including lower revenues from certain production and promotional events, with 1 percentage point of the decline resulting from foreign exchange.

#### Affiliate Fees

Worldwide affiliate fees increased \$29 million, or 3%, to \$972 million in the quarter ended December 31, 2012. Both domestic and worldwide growth were partially offset by lower revenues from digital distribution arrangements due to the timing of available programming compared to the prior year quarter. Domestic affiliate revenues increased 4%. Excluding the impact of digital distribution arrangements, the domestic affiliate revenue growth rate was in the low-double digits, principally reflecting rate increases. International affiliate revenues increased 1%.

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

### *Ancillary*

Ancillary revenues increased \$2 million, or 1%, to \$153 million in the quarter ended December 31, 2012.

### **Expenses**

Total expenses increased \$45 million, or 3%, to \$1.364 billion in the quarter ended December 31, 2012, reflecting higher operating expenses.

### *Operating*

Operating expenses increased \$51 million, or 7%, to \$833 million in the quarter ended December 31, 2012. Programming costs increased \$58 million, or 8%, in the quarter, principally reflecting expenses associated with our continuing investment in programming, which was partially offset by a decline in distribution and other expenses.

### *Selling, General and Administrative*

SG&A expenses were relatively flat at \$497 million in the quarter ended December 31, 2012.

### *Depreciation and Amortization*

Depreciation and amortization decreased \$5 million, or 13%, to \$34 million in the quarter ended December 31, 2012, principally resulting from lower depreciation expense associated with assets under capital leases.

### **Adjusted Operating Income**

Adjusted operating income decreased \$99 million, or 9%, to \$1.030 billion in the quarter ended December 31, 2012, reflecting the decrease in advertising revenues, the timing of available programming under digital distribution arrangements and our continued investment in programming.

### *Filmed Entertainment*

(in millions)	Quarter Ended December 31,		Better/(Worse)	
	2012	2011	\$	%
<b>Revenues by Component</b>				
Theatrical	\$ 328	\$ 570	\$ (242)	(42)%
Home entertainment	341	598	(257)	(43)
Television license fees	227	298	(71)	(24)
Ancillary	79	92	(13)	(14)
Total revenues by component	<u>\$ 975</u>	<u>\$ 1,558</u>	<u>\$ (583)</u>	<u>(37)%</u>
<b>Expenses</b>				
Operating	\$ 982	\$ 1,457	\$ 475	33 %
Selling, general & administrative	110	110	-	-
Depreciation & amortization	22	22	-	-
Total expenses	<u>\$ 1,114</u>	<u>\$ 1,589</u>	<u>\$ 475</u>	<u>30 %</u>
<b>Adjusted Operating Loss</b>	<u>\$ (139)</u>	<u>\$ (31)</u>	<u>\$ (108)</u>	NM

NM—Not Meaningful

### **Revenues**

Worldwide revenues decreased \$583 million, or 37%, to \$975 million in the quarter ended December 31, 2012. Domestic revenues were \$443 million, a decrease of 35%, and international revenues were \$532 million, a decrease of 40%.

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

*Theatrical*

Worldwide theatrical revenues decreased \$242 million, or 42%, to \$328 million in the quarter ended December 31, 2012. Revenues from our current quarter releases were \$271 million lower than the prior year quarter, principally reflecting the difficult comparison against the prior year release of *Mission Impossible – Ghost Protocol*, as well as lower performance from DreamWorks Animation's *Rise of the Guardians* this quarter compared to *Puss in Boots* in the prior year quarter. During the quarter, we released eight films, including *Rise of the Guardians*, *Paranormal Activity 4*, *Flight* and *Jack Reacher*. We also released eight films in the prior year quarter. The decline in revenues from our current quarter releases was partially offset by higher carryover revenues of \$29 million, principally attributable to the prior period release of DreamWorks Animation's *Madagascar 3: Europe's Most Wanted*. Domestic and international theatrical revenues decreased 40% and 45%, respectively.

*Home Entertainment*

Worldwide home entertainment revenues decreased \$257 million, or 43%, to \$341 million in the quarter ended December 31, 2012. Revenues from our current quarter releases were \$129 million lower than the prior year quarter due to the number of titles released. During the quarter, we released one title, *Madagascar 3: Europe's Most Wanted*. In the prior year quarter, we released four titles, including Marvel's *Captain America: The First Avenger*, DreamWorks Animation's *Kung Fu Panda 2* and *Super 8*. The decline in revenues also reflects lower carryover revenues of \$128 million principally attributable to the prior period release of *Transformers: Dark of the Moon*. Domestic and international home entertainment revenues decreased 39% and 47%, respectively.

*Television License Fees*

Television license fees decreased \$71 million, or 24%, to \$227 million in the quarter ended December 31, 2012, driven by the number and mix of available titles.

*Ancillary*

Ancillary revenues decreased \$13 million, or 14%, to \$79 million in the quarter ended December 31, 2012, driven by lower merchandising revenues reflecting *Transformers: Dark of the Moon* merchandise sales in the prior year quarter.

**Expenses**

Total expenses decreased \$475 million, or 30%, to \$1.114 billion in the quarter ended December 31, 2012, driven by a decrease in operating expenses.

*Operating*

Operating expenses decreased \$475 million, or 33%, to \$982 million in the quarter ended December 31, 2012, principally due to the number and mix of our theatrical and home entertainment releases. Film costs decreased \$232 million, or 36%, and distribution and other costs, principally print and advertising expenses, decreased \$243 million, or 30%.

*Selling, General and Administrative*

SG&A expenses were flat at \$110 million in the quarter ended December 31, 2012.

**Adjusted Operating Loss**

The adjusted operating loss was \$139 million in the quarter ended December 31, 2012 compared to \$31 million in the prior year quarter. The generation of an operating loss in each quarter principally reflects the impact of print and advertising expenses associated with theatrical releases in the period. The increased loss in the current quarter is due to lower home entertainment profits as a result of fewer current release titles and less carryover revenues, and also reflects the timing and overall performance of our current quarter theatrical releases.

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

**Factors Affecting Comparability**

The consolidated financial statements as of and for the quarter ended December 31, 2012 reflect our results of operations, financial position and cash flows reported in accordance with GAAP. Results for the aforementioned period, as discussed in the section entitled "Overview", has been affected by certain items identified as affecting comparability. Accordingly, when applicable, we use adjusted measures to evaluate our actual operating performance.

The following table reconciles our adjusted measures to our reported results for the quarter ended December 31, 2012.

	Quarter Ended December 31, 2012			
(in millions, except per share amounts)	Operating Income	Pre-tax Earnings from Continuing Operations <sup>(1)</sup>	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results	\$ 797	\$ 718	\$ 473	\$ 0.93
Factors Affecting Comparability:				
Discrete tax benefits	-	-	(12)	(0.02)
Adjusted results	<u>\$ 797</u>	<u>\$ 718</u>	<u>\$ 461</u>	<u>\$ 0.91</u>

<sup>(1)</sup> Pre-tax earnings from continuing operations represent earnings before provision for income taxes.

**Discrete Tax Items**

In the quarter ended December 31, 2012, our effective income tax rate was 34.5%, excluding the impact of discrete items. Discrete tax benefits of \$12 million contributed 1.6 percentage points of tax benefit in the quarter, which reconciles to the reported effective rate of 32.9%. The benefits recognized in the quarter principally reflect the release of tax reserves with respect to certain effectively settled tax positions.

**LIQUIDITY AND CAPITAL RESOURCES**

**Liquidity**

**Sources and Uses of Cash**

Our primary source of liquidity is cash provided through the operations of our businesses. Our principal uses of cash in operations include the creation of new programming and film content, acquisitions of third-party content, and interest and income tax payments. We also use cash for capital expenditures, acquisitions of businesses, quarterly cash dividends and discretionary share repurchases under our stock repurchase program, as deemed appropriate. Our cash flows from operations, together with our credit facility, provide us with adequate resources to fund our anticipated ongoing cash requirements.

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

**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

**Cash Flows**

Cash and cash equivalents decreased by \$177 million in the quarter ended December 31, 2012.

*Operating Activities*

Cash provided by operations was \$569 million for the quarter ended December 31, 2012, a decrease of \$58 million compared with the same period in 2011. The decrease reflects lower operating results and higher tax payments, partially offset by favorable working capital utilization.

*Investing Activities*

Cash used in investing activities was \$46 million for the quarter ended December 31, 2012, compared with \$36 million in the quarter ended December 31, 2011, primarily reflecting higher capital expenditures.

*Financing Activities*

Cash used in financing activities was \$695 million for the quarter ended December 31, 2012, compared with \$454 million in the same period in 2011.

Net cash used in the quarter was primarily driven by share repurchases of \$700 million and two dividend payments totaling \$277 million, partially offset by net proceeds of \$242 million from the issuance of senior debentures with an aggregate face value of \$250 million.

Net cash used in the prior year quarter was primarily driven by share repurchases of \$711 million and a dividend payment of \$141 million, partially offset by net proceeds of \$417 million from the issuance of debt, net of repayments.

During the quarter, we repurchased 13.3 million shares. From January 1, 2013 through January 30, 2013, we repurchased an additional 2.6 million shares for an aggregate purchase price of \$150 million. As of January 30, 2013, we had \$3.850 billion remaining in our \$10.0 billion stock repurchase program. The remaining share repurchases under the program are expected to be funded through a combination of cash generated by operations, borrowings under our credit facility and external financing, as deemed appropriate.

**Capital Resources**

**Capital Structure and Debt**

At December 31, 2012, total debt was \$8.389 billion, an increase of \$240 million from \$8.149 billion at September 30, 2012, due to the issuance of \$250 million of Senior Debentures due March 2043 as described below. We used the net proceeds from the issuance for general corporate purposes, including the repurchase of shares under our stock repurchase program.

During the quarter ended December 31, 2012, we issued 4.375% Senior Debentures due March 2043 (the "2043 Debentures") with an aggregate principal amount of \$250 million at a price equal to 97.755% of the principal amount. The proceeds, net of the discount and other issuance fees and expenses, were \$242 million. We also issued an additional \$1.196 billion of 2043 Debentures in exchange for a portion of our outstanding 6.875% Senior Debentures due 2036 and 6.750% Senior Debentures due 2037 totaling \$844 million. There was no gain or loss recognized as a result of the exchange.

**Credit Facility**

During the quarter ended December 31, 2012, we amended our revolving credit agreement originally dated as of October 8, 2010, to, among other things, increase the amount of the credit facility from \$2.1 billion to \$2.5 billion and extend the maturity date from December 2015 to November 2017. The credit facility is used for



**Management's Discussion and Analysis  
of Results of Operations and Financial Condition  
(continued)**

general corporate purposes. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 0.5% to 1.5% based on our current public debt rating. The credit facility has one principal financial covenant that requires the Company's interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which the Company met at December 31, 2012. During the quarter, our two 364-day credit facilities, which comprised an aggregate amount of \$600 million, were terminated.

At December 31, 2012, there were no amounts outstanding under our credit facility.

***Commitments and Contingencies***

**Legal Matters**

Litigation is inherently uncertain and always difficult to predict. However, based on the Company's understanding and evaluation of the relevant facts and circumstances, the Company believes that the legal matters described herein and other litigation to which the Company is a party are not likely, in the aggregate, to have a material adverse effect on its results of continuing operations, financial position or operating cash flows. For additional information, see Note 7 to the Consolidated Financial Statements.

**OTHER MATTERS**

***Related Parties***

In the ordinary course of business we enter into transactions with related parties, including National Amusements, Inc., CBS Corporation, their respective subsidiaries and affiliates, and companies that we account for under the equity method of accounting. For additional information, see Note 11 to the Consolidated Financial Statements.

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This quarterly report on Form 10-Q, including "Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause actual results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: the public acceptance of our programs, motion pictures and other entertainment content on the various platforms on which they are distributed; technological developments and their effect in our markets and on consumer behavior; competition for audiences and distribution; the impact of piracy; economic conditions generally, and in advertising and retail markets in particular; fluctuations in our results due to the timing, mix and availability of our motion pictures and other programming; changes in the Federal communications laws and regulations; other domestic and global economic, business, competitive and/or regulatory factors affecting our businesses generally; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2012 Form 10-K and reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

We are exposed to the impact of interest rate changes, foreign currency fluctuations and changes in the market value of investments. In the ordinary course of business, we may employ established and prudent policies and procedures to manage our exposure principally to changes in interest rates and foreign exchange risks. The objective of such policies and procedures is to manage exposure to market risks in order to minimize the impact on earnings and cash flows. We do not enter into financial instrument transactions for speculative purposes.

**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 (“Exchange Act”)) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act.

As disclosed in the 2012 Form 10-K, we continued our global business transformation initiative to integrate and upgrade our systems and processes.

**PART II – OTHER INFORMATION****Item 1. Legal Proceedings.**

Since our 2012 Form 10-K, there have been no material developments in the material legal proceedings in which we are involved, except as set forth in Note 7 to the Consolidated Financial Statements included elsewhere in this report.

**Item 1A. Risk Factors.**

A wide range of risks may affect our business and financial results, now and in the future. We consider the risks described in our 2012 Form 10-K to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

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

The following table provides information about our purchases of Viacom Class B common stock during the quarter ended December 31, 2012 under our stock repurchase program.

	Total Number of Shares Purchased (thousands)	Average Price Paid per Share (dollars)	Approximate Dollar Value of Shares that May Yet Be Purchased Under Program (millions)
<b>Open Market Purchases</b>			
Month ended October 31, 2012	4,041	\$ 54.45	\$ 4,480
Month ended November 30, 2012	4,295	\$ 50.52	\$ 4,263
Month ended December 31, 2012	4,961	\$ 53.01	\$ 4,000

**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
4.1	Twelfth Supplemental Indenture, dated as of November 26, 2012, between Viacom Inc. and The Bank of New York Mellon, as Trustee (including forms of Senior Debentures) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed November 30, 2012) (File No. 001-32686).
4.2	Registration Rights Agreement, dated as of November 26, 2012, among Viacom Inc. and the initial purchasers named therein (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Viacom Inc. filed November 30, 2012) (File No. 001-32686).
4.3	Thirteenth Supplemental Indenture, dated as of December 4, 2012, between Viacom Inc. and The Bank of New York Mellon, as Trustee (including forms of Senior Debentures) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).
4.4	Fourteenth Supplemental Indenture, dated as of December 17, 2012, between Viacom Inc. and The Bank of New York Mellon, as Trustee (including forms of Senior Debentures) (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).
4.5	Registration Rights Agreement, dated as of December 4, 2012, among Viacom Inc. and the dealer managers named therein (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).
10.1*	Second Amendment, dated as of November 9, 2012, to the Credit Agreement, dated as of October 8, 2010, as amended on December 2, 2011, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents.
10.2*	Amendment No. 1 to Viacom Inc. 2011 Stock Option Plan for Outside Directors.
10.3*	Amendment No. 1 to Viacom Inc. 2011 RSU Plan for Outside Directors.
10.4*	Employment Agreement between Viacom Inc. and Wade Davis, dated as of November 27, 2012.
31.1*	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

\* Filed herewith

## 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.

**VIACOM INC.**

Date: January 31, 2013

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

Date: January 31, 2013

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

SECOND AMENDMENT  
TO  
CREDIT AGREEMENT  
Viacom Inc.

SECOND AMENDMENT dated as of November 9, 2012 (this "Amendment") to the Credit Agreement, entered into as of October 8, 2010, as amended on December 2, 2011 (and as further amended from time to time, the "Credit Agreement"), by and among VIACOM INC., a Delaware corporation, ("Viacom"); each Subsidiary Borrower (as therein defined); the lenders party thereto (the "Lenders"); JPMORGAN CHASE BANK, N.A., a national banking association, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"); CITIBANK, N.A., a national banking association, and BANK OF AMERICA N.A., a national banking association, as syndication agents for the Lenders (in such capacity, the "Syndication Agents"); DEUTSCHE BANK SECURITIES INC., MORGAN STANLEY MUFG LOAN PARTNERS, LLC, THE ROYAL BANK OF SCOTLAND PLC and WELLS FARGO BANK, N.A., as documentation agents for the Lenders (in such capacity, the "Documentation Agents"); and J.P. MORGAN SECURITIES LLC, CITIGROUP GLOBAL MARKETS INC., and BANC OF AMERICA SECURITIES LLC as joint lead arrangers and joint bookrunners. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

RECITALS

WHEREAS, the Borrowers and the Lenders desire to make certain modifications to the Credit Agreement as provided herein;

NOW THEREFORE, in consideration of the premises and the agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Amendments to Credit Agreement.

(a) The first "WHEREAS" clause of the recitals to the Credit Agreement is hereby amended by (i) deleting the words, "(including, without limitation, acquisitions and commercial paper backup)" therein and (ii) replacing the number "2.10" therein with the number "2.50".

(b) The definition of "*Administrative Agent Fee Letter*" in Section 1.1 of the Credit Agreement is amended by changing the date referred to therein to "October 15, 2012".

(c) The definition of "*Revolving Credit Maturity Date*" in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"*Revolving Credit Maturity Date*" shall mean November 9, 2017.

(d) Section 2.13(d) of the Credit Agreement is hereby amended by replacing the number “\$3,000,000,000” therein with the number “\$3,500,000,000”.

(e) Section 2.15 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

Section 2.15. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision herein, if after the Closing Date any change in applicable law or regulation (including any change in the reserve percentages provided for in Regulation D) or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurocurrency Loan or Absolute Rate Loan made by such Lender (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office (or in which it holds any Eurocurrency Loan or Absolute Rate Loan) or by any political subdivision or taxing authority therein and other than taxes that would not have been imposed but for the failure of such Lender to comply with applicable certification, information, documentation or other reporting requirements), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender, or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurocurrency Loan or Absolute Rate Loan made by such Lender (including any assessment or charge on or with respect to the Commitments, Loans, deposits or liabilities incurred to fund Loans, assets consisting of Loans (but not unrelated assets) or capital attributable to the foregoing), and the result of any of the foregoing shall be to increase the cost to such Lender of maintaining its Commitment or making or maintaining any Eurocurrency Loan or Absolute Rate Loan or Letter of Credit or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) in respect of any Eurocurrency Loan or Absolute Rate Loan or Letter of Credit by an amount deemed by such Lender to be material, then the relevant Borrower agrees to pay to such Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if the change giving rise to such request shall, or in good faith should, have been taken into account in formulating the Competitive Bid pursuant to which such Competitive Loan shall have been made.

(b) If any Lender or any Issuing Lender shall have determined that the adoption after the Closing Date of any law, rule, regulation or guideline regarding capital adequacy or liquidity, or any change in any law, rule, regulation or guideline regarding capital adequacy or liquidity, or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or Issuing Lender or any Lender's or Issuing Lender's holding company with any request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender or the LC Exposure of such Lender or Letters of Credit issued by such Issuing Lender pursuant hereto to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy and liquidity) by an amount deemed by such Lender or Issuing Lender to be material, then from time to time the relevant Borrower agrees to pay to such Lender or Issuing Lender as provided in paragraph (c) below such additional amount or amounts as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender or Issuing Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or Issuing Lender as specified in paragraph (a) or (b) above, as the case may be, and the basis therefor in reasonable detail shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. The relevant Borrower shall pay each Lender or Issuing Lender the amount shown as due on any such certificate within 30 days after its receipt of the same. Upon the receipt of any such certificate, the relevant Borrower shall be entitled, in its sole discretion, if any requested Loan has not been made, to cancel its acceptance of the relevant Competitive Bids or to cancel the Competitive Bid Request relating thereto, subject to Section 2.16.

(d) Except as provided in this paragraph, failure on the part of any Lender or Issuing Lender to demand compensation for any increased costs or reduction in amounts received or

receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's or Issuing Lender's right to demand compensation with respect to any other period. The protection of this Section 2.15 shall be available to each Lender and Issuing Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed so long as it shall be customary for Lenders or Issuing Lenders affected thereby to comply therewith. No Lender or Issuing Lender shall be entitled to compensation under this Section 2.15 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the relevant Borrower that it will demand compensation for such costs or reductions under paragraph (c) above not more than 90 days after the later of (i) such date and (ii) the date on which it shall have become aware of such costs or reductions. Notwithstanding any other provision of this Section 2.15, no Lender or Issuing Lender shall demand compensation for any increased cost or reduction referred to above if it shall not at the time be the general policy or practice of such Lender or Issuing Lender (as the case may be) to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any. In the event any Borrower shall reimburse any Lender or Issuing Lender pursuant to this Section 2.15 for any cost and such Lender or Issuing Lender (as the case may be) shall subsequently receive a refund in respect thereof, such Lender or Issuing Lender (as the case may be) shall so notify such Borrower and, upon its request, will pay to such Borrower the portion of such refund which such Lender or Issuing Lender (as the case may be) shall determine in good faith to be allocable to the cost so reimbursed. The covenants contained in this Section 2.15 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(e) For purposes hereof, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy or liquidity promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be changes in law or regulation referred to in paragraphs (a) and (b) of this Section after the Closing Date, regardless of the date enacted, adopted, promulgated or issued.



(f) Article III of the Credit Agreement is hereby amended by (a) replacing each reference therein to “December 31, 2009” with a reference to “September 30, 2011”, (b) replacing each reference therein to “June 30, 2010” with a reference to “June 30, 2012” and (c) replacing each reference therein to “six-month period” with a reference to “nine-month period”.

(g) Section 5.8 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

Section 5.8. *Use of Proceeds*. On and after the Effective Date, each Borrower will use the proceeds of the Loans and will use the Letters of Credit hereunder solely for general corporate purposes (in each case in compliance with all applicable legal and regulatory requirements, including, without limitation, Regulation U and the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the regulations thereunder); *provided*, that neither any Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

(h) Section 9.4(g) of the Credit Agreement is amended by inserting the following immediately after “shall execute a Confidentiality Agreement”:  
“(or enter into confidentiality undertakings substantially similar to those in Exhibit D hereto)”.

(i) Schedule 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with Schedule 1.1 hereto.

(j) Annex I to the Credit Agreement is hereby deleted in its entirety and replaced with Annex I hereto (and the pricing set forth therein shall be effective from and including the Amendment Effective Date).

(k) Upon the effectiveness of this Amendment as provided in Section 4 below, (i) the Commitment of each Lender that is not listed on Schedule 1.1 hereto shall be terminated and each such Lender shall cease to have a Commitment under the Credit Agreement and (ii) each financial institution becoming party hereto as a Lender, to the extent not already a Lender under the Credit Agreement, shall become a party to the Credit Agreement as amended hereby and a Lender thereunder and shall be bound by the provisions of the Credit Agreement as amended hereby and have the rights and obligations of a Lender thereunder.

SECTION 2. Representations and Warranties. (a) Viacom hereby represents and warrants to the Administrative Agent and the Lenders that (i) this Amendment has been duly executed and delivered by Viacom and constitutes a legal, valid and binding obligation of Viacom, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other laws affecting creditors’ rights generally, concepts of reasonableness and general principles of equity, regardless of whether considered in a proceeding in equity or at law, (ii) the representations and warranties of Viacom set forth in the Credit Agreement (as amended by this Amendment) or contained in any certificate furnished by or on behalf of Viacom pursuant to or in connection with the Credit Agreement are true and correct in all material respects on and as of the date hereof with the same

effect as if made on the date hereof, except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date and (iii) on and as of the Amendment Effective Date (as defined below) no Default or Event of Default has occurred and is continuing.

(b) Each Lender party hereto hereby represents and warrants to Viacom that it is duly authorized to enter into this Amendment and, to the extent not already a Lender under the Credit Agreement, the Credit Agreement.

SECTION 3. Credit Agreement in Full Force and Effect as Amended. Except as specifically stated herein, all of the terms and conditions of the Credit Agreement shall remain in full force and effect and are hereby in all respects ratified and confirmed. All references in the Credit Agreement to “hereunder”, “hereof”, “herein”, or words of like import, and all references to the “Credit Agreement” in any other document or instrument, shall be deemed to mean the Credit Agreement, as amended by this Amendment. This Amendment shall not constitute a novation of the Credit Agreement, but shall constitute an amendment thereto. The parties hereto agree to be bound by the terms and obligations of the Credit Agreement, as amended by this Amendment, as though the terms and obligations of this Credit Agreement were set forth herein. Nothing herein shall be deemed to entitle Viacom to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement as amended hereby in similar or different circumstances.

SECTION 4. Effectiveness. The amendments provided for by this Amendment shall become effective, as of the date first above written, on the date (the “Amendment Effective Date”) on which the Administrative Agent shall have received:

(a) duly executed counterparts hereof that, when taken together, bear the authorized signatures of the Administrative Agent, Viacom, each of the Lenders party hereto and each other financial institution becoming a party hereto as a Lender;

(b) a Closing Certificate, substantially in the form of Exhibit E to the Credit Agreement, of Viacom, dated the Amendment Effective Date, with appropriate insertions and attachments; and

(c) an opinion of the general counsel of Viacom, dated the Amendment Effective Date, in form and substance satisfactory to the Administrative Agent.

SECTION 5. Counterparts. This Amendment may be executed in any number of counterparts and by separate parties hereto on separate counterparts, each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging shall be as effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. APPLICABLE LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date hereof.

VIACOM INC.

By: /s/ George S. Nelson  
Name: George S. (Toby) Nelson  
Title: Senior Vice President and Treasurer

JPMORGAN CHASE BANK, N.A., as Administrative Agent  
for the Lenders and as a Lender

By: /s/ Tina Ruyter  
Name: Tina Ruyter  
Title: Executive Director

CITIBANK, N.A., as Syndication Agent and as a Lender

By: /s/ Elizabeth M. Gonzalez  
Name: Elizabeth M. Gonzalez  
Title: VP & MD

BANK OF AMERICA, N.A., as Syndication Agent and as a  
Lender

By: /s/ Jay D. Marquis  
Name: Jay D. Marquis  
Title: Director

[Signature Page to the Second Amendment to the Viacom Inc. Credit Agreement]

DEUTSCHE BANK SECURITIES INC., as Documentation Agent

By: /s/ R. Scott Flieger  
Name: R. Scott Flieger  
Title: Managing Director | COO CMTS North America  
Deutsche Bank Securities Inc.

By: /s/ Andreas Neumeier  
Name: Andreas Neumeier  
Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ R. Scott Flieger  
Name: R. Scott Flieger  
Title: Managing Director | COO CMTS North America  
Deutsche Bank Securities Inc.

By: /s/ Andreas Neumeier  
Name: Andreas Neumeier  
Title: Managing Director

THE ROYAL BANK OF SCOTLAND PLC, as Documentation Agent and as a Lender

By: /s/ Alex Daw  
Name: Alex Daw  
Title: Director

WELLS FARGO BANK, N.A., as Documentation Agent and as a Lender

By: /s/ Jessica Belanger  
Name: Jessica Belanger  
Title: Vice President

[Signature Page to the Second Amendment to the Viacom Inc. Credit Agreement]

Name of Lender: BNP PARIBAS

by /s/ Barbara E. Nash  
Name: Barbara E. Nash  
Title: Managing Director

by<sup>1</sup> /s/ Maria Mulic  
Name: Maria Mulic, CFA  
Title: Vice President

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: Mizuho Corporate Bank, Ltd.

by /s/ Bertram H. Tang  
Name: Bertram H. Tang  
Title: Authorized Signatory

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: Royal Bank of Canada

by /s/ William J. Caggiano  
Name: William J. Caggiano  
Title: Authorized Signatory

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> For any Lender requiring a second signature line



Name of Lender: Sumitomo Mitsui Banking  
Corporation

by /s/ Shuji Yabe  
Name: Shuji Yabe  
Title: Managing Director

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: Lloyds TSB Bank plc

by /s/ Stephen Giacalone  
Name: Stephen Giacalone  
Title: Assistant Vice President G011

by<sup>1</sup> /s/ Candi Obrentz  
Name: Candi Obrentz  
Title: Vice President  
O013

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: U.S. BANK NATIONAL  
ASSOCIATION

by /s/ Colleen McEvoy  
Name: Colleen McEvoy  
Title: Vice President

by<sup>1</sup>  
Name:  
Title:

<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: The Bank of Tokyo-Mitsubishi  
UFJ, Ltd.

by /s/ Jose Carlos  
Name: Jose Carlos  
Title: Director

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: Morgan Stanley Bank, N.A.

by /s/ Kelly Chin  
Name: Kelly Chin  
Title: Authorized Signatory

[Signature Page to the Second Amendment to the Viacom Inc. Credit Agreement]

Name of Lender: The Bank of New York Mellon

by /s/ Mark W. Rogers  
Name: Mark W. Rogers  
Title: Vice President

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: The Northern Trust Company

by /s/ Daniel J. Boote  
Name: Daniel J. Boote  
Title: Senior Vice President

by<sup>1</sup> \_\_\_\_\_  
Name:  
Title

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<sup>1</sup> For any Lender requiring a second signature line

Name of Lender: SOVEREIGN BANK, N.A.

by /s/ William Maag  
Name: William Maag  
Title: Senior Vice President

[Signature Page to the Second Amendment to the Viacom Inc. Credit Agreement]



Name of Lender: Intesa Sanpaolo S.p.A.,  
New York Branch

by /s/ John Michalisin  
Name: John Michalisin  
Title: FVP & Relationship Manager

by<sup>1</sup> /s/ Francesco Di Mario  
Name: Francesco Di Mario  
Title: FVP & Head of Credit

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<sup>1</sup> For any Lender requiring a second signature line

**AMENDMENT NO. 1 TO THE  
VIACOM INC.  
2011 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS**

Effective as of January 17, 2013, the Plan shall be amended as follows:

1. Section 2.1(a) is amended by inserting the language underscored below:

**Section 2.1 Grants of Stock Options.**

(a) On January 31st of 2011 and each subsequent year until the Plan terminates in accordance with the terms hereof (each January 31st being the "Date of Grant" of the respective Stock Options), each Outside Director shall automatically be granted Stock Options to purchase a number of whole shares of Class B Common Stock (each, an "Annual Grant") equal in value to \$70,000 (\$0 effective as of January 17, 2013), calculated using the Black-Sholes valuation method. Each Annual Grant shall be subject to the terms and conditions set forth in the Plan and shall have an option exercise price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. Notwithstanding the foregoing, the option exercise price of a Stock Option that is a Substitute Option may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, *provided* that the excess of:

- (i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Option) of the shares of Class B Common Stock subject to the Substitute Option, over
- (ii) the aggregate option price thereof,  
does not exceed the excess of:
- (iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Option was granted, such fair market value to be determined by the Board) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over
- (iv) the aggregate option price of such shares.

**AMENDMENT NO. 1 TO THE  
VIACOM INC.  
2011 RSU PLAN FOR OUTSIDE DIRECTORS**

Effective as of January 17, 2013, the Plan shall be amended as follows:

1. Section 2.1(a) is amended by inserting the language underscored below:

**Section 2.1 Grants of Restricted Share Units.**

(a) On January 31st of 2011 and each subsequent year until the Plan terminates in accordance with the terms hereof, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) \$70,000 (\$150,000 effective as of January 17, 2013) by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (an "Annual RSU Grant"). If the date of grant 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 business day preceding the relevant date of grant on which the Fair Market Value can be determined. The terms and conditions of the Director RSUs shall be set forth in an Agreement which shall be delivered to the Participants reasonably promptly following the relevant date of grant of such Director RSUs.

[Viacom logo]

November 27, 2012

Wade Davis  
c/o Viacom Inc.  
1515 Broadway  
New York, NY 10036

Dear Mr. Davis:

Viacom Inc. (the "Company") agrees to employ you, and you accept such employment, on the terms and conditions set forth in this letter agreement ("Agreement"). For purposes of this Agreement, "Viacom" shall mean Viacom Inc. and its subsidiaries.

1. Contract Period. The term of your employment under this Agreement shall begin on November 27, 2012 (the "Effective Date") and, unless terminated earlier as set forth herein, shall continue through and including November 26, 2015. The period from the Effective Date through November 26, 2015 is referred to as the "Contract Period", even if your employment terminates earlier for any reason. This Agreement shall supercede all prior employment agreements between you and Viacom provided, however, that you shall continue to be entitled to accrued compensation and benefits thereunder through the Effective Date.

2. Duties. You shall be Executive Vice President, Chief Financial Officer of the Company, and you shall perform all duties reasonable and consistent with such office as may be assigned to you from time to time by the Company's Chief Operating Officer ("COO") or other individual designated by the Company's Chief Executive Officer ("CEO"); provided, however, that, without your consent, you shall not be required to report directly to any employee other than the COO or CEO. You shall devote your entire business time, attention and energies to the business of the Company during your employment with the Company, except with the Company's prior written consent. You shall be responsible for all financial affairs of the Company, including accounting, treasury and tax matters, as well as corporate development and strategy.

3. Compensation.

(a) Salary. The Company shall pay you base salary (as may be increased, "Salary") at a rate of One Million Two Hundred Thousand Dollars (\$1,200,000) per year for all of your services as an employee. Your Salary shall be subject to merit reviews, on or about an annual basis, while actively employed during the Contract Period and may, at that time, be increased but not decreased. Your Salary, less deductions and income and payroll tax withholding as may be required under applicable law, shall be payable in accordance with the Company's ordinary payroll policy, but no less frequently than monthly.

(b) Bonus. You also shall be eligible to earn a bonus ("Bonus") or a Pro-Rated Bonus (as defined in paragraph 19(e)(ii)), as applicable, determined as set forth below and in paragraph 19(e)(ii).

(i) Your Bonus for each Company fiscal year, regardless of whether such fiscal year is a 12-month period or a shorter period of time, shall be determined in accordance with the Viacom Inc. Senior Executive Short-Term Incentive Plan, as applicable, as it may be amended from time to time (the "STIP").

- (ii) Your target Bonus for each Company fiscal year during the Contract Period shall be One Million Two Hundred Thousand Dollars (\$1,200,000) (your "Target Bonus") and shall be adjusted based on the Company's performance (the "Company Performance Factor") and your individual performance (the "Individual Performance Factor"), in each case as determined by the Company and as further provided in the STIP.

(c) Long-Term Incentive Compensation. During your employment under this Agreement, you shall be eligible to participate in the Viacom Inc. 2006 Long-Term Management Incentive Plan, or any successor plan, at a level appropriate to your position and individual performance as determined by the Viacom Inc. Board of Directors (the "Board") or a committee of the Board, in its discretion based on a target value of One Million Two Hundred Thousand Dollars (\$1,200,000).

(d) Compensation During Short-Term Disability. Your compensation for any period that you are absent due to a short-term disability ("STD") and are receiving compensation under a Viacom STD plan shall be determined in accordance with the terms of such STD plan. The compensation provided to you under the applicable STD plan shall be in lieu of the Salary provided under this Agreement. Your participation in any other Viacom benefit plans or programs shall be governed by the terms of the applicable plan or program documents, award agreements and certificates.

4. Benefits. During your employment under this Agreement, you shall be eligible to participate in any vacation programs, medical and dental plans and life insurance plans, STD and long-term disability ("LTD") plans, retirement and other employee benefit plans the Company may have, establish or maintain from time to time and for which you qualify pursuant to the terms of the applicable plan.

5. Business Expenses. During your employment under this Agreement, the Company shall reimburse you for such reasonable travel and other expenses, incurred in the performance of your duties in accordance with the Company's policies, as are customarily reimbursed to Company executives at comparable levels.

6. Non-Competition and Non-Solicitation.

- (a) Non-Competition.

- (i) Your employment with the Company is on an exclusive and full-time basis, and while you are employed by the Company, you shall not engage in any other business activity which is in conflict with your duties and obligations (including your commitment of time) to the Company. During the Non-Competition Period, you shall not directly or indirectly engage in or participate as an owner, partner, holder or beneficiary of stock, stock options or other equity interest, officer, employee, director, manager, partner or agent of, or consultant for, any business competitive with any business of Viacom without the prior written consent of the Company. This provision shall not limit your right to own and have options or other rights to purchase not more than one percent (1%) of any of the debt or equity securities of any business organization that is then filing reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934, as amended, unless such ownership constitutes a significant portion of your net worth.

(ii) The “Non-Competition Period” begins on the Effective Date and ends on the last day of the Contract Period, provided that:

1. If the Company terminates your employment without Cause or if you validly resign for Good Reason before the end of the Contract Period, then the Non-Competition Period shall end on the earlier of (i) the end of the period in which you are receiving payments pursuant to paragraph 11(c)(i) or (ii) the effective date of your waiver in writing of any right to receive or continue to receive compensation and benefits under paragraph 11. You shall be deemed to have irrevocably provided such waiver if you accept competing employment.
2. If the Company terminates your employment for Cause or you resign other than for Good Reason, the Non-Competition Period shall end on the earlier of (i) the last day of the Contract Period or (ii) eighteen (18) months after such termination or resignation.

(b) Non-Solicitation.

(i) During the Non-Solicitation Period, you shall not directly or indirectly engage or attempt to engage in any of the following acts:

1. Employ or solicit the employment of any person who is then, or has been within six (6) months prior thereto, an employee of Viacom; or
2. Interfere with, disturb or interrupt the relationships (whether or not such relationships have been reduced to formal contracts) of Viacom with any customer, supplier, independent contractor, consultant, joint venture or other business partner (to the extent each of the limitations in this paragraph 6(b)(i)(2) is permitted by applicable law).

(ii) The “Non-Solicitation Period” begins on the Effective Date and ends on the last day of the Contract Period, or, if longer, eighteen (18) months after the Company terminates your employment for Cause or you resign other than for Good Reason.

(c) Severability. If any court determines that any portion of this Section 6 is invalid or unenforceable, the remainder of this Section 6 shall not thereby be affected and shall be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Section 6, or any part thereof, to be unreasonable because of the duration or scope of such provision, such court shall have the power to reduce the duration or scope of such provision and to enforce such provision as so reduced.

#### 7. Confidentiality and Other Obligations.

(a) Confidential Information. You shall not use for any purpose or disclose to any third party any information relating to Viacom, Viacom’s clients or other parties with which

Viacom has a relationship, or that may provide Viacom with a competitive advantage ("Confidential Information"), other than (i) in the performance of your duties under this Agreement consistent with the Company's or Viacom's policies or (ii) as may otherwise be required by law or legal process. Confidential Information shall include, without limitation, trade secrets; inventions (whether or not patentable); technology and business processes; business, product or marketing plans; negotiating strategies; sales and other forecasts; financial information; client lists or other intellectual property; information relating to compensation and benefits; public information that becomes proprietary as a result of Viacom's compilation of that information for use in its business; documents (including any electronic record, videotapes or audiotapes) and oral communications incorporating Confidential Information. You shall also comply with any and all confidentiality obligations of Viacom to a third party of which you are aware, whether arising under a written agreement or otherwise. Information shall not be deemed Confidential Information if it is or becomes generally available to the public other than as a result of an unauthorized disclosure or action by you or at your direction.

(b) Interviews, Speeches or Writings About Viacom. Except in the performance of your duties under this Agreement consistent with Viacom's policies, you shall obtain the express authorization of the Company before (i) giving any speeches or interviews or (ii) preparing or assisting any person or entity in the preparation of any books, articles, radio broadcasts, electronic communications, television or motion picture productions or other creations, in either case concerning Viacom or any of its respective businesses, officers, directors, agents, employees, suppliers or customers.

(c) Non-Disparagement. You shall not, directly or indirectly, in any communications with any reporter, author, producer or any similar person or entity, the press or other media, or any customer, client or supplier of Viacom, criticize, ridicule or make any statement which is negative, disparages or is derogatory of Viacom or any of its directors or senior officers.

(d) Scope and Duration. The provisions of paragraph 7(a) shall be in effect during the Contract Period and at all times thereafter. The provisions of paragraphs 7(b) and 7(c) shall be in effect during the Contract Period and for one (1) year thereafter and such provisions shall apply to all formats and platforms now known or hereafter developed, whether written, printed, oral or electronic, including, without limitation, e-mails, "blogs", internet sites, chat or news rooms, podcasts or any online forum.

8. Viacom Property.

(a) Viacom Ownership.

- (i) The results and proceeds of your services to the Company, whether or not created during the Contract Period, including, without limitation, any works of authorship resulting from your services and any works in progress resulting from such services, shall be works-made-for-hire and Viacom shall be deemed the sole owner throughout the universe of any and all rights of every nature in such works, with the right to use, license or dispose of the works in perpetuity in any manner Viacom determines in its sole discretion without any further payment to you, whether such rights and means of use are now known or hereafter defined or discovered.

- (ii) If, for any reason, any of the results and proceeds of your services to the Company are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to Viacom under this paragraph 8(a), then you hereby irrevocably assign any and all of your right, title and interest thereto, including, without limitation, any and all copyrights, patents, trade secrets, trademarks and/or other rights of every nature in the work, and Viacom shall have the sole right to use, license or dispose of the work in perpetuity throughout the universe in any manner Viacom determines in its sole discretion without any further payment to you, whether such rights and means of use are now known or hereafter defined or discovered.
- (iii) Upon request by the Company, whether or not during the Contract Period, you shall do any and all things which the Company may deem useful or desirable to establish or document Viacom's rights in the results and proceeds of your services to the Company, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents. You hereby irrevocably designate the General Counsel, Secretary or any Assistant Secretary of Viacom Inc. as your attorney-in-fact with the power to take such action and execute such documents on your behalf. To the extent you have any rights in such results and proceeds that cannot be assigned as described above, you unconditionally and irrevocably waive the enforcement of such rights.
- (iv) The provisions of this paragraph 8(a) do not limit, restrict, or constitute a waiver by Viacom of any ownership rights to which Viacom may be entitled by operation of law by virtue of being your employer.
- (v) You and the Company acknowledge and understand that the provisions of this paragraph 8 requiring assignment of inventions to Viacom do not apply to any invention which qualifies fully under the provisions of California Labor Code Section 2870, to the extent that such provision applies to you. You agree to advise the Company promptly in writing of any inventions that you believe meet the criteria in California Labor Code Section 2870.

(b) Return of Property. All documents, data, recordings, or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for you and utilized by you in the course of your employment with the Company shall remain the exclusive property of Viacom and shall remain in Viacom's exclusive possession at the conclusion of your employment.

9. Legal Matters.

(a) Communication. Except as required by law or legal process or at the request of the Company, you shall not communicate with anyone (other than your attorneys who agree to keep such matters confidential), except to the extent necessary in the performance of your duties under this Agreement in accordance with Viacom Inc.'s policies, with respect to the facts or subject matter of any claim, litigation, regulatory or administrative proceeding directly or indirectly involving Viacom ("Viacom Legal Matter") without obtaining the prior consent of Viacom Inc. or its counsel.



(b) Cooperation. You agree to cooperate with Viacom and its attorneys in connection with any Viacom Legal Matter. Your cooperation shall include, without limitation, providing assistance to and meeting with Viacom's counsel, experts or consultants, and providing truthful testimony in pretrial and trial or hearing proceedings. In the event that your cooperation is requested after the termination of your employment, Viacom shall (i) seek to minimize interruptions to your schedule to the extent consistent with its interests in the matter; and (ii) reimburse you for all reasonable and appropriate out-of-pocket expenses actually incurred by you in connection with such cooperation upon reasonable substantiation of such expenses.

(c) Testimony. Except as required by law or legal process or at the request of Viacom Inc., you shall not testify in any lawsuit or other proceeding which directly or indirectly involves Viacom, or which is reasonably likely to create the impression that such testimony is endorsed or approved by Viacom.

(d) Notice to Viacom. If you are requested or if you receive legal process requiring you to provide testimony, information or documents (including electronic documents) in any Viacom Legal Matter or that otherwise relates, directly or indirectly, to Viacom or any of its officers, directors, employees or affiliates, you shall give prompt notice of such event to Viacom Inc.'s General Counsel and you shall follow any lawful direction of Viacom Inc.'s General Counsel or his/her designee with respect to your response to such request or legal process.

(e) Adverse Party. The provisions of this paragraph 9 shall not apply to any litigation or other proceeding in which you are a party adverse to Viacom; provided, however, that Viacom expressly reserves its rights under paragraph 7 and its attorney-client and other privileges and immunities, including, without limitation, with respect to its documents and Confidential Information, except if expressly waived in writing by Viacom Inc.'s General Counsel or his/her designee.

(f) Duration. The provisions of this paragraph 9 shall apply during the Contract Period and at all times thereafter, and shall survive the termination of your employment with the Company, with respect to any Viacom Legal Matter arising out of or relating to the business in which you were engaged during your employment with the Company. As to all other Viacom Legal Matters, the provisions of this paragraph 9 shall apply during the Contract Period and for one year thereafter or, if longer, during the pendency of any Viacom Legal Matter which was commenced, or which Viacom received notice of, during such period.

10. Termination for Cause.

(a) Termination Payments. The Company may terminate your employment under this Agreement for Cause and thereafter shall have no further obligations to you under this Agreement or otherwise, except for any earned but unpaid Salary through and including the date of termination of employment and any other amounts or benefits required to be paid or provided by law or under any plan of the Company (the "Accrued Compensation and Benefits"). Without limiting the generality of the preceding sentence, upon termination of your employment for Cause, you shall have no further right to any Bonus or to exercise or redeem any stock options or other equity compensation.

(b) Cause Definition. "Cause" shall mean: (i) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to your employment with the Company; (ii) conduct constituting a felony, whether or not related to your employment with the

Company; (iii) conduct constituting a financial crime, material act of dishonesty or material unethical business conduct, involving Viacom; (iv) willful unauthorized disclosure or use of Confidential Information; (v) the failure to substantially obey a material lawful directive that is appropriate to your position from a superior in your reporting line or the Board; (vi) your material breach of any material obligation under this Agreement; (vii) the failure or refusal to substantially perform your material obligations under this Agreement (other than any such failure or refusal resulting from your STD or LTD); (viii) the willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to employment with the Company, after being instructed by Viacom to cooperate; (ix) the willful destruction of or willful failure to preserve documents or other material known to be relevant to any investigation referred to in subparagraph (viii) above; or (x) the willful inducement of others to engage in the conduct described in subparagraphs (i) through (ix), including, without limitation, with regard to subparagraph (vi), obligations of others to Viacom.

(c) Notice/Cure. The Company shall give you written notice prior to terminating your employment for Cause or, if no cure period is applicable, contemporaneous with termination of your employment for Cause, setting forth in reasonable detail the nature of any alleged failure, breach or refusal in reasonable detail and the conduct required to cure such breach, failure or refusal. Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured, you shall have ten (10) business days from the giving of such notice within which to cure; provided, however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give you notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of your employment without notice and with immediate effect.

11. Resignation for Good Reason and Termination Without Cause.

(a) Resignation for Good Reason.

- (i) You may resign for Good Reason at any time that you are actively employed during the Contract Period by written notice to the Company no more than thirty (30) days after the occurrence of the event constituting Good Reason. Such notice shall state the grounds for such Good Reason resignation and an effective date no earlier than thirty (30) business days after the date it is given. The Company shall have thirty (30) business days from the giving of such notice within which to cure and, in the event of such cure, your notice shall be of no further force or effect.
- (ii) "Good Reason" shall mean without your consent (other than in connection with the termination or suspension of your employment or duties for Cause or in connection with your death or LTD): (i) the assignment to you of duties or responsibilities substantially inconsistent with your position(s) or duties; (ii) the withdrawal of material portions of your duties; or (iii) the material breach by the Company of any material obligation under this Agreement.

(b) Termination Without Cause. The Company may terminate your employment under this Agreement without Cause at any time during the Contract Period by written notice to you.

(c) Termination Payments/Benefits. In the event that your employment terminates under paragraph 11(a) or (b), you shall thereafter receive the compensation and benefits described below and the following shall apply:

- (i) The Company shall continue to pay your Salary (at the rate in effect on the date of termination) at the same time and in the same manner as if you had not terminated employment for the longer of one (1) year or until the end of the Contract Period;
- (ii) You shall be eligible to receive a Bonus or Pro-Rated Bonus, as applicable, for each Company fiscal year or portion thereof during the Contract Period, calculated as provided in paragraph 19(e)(iii), provided that the total severance payment you receive pursuant to paragraphs 11(c)(i) and (ii) shall in no event exceed two times the sum of your Salary and Target Bonus in the year in which such termination occurs;
- (iii) Provided you validly elect continuation of your medical and dental coverage under Section 4980B(f) of the Internal Revenue Code of 1986 (the “Code”) (relating to coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”)), your coverage and participation under the Company’s medical and dental benefit plans and programs in which you were participating immediately prior to your termination of employment pursuant to this paragraph 11, shall continue at no cost to you (except as set forth below) until the earlier of (i) the end of the Contract Period, but in no event less than twelve (12) months after the termination of your employment, or (ii) the date on which you become eligible for medical and/or dental coverage from another employer; provided, that, during the period that the Company provides you with this coverage, an amount equal to the total applicable COBRA cost (or such other amounts as may be required by law) will be included in your income for tax purposes and the Company may withhold taxes from your termination payments for this purpose; and provided, further, that you may elect to continue your medical and dental coverage under COBRA at your own expense for the balance, if any, of the period required by law;
- (iv) The Company shall continue to provide you with life insurance coverage, at no premium cost to you (unless you had no coverage at the time of termination), until the end of the Contract Period or, if longer, the end of the period in which you are receiving payments pursuant to paragraph 11(c)(i), in accordance with the Company’s then-current policy, as may be amended from time to time, and in the amount then furnished at no cost to other Company executives at comparable levels. Such coverage shall end in the event you are eligible to obtain life insurance coverage from another employer;
- (v) All stock options granted to you under any Viacom Inc. long-term incentive plan that have not vested as of the date of your termination of employment, but that would have vested on or before the end of the Contract Period, shall become fully vested on the date of termination;
- (vi) All restricted share units granted to you under any Viacom Inc. long-term incentive plan that have not vested as of the date of your termination of

employment, but that would have vested on or before the end of the Contract Period, shall become fully vested on the date of termination;

- (vii) There shall be no acceleration of the vesting of any equity or long-term incentive awards granted to you under any Viacom Inc. long-term incentive plan, unless otherwise provided herein or under the terms of the applicable long-term incentive plan; and
- (viii) The Company shall pay or continue to provide, as applicable, the Accrued Compensation and Benefits.

(d) Release. Your entitlement to the payments and benefits described in this paragraph 11 is conditioned on your execution and delivery to the Company, within sixty (60) days after your termination of employment (the "Release Deadline"), of a release in substantially the form appended hereto as Appendix A that remains in effect and becomes irrevocable after the expiration of any statutory period in which you are permitted to revoke a release (the "Release"). If you fail to execute and deliver the Release by the Release Deadline, or if you thereafter effectively revoke the Release, the Company shall be under no obligation to make any further payments or provide any further benefits to you and any payments and benefits previously provided to you pursuant to this paragraph 11 shall not have been earned. In such event, you shall promptly repay the Company any payments made and the Company's direct cost for any benefits provided to you pursuant to this paragraph 11. The limitations of this paragraph shall not apply to the Accrued Compensation and Benefits.

(e) Offset. The amount of payments provided in paragraph 11 in respect of the period that begins twelve (12) months after the termination of your employment shall be reduced by any compensation for services earned by you (including as an independent consultant or independent contractor) from any source in respect of the period that begins twelve (12) months after the termination of your employment and ends when the Company is no longer required to make payments pursuant to paragraph 11 (the "Offset Period"), including, without limitation, salary, sign-on or annual bonus, consulting fees, commission payments and any amounts the payment of which is deferred at your election, or with your consent, until after the expiration of the Offset Period; provided that, if the Company in its reasonable discretion determines that any grant of long-term compensation is made in substitution of the aforementioned payments, such payments shall be further reduced by the value on the date of grant, as reasonably determined by the Company, of such long-term compensation you receive. You agree to promptly notify the Company of any arrangements during the Offset Period in which you earn compensation for services and to cooperate fully with the Company in determining the amount of any such reduction.

12. Resignation in Breach of the Agreement. If you resign prior to the expiration of the Contract Period other than for Good Reason, such resignation is a material breach of this Agreement and, without limitation of other rights or remedies available to the Company, the Company shall have no further obligations to you under this Agreement or otherwise, except to make termination payments provided in paragraph 10(a).

13. Termination Due to Death.

(a) Death While Employed. In the event of your death prior to the end of the Contract Period while actively employed with the Company, this Agreement shall automatically

terminate. Thereafter, your designated beneficiary (or, if there is no such beneficiary, your estate) shall receive (i) any Accrued Compensation and Benefits as of the date of your death and (ii) for the year in which death occurs, any Bonus or Pro-Rated Bonus, as applicable, which you would have been eligible to receive, calculated in accordance with paragraph 19(e)(iii). In no event shall a distribution be made pursuant to clause (i) in the preceding sentence later than the 60<sup>th</sup> day following your death and a distribution pursuant to clause (ii) in the preceding sentence shall be made at the same time and in the same manner as if you were still actively employed with the Company.

(b) Death After the End of Employment. In the event of your death while you are entitled to receive compensation or benefits under paragraphs 11 or 15, in lieu of such payments your designated beneficiary (or, if there is no such beneficiary, your estate) shall receive, to the extent not previously paid to you, (i) continuation of Salary pursuant to the applicable paragraph through the date of death; (ii) if you were entitled to receive compensation or benefits under paragraph 11, for the year in which death occurs, any Bonus or Pro-Rated Bonus, as applicable, for the year in which death occurs, payable under such paragraph, calculated in accordance with paragraph 19(e)(iii); and (iii) any Accrued Compensation and Benefits. In no event shall a distribution be made pursuant to clauses (i) and (iii) in the preceding sentence later than the 60<sup>th</sup> day following your death and a distribution pursuant to clause (ii) in the preceding sentence shall be made at the same time and in the same manner as if you were still actively employed with the Company.

14. Long-Term Disability. In the event you are absent due to a LTD and you are receiving compensation under a Viacom LTD plan, then, effective on the date you begin receiving compensation under such plan, (i) this Agreement shall terminate without any further action required by the Company, (ii) you shall be considered an "at-will" employee of the Company, and (iii) you shall have no guarantee of specific future employment nor continuing employment generally when your receipt of compensation under a Viacom LTD plan ends, except as required by applicable law. In the event of such termination of this Agreement, you shall receive (i) any Accrued Compensation and Benefits and (ii) for the year in which such termination occurs, any Bonus or Pro-Rated Bonus, as applicable, which you would have been entitled to receive, calculated in accordance with paragraph 19(e)(iii). Except as set forth in the previous sentence, the compensation provided to you under the applicable LTD plan shall be in lieu of any compensation from the Company (including, but not limited to, the Salary provided under this Agreement or otherwise). Your participation in any other Viacom benefit plans or programs shall be governed by the terms of the applicable plan or program documents, award agreements and certificates.

15. Non-Renewal. If the Company does not extend or renew this Agreement at the end of the Contract Period and you have not entered into a new contractual relationship with the Company or Viacom, your continuing employment, if any, with the Company or Viacom shall be "at-will" and may be terminated at any time by either party. If the Company or Viacom terminates your employment during the twelve (12) month period commencing with the last day of the Contract Period while you are an employee at-will, the Company shall continue to pay your Salary (at the rate in effect on the date of termination) at the same time and in the same manner as if you had not terminated employment for the balance, if any, of such twelve (12) month period; provided, however, that (i) you shall not be entitled to such Salary continuation if the Company terminates your employment for reasons constituting Cause and (ii) any such Salary continuation shall be subject to offset as set forth in paragraph 11(e) above, without giving effect to the twelve (12) month period referenced therein.

16. Severance Plan Adjustment. In the event that your employment with the Company terminates pursuant to paragraph 11 or 15, and, at the time of your termination of employment there is in

effect a Viacom severance plan (a "Severance Plan") for which you would have been eligible to participate but for your having entered into this Agreement or being a Specified Employee and which provides for severance compensation that is greater than the amounts to which you are entitled under paragraphs 11(c)(i) and 11(c)(ii) or paragraph 15, then the amounts, but not the time or form of payment, of your severance compensation under this Agreement shall automatically be increased to equal those that would have been provided to you under the Severance Plan. For the avoidance of doubt, any payment entitlement pursuant to this paragraph 16 is in lieu of, and not in addition to, any severance compensation to which you may otherwise be entitled under this Agreement. Notwithstanding any adjustment to the amount of your entitlements pursuant to this paragraph 16, all other provisions of this Agreement shall remain in effect, including, without limitation, paragraphs 6, 7, 8 and 9.

17. Further Events on Termination of Employment.

(a) Termination of Benefits. Except as otherwise expressly provided in this Agreement, your participation in all Viacom benefit plans and programs (including, without limitation, medical and dental coverage, life insurance coverage, vacation accrual, all retirement and the related excess plans, STD and LTD plans and accidental death and dismemberment and business travel and accident insurance and your rights with respect to any outstanding equity compensation awards) shall be governed by the terms of the applicable plan and program documents, award agreements and certificates.

(b) Resignation from Official Positions. If your employment with the Company terminates for any reason, you shall be deemed to have resigned at that time from any and all officer or director positions that you may have held with the Company or Viacom and all board seats or other positions in other entities to which you have been designated by the Company or Viacom or which you have held on behalf of the Company or Viacom. If, for any reason, this paragraph 17(b) is deemed insufficient to effectuate such resignation, you hereby authorize the Secretary and any Assistant Secretary of Viacom Inc. to execute any documents or instruments which Viacom Inc. may deem necessary or desirable to effectuate such resignation or resignations, and to act as your attorney-in fact.

18. Survival; Remedies.

(a) Survival. Your obligations under paragraphs 6, 7, 8 and 9 shall remain in full force and effect for the entire period provided therein notwithstanding the termination of your employment for any reason or the expiration of the Contract Period.

(b) Modification of Terms. You and the Company acknowledge and agree that the restrictions and remedies contained in paragraphs 6, 7, 8 and 9 are reasonable and that it is your intention and the intention of the Company that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If a court of competent jurisdiction shall find that any such restriction or remedy is unenforceable, but would be enforceable if some part were deleted or modified, then such restriction or remedy shall apply with the deletion or modification necessary to make it enforceable and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

(c) Injunctive Relief. The Company has entered into this Agreement in order to obtain the benefit of your unique skills, talent, and experience. You acknowledge and agree that any violation of paragraphs 6, 7, 8 and 9 shall result in irreparable damage to the Company, and, accordingly, the Company may obtain injunctive and other equitable relief for any breach or

threatened breach of such paragraphs, in addition to any other remedies available to the Company. To the extent permitted by applicable law, you hereby waive any right to the posting of a bond in connection with any injunction or other equitable relief sought by the Company and you agree not to seek such relief in your opposition to any application for relief the Company shall make.

(d) Other Remedies. In the event that you materially violate the provisions of paragraphs 6, 7, 8 or 9 at any time during the Non-Competition Period or any period in which the Company is making payments to you pursuant to this Agreement, (i) any outstanding stock options or other undistributed equity awards granted to you by the Company shall immediately be forfeited, whether vested or unvested; and (ii) the Company's obligation to make any further payments or to provide benefits (other than Accrued Compensation and Benefits) to you pursuant to this Agreement shall terminate. The Company shall give you written notice prior to commencing any remedy under this paragraph 18(d) or, if no cure period is applicable, contemporaneous with such commencement, setting forth the nature of any alleged violation in reasonable detail and the conduct required to cure such violation. Except for a violation which, by its nature, cannot reasonably be expected to be cured, you shall have ten (10) business days from the giving of such notice within which to cure; provided, however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give you notice of such shorter period within which to cure as is reasonable under the circumstances, which may include commencement of a remedy without notice and with immediate effect. The remedies under this paragraph 18 are in addition to any other remedies the Company may have against you, including under this Agreement or any other agreement, under any equity or other incentive or compensation plan or under applicable law.

19. General Provisions.

(a) Deductions and Withholdings. In the event of the termination of your employment for any reason, the Company reserves the right, to the extent permitted by law and in addition to any other remedy the Company may have, to deduct from any monies that are otherwise payable to you and that do not constitute deferred compensation within the meaning of Section 409A of the Code, the regulations promulgated thereunder or any related guidance issued by the U.S. Treasury Department ("Section 409A") all monies and the replacement value of any property you may owe to the Company at the time of or subsequent to the termination of your employment with the Company. The Company shall not make any such deduction from any amount that constitutes deferred compensation for purposes of Section 409A. To the extent any law requires an employee's consent to the offset provided in this paragraph and permits such consent to be obtained in advance, this Agreement shall be deemed to provide the required consent. Except as otherwise expressly provided in this Agreement or in any Company benefit plan, all amounts payable under this Agreement shall be paid in accordance with the Company's ordinary payroll practices less deductions and income and payroll tax withholding as may be required under applicable law. Any property (including shares of Viacom Inc. Class B Common Stock), benefits and perquisites provided to you under this Agreement, including, without limitation, COBRA payments made on your behalf, shall be taxable to you as provided by law.

(b) Cash and Equity Awards Modifications. Notwithstanding any other provisions of this Agreement to the contrary, the Company reserves the right to modify or amend unilaterally the terms and conditions of your cash compensation, stock option awards or other equity awards, without first asking your consent, to the extent that the Company considers such modification or amendment necessary or advisable to comply with any law, regulation, ruling, judicial decision,

accounting standard, regulatory guidance or other legal requirement (the "Legal Requirement") applicable to such cash compensation, stock option awards or other equity awards, provided that, except where necessary to comply with law, such amendment does not have a material adverse effect on the value of such compensation award to you. In addition, the Company may, without your consent, amend or modify your cash compensation, stock option awards or other equity awards in any manner that the Company considers necessary or advisable to ensure that such cash compensation, stock option awards or other equity awards are not subject to United States federal income tax, state or local income tax or any equivalent taxes in territories outside the United States prior to payment, exercise, vesting or settlement, as applicable, or any tax, interest or penalties pursuant to Section 409A.

(c) Section 409A Provisions.

- (i) The Company may, without your consent, amend any provision of this Agreement to the extent that, in the reasonable judgment of the Company, such amendment is necessary or advisable to avoid the imposition on you of any tax, interest or penalties pursuant to Section 409A or otherwise to make this Agreement enforceable. Any such amendment shall maintain, to the maximum extent practicable, the original intent and economic benefit to you of the applicable provision.
- (ii) It is the intention and understanding of the parties that all amounts and benefits to which you become entitled under this Agreement will be paid or provided to you pursuant to a fixed schedule within the meaning of Section 409A. Notwithstanding such intention and understanding, in the event that you are a specified employee as determined by Viacom Inc. (a "Specified Employee") at the time of your Separation from Service (as defined below), then to the extent that any amount or benefit owed to you under this Agreement (x) constitutes an amount of deferred compensation for purposes of Section 409A and (y) is considered for purposes of Section 409A to be owed to you by virtue of your Separation from Service, then such amount or benefit shall not be paid or provided during the six (6) month period following the date of your Separation from Service and instead shall be paid or provided on the first day of the seventh month following your date of Separation from Service; *provided, however*, that such delay shall apply only to the extent that such payments and benefits, in the aggregate, exceed the lesser of an amount equal to (x) two (2) times your annualized compensation (as determined under the Code Section 409A regulations) and (y) two (2) times the applicable Code Section 401(a)(17) annual compensation limit for the year in which your termination occurs; *provided, further*, that any payments made during such six (6) month period shall first be made to cover all costs relating to medical, dental and life insurance coverage to which you are entitled under this Agreement and thereafter shall be made in respect of other amounts or benefits owed to you.
- (iii) As used herein, "Separation from Service" shall mean either (i) the termination of your employment with the Company and its affiliates, provided that such termination of employment meets the requirements of a separation of service determined using the default provisions set forth in Treasury Regulation §1.409A-(1)(h) or the successor provision thereto or (ii) such other date that constitutes a separation from service with the Company and its affiliates meeting



the requirements of the default provisions set forth in Treasury Regulation §1.409A-(1)(h) or the successor provision thereto. For purposes of this definition, "affiliate" means any corporation that is in the same controlled group of corporations (within the meaning of Code Section 414(b)) as the Company and any trade or business that is under common control with the Company (within the meaning of Code Section 414(c)), determined in accordance with the default provision set forth in Treasury Regulation §1.409A-(1)(h)(3).

- (iv) If under any provision of this Agreement you become entitled to be paid Salary continuation, then each payment of Salary during the relevant continuation period shall be considered, and is hereby designated as, a separate payment for purposes of Section 409A (and consequently your entitlement to such Salary continuation shall not be considered an entitlement to a single payment of the aggregate amount to be paid during the relevant continuation period).

(d) No Duplicative Payments. The payments and benefits provided in this Agreement in respect to the termination of employment and non-renewal of this Agreement are in lieu of any other salary, bonus or benefits payable by the Company, including, without limitation, any severance or income continuation or protection under any Viacom plan that may now or hereafter exist. All such payments and benefits shall constitute liquidated damages, paid in full and final settlement of all obligations of Viacom to you under this Agreement.

- (e) Payment of Bonus Compensation.

- (i) The Bonus for any Company fiscal year under this Agreement shall be paid by March 15<sup>th</sup> of the following year.

- (ii) Except as otherwise expressly provided in this Agreement, your Bonus shall be prorated (A) to apply only to that part of the Company's fiscal year which falls within the Contract Period and (B) to the extent the Company's fiscal year is less than a 12-month fiscal year (a "Pro-Rated Bonus"). Following expiration of the Contract Period, you shall receive a Pro-Rated Bonus for the period of the Company's fiscal year which falls within the Contract Period only (A) in the event that the Company terminates your employment without Cause prior to the date on which employees of the Company become entitled to Bonus under the STIP, (B) as provided in paragraph 11(c)(ii) or (C) as provided in the STIP.

- (iii) Any Bonus or Pro-Rated Bonus payable pursuant to paragraphs 11, 13 or 14 shall be paid at the lesser of (X) your Target Bonus amount or (Y) your Target Bonus amount, adjusted based on the Company Performance Factor for the relevant year.

(f) Parachute Payment Adjustments. Notwithstanding anything herein to the contrary, in the event that you receive any payments or distributions, whether payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, that constitute "parachute payments" within the meaning of Section 280G of the Code, and the net after-tax amount of the parachute payment is less than the net after-tax amount if the aggregate payment to be made to you were three times your "base amount" (as defined in Section 280G(b)(3) of the Code) less \$1.00, then the aggregate of the amounts constituting the parachute payment shall be reduced to an amount that shall equal three times your base amount, less \$1.00. The

determinations to be made with respect to this paragraph 19(f) shall be made by a certified public accounting firm designated by the Company and reasonably acceptable to you.

(g) Adjustments to Bonuses and Long-Term Incentive Compensation. Notwithstanding anything herein to the contrary, the Company shall be entitled to adjust the amount of any Bonus or any award of long-term incentive compensation if the financial statements of Viacom or the business unit on which the calculation or determination of the Bonus or award of long-term incentive compensation were based are subsequently restated and, in the judgment of the Company, the financial statements as so restated would have resulted in a smaller Bonus or long-term incentive compensation award if such information had been known at the time the Bonus or award had originally been calculated or determined. In addition, in the event of such a restatement: (i) the Company may require you, and you agree, to repay to the Company the amount by which the Bonus as originally calculated or determined exceeds the Bonus as adjusted pursuant to the preceding sentence; and (ii) the Company may cancel, without any payment therefor, the portion of any award of long-term incentive compensation that exceeds the award adjusted pursuant to the preceding sentence (or, if such portion of an award cannot be canceled because (x) in the case of stock options or other similar awards, you have previously exercised it, the Company may require you, and you agree, to repay to the Company the amount, net of any exercise price, that you realized upon exercise or (y) in the case of restricted share units or other similar awards, shares of Class B Common Stock were delivered to you in settlement of such award, the Company may require you, and you agree to return the shares of Class B Common Stock, or if such shares were sold by you, return any proceeds realized on the sale of such shares).

(h) Mediation. Prior to the commencement of any legal proceeding relating to your employment, you and the Company agree to attempt to mediate the dispute using a professional mediator from JAMS, The Resolution Experts ("JAMS") or the International Institute for Conflict Prevention and Resolution ("CPR"). Within a period of 30 days after a written request for mediation by either you or the Company, the parties agree to convene with the mediator, for at least one session to attempt to resolve the matter. In no event will mediation delay commencement of any legal proceeding for more than 30 days absent agreement of the parties or prevent a bona fide application by either party to a court of competent jurisdiction for emergency relief. The fees of the mediator and of the JAMS or CPR, as the case may be, shall be borne by the Company.

20. Additional Representations and Acknowledgments.

(a) No Acceptance of Payments. You represent that you have not accepted or given nor shall you accept or give, directly or indirectly, any money, services or other valuable consideration from or to anyone other than the Company or Viacom for the inclusion of any matter as part of any film, television, internet or other programming produced, distributed and/or developed by Viacom.

(b) Viacom Policies. You recognize that the Company is an equal opportunity employer. You agree that you shall comply with the Company's employment practices and policies, as they may be amended from time to time, and with all applicable federal, state and local laws prohibiting discrimination on any basis. In addition, you agree that you shall comply with the Viacom Business Practices Statement and Viacom's other policies and procedures, as they may be amended from time to time, and provide the certifications and conflict of interest disclosures required by the Viacom Business Practices Statement.

(c) No Restriction on Employment. You represent that (i) you have disclosed to the Company all employment agreements, covenants and restrictions to which you are or have been a party; and (ii) you are not subject to any covenant, agreement or restriction (including, but not limited to, a covenant of non competition) with or by any third party that would prevent you from beginning your employment on October 1, 2012 and thereafter performing your duties and responsibilities for the Company, or would impinge upon, interfere with, or restrict your ability to perform your duties or responsibilities for the Company under this Agreement.

21. Notices. Notices under this Agreement must be given in writing, by personal delivery, regular mail or receipted email, at the parties' respective addresses shown on this Agreement (or any other address designated in writing by either party), with a copy, in the case of the Company, to the attention of Viacom Inc.'s General Counsel. Any notice given by regular mail shall be deemed to have been given three (3) days following such mailing.

22. Binding Effect; Assignment. This Agreement and rights and obligations of the Company hereunder shall not be assigned by the Company, provided that the Company may assign this Agreement to any subsidiary or affiliated company of or any successor in interest to the Company provided that such assignee assumes all of the obligations of the Company and Viacom hereunder. This Agreement is for the performance of personal services by you and may not be assigned by you, except that the rights specified in Section 13 shall pass upon your death to your designated beneficiary (or, if there is no such beneficiary, your estate).

23. **GOVERNING LAW AND FORUM**. You acknowledge that this agreement has been executed, in whole or in part, in New York. Accordingly, you agree that this Agreement and all matters or issues arising out of or relating to your employment with the Company shall be governed by the laws of the State of New York applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought solely in the state or federal courts located in the City of New York, Borough of Manhattan.

24. No Implied Contract. Nothing contained in this Agreement shall be construed to impose any obligation on the Company or you to renew this Agreement or any portion hereof or on the Company to establish or maintain any benefit, welfare or compensation plan or program or to prevent the modification or termination of any benefit, welfare or compensation plan or program or any action or inaction with respect to any such benefit, welfare or compensation plan or program. The parties intend to be bound only upon full execution of a written agreement by both parties and no negotiation, exchange of draft, partial performance or tender of an agreement (including any extension or renewal of this Agreement) executed by one party shall be deemed to imply an agreement or the renewal or extension of any agreement relating to your employment with the Company. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of the Contract Period.

25. Severability. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, shall be inoperative.

26. Entire Understanding. This Agreement contains the entire understanding of the parties hereto relating to the subject matter contained in this Agreement, and, except as otherwise provided herein, can be modified only by a writing signed by both parties.

27. Supersedes Prior Agreements. Except as set forth in paragraph 1, with respect to the period covered by the Contract Period, this Agreement supersedes and cancels all prior agreements relating to your employment with Viacom.

Please confirm your understanding of the Agreement by signing and returning all four (4) copies of this Agreement. This document shall constitute a binding agreement between us only after it also has been executed by the Company and a fully executed copy has been returned to you.

Very truly yours,

**Viacom Inc.**

By: /s/ Thomas E. Dooley  
Thomas E. Dooley  
Chief Operating Officer

**ACCEPTED AND AGREED:**

/s/ Wade Davis

Wade Davis

Dated: November 27, 2012

Viacom Inc.  
1515 Broadway  
New York, NY 10036

Attention: General Counsel

This General Release of all Claims (this "Agreement") is entered into by Wade Davis (the "Executive") and Viacom Inc. (the "Company"), effective as of

In consideration of the promises set forth in the letter agreement between the Executive and the Company, dated December —, 2012 (the "Employment Agreement"), the Executive and the Company agree as follows:

1. Return of Property. All Company files, access keys and codes, desk keys, ID badges, computers, records, manuals, electronic devices, computer programs, papers, electronically stored information or documents, telephones and credit cards, and any other property of the Company in the Executive's possession must be returned no later than the date of the Executive's termination from the Company.

2. General Release and Waiver of Claims.<sup>1</sup>

(a) Release. In consideration of the payments and benefits provided to the Executive under the Employment Agreement and after consultation with counsel, the Executive and each of the Executive's respective heirs, executors, administrators, representatives, agents, insurers, successors and assigns (collectively, the "Releasors") hereby irrevocably and unconditionally release and forever discharge the Company, its subsidiaries and affiliates and each of their respective officers, employees, directors, shareholders and agents ("Releasees") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character

<sup>1</sup> If the employee is employed in California at the time of his termination of employment, the following language will be added:

"Section 1542 of the Civil Code of the State of California Waiver. The Executive acknowledges that he may hereafter discover Claims or facts in addition to or different from those which the Executive now knows or believes to exist with respect to the subject matter of this release and which, if known or suspected at the time of executing this release, may have materially affected this release or the Executive's decision to enter into it. Nevertheless, the Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts and the Releasors hereby expressly waive any and all rights and benefits conferred upon the Releasors by the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

(collectively, “Claims”), including, without limitation, any Claims under any federal, state, local or foreign law, that the Releasors may have, or in the future may possess, arising out of (i) the Executive’s employment relationship with and service as an employee, officer or director of the Company, Viacom (as defined in the Employment Agreement) or any subsidiaries or affiliated companies and the termination of such relationship or service, and (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof and relates to your employment with Viacom; provided, however, that the Executive does not release, discharge or waive any rights to (i) payments and benefits provided under the Employment Agreement that are contingent upon the execution by the Executive of this Agreement or otherwise expressly survive termination thereof and (ii) any indemnification rights the Executive may have in accordance with the Company’s governance instruments or under any director and officer liability insurance maintained by the Company with respect to liabilities arising as a result of the Executive’s service as an officer and employee of the Company.

(b) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under the Employment Agreement, the Releasors hereby unconditionally release and forever discharge the Releasees from any and all Claims that the Releasors may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 (“OWBPA”), and the applicable rules and regulations promulgated thereunder (“ADEA”). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with his termination to consult with an attorney of his choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive’s release of claims arising under ADEA, and the Executive has in fact consulted with an attorney; (ii) the Executive was given a period of not fewer than 21 days to consider the terms of this Agreement and to consult with an attorney of his choosing with respect thereto; (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement; and (iv) the Executive is providing this release and discharge only in exchange for consideration in addition to anything of value to which the Executive is already entitled. The Executive also understands that he has seven (7) days following the date on which he signs this Agreement within which to revoke the release contained in this paragraph 2(b), by providing the Company a written notice of his revocation of the release and waiver contained in this paragraph 2(b); provided, however, that if the Executive exercises his right to revoke the release contained in this paragraph 2(b), the Executive shall not be entitled to any amounts paid to him under the termination provisions of the Employment Agreement and the Company may reclaim any such amounts paid to him and may terminate any benefits and payments that are subsequently due under the Employment Agreement, except as prohibited by the ADEA and OWBPA.

(c) No Assignment. The Executive represents and warrants that he has not assigned any of the Claims being released under this Agreement. The Company may assign this Agreement, in whole or in part, to any affiliated company or subsidiary of, or any successor in interest to, the Company.

3. Proceedings. The Executive has not filed, and agrees not to initiate or cause to be initiated on his behalf, any complaint, charge, claim or proceeding against the Releasees before any local, state or federal agency, court or other body relating to his employment or the termination of his employment, other than with respect to the obligations of the Company to the Executive under the Employment Agreement (each, individually, a “Proceeding”), and agrees not to participate voluntarily in any Proceeding. Notwithstanding the foregoing, the prohibitions in this paragraph 3 shall not apply to the Executive’s right to file a charge with the Equal Employment Opportunity Commission (“EEOC”) or similar local or state agency, or participate in an investigation conducted by such agency. The Executive waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) (i) arising out of any Proceeding and/or (ii) in connection with any claim pursued by any administrative

agency, including but not limited to the EEOC, on the Executive's behalf and, in the event the Executive is awarded money, compensation or benefits, the Executive shall immediately remit such award to the Company.

4. Remedies. In the event the Executive initiates or voluntarily participates in any Proceeding in violation of this Agreement, or if he fails to abide by any of the terms of this Agreement or his post-termination obligations contained in the Employment Agreement, the Company may, in addition to any other remedies it may have, reclaim any amounts paid to him under the termination provisions of the Employment Agreement and terminate any benefits or payments that are subsequently due under the Employment Agreement, except as prohibited by the ADEA and OWBPA, without waiving the release granted herein. The Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of his post-termination obligations under the Employment Agreement or his obligations under paragraphs 2 and 3 herein would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law or in equity or as may otherwise be set forth in the Employment Agreement, the Company shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from breaching his post-termination obligations under the Employment Agreement or his obligations under paragraphs 2 and 3 herein. Such injunctive relief in any court shall be available to the Company, in lieu of, or prior to or pending determination in, any arbitration proceeding.

The Executive understands that by entering into this Agreement he shall be limiting the availability of certain remedies that he may have against the Company and limiting also his ability to pursue certain claims against the Company.

5. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, shall be inoperative.

6. Nonadmission. Nothing contained in this Agreement shall be deemed or construed as an admission of wrongdoing or liability on the part of the Company.

7. GOVERNING LAW AND FORUM. The Executive acknowledges that this Agreement has been executed, in whole or in part, in New York. Accordingly, the Executive agrees that this Agreement and all matters or issues arising out of or relating to the Executive's employment with the Company shall be governed by the laws of the State of New York applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought solely in the state or federal courts located in the City of New York, Borough of Manhattan.

8. Notices. Notices under this Agreement must be given in writing, by personal delivery, regular mail or receipted email, at the parties' respective addresses shown on this Agreement (or any other address designated in writing by either party), with a copy, in the case of the Company, to the attention of Viacom Inc.'s General Counsel. Any notice given by regular mail shall be deemed to have been given three (3) days following such mailing.

**THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AND AGREEMENTS PROVIDED FOR HEREIN VOLUNTARILY AND OF HIS OWN FREE WILL.**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**Viacom Inc.**

By: \_\_\_\_\_  
[Insert name of Company representative]  
Insert title of Company representative]

**THE EXECUTIVE**

\_\_\_\_\_  
Wade Davis

Dated: \_\_\_\_\_



**CERTIFICATION**

I, Philippe P. Dauman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viacom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 31, 2013

/s/ PHILIPPE P. DAUMAN

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President and Chief Executive Officer

**CERTIFICATION**

I, Wade Davis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Viacom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 31, 2013

/s/ WADE DAVIS

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Executive Vice President, Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Philippe P. Dauman, 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/ PHILIPPE P. DAUMAN

Philippe P. Dauman

January 31, 2013

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to 18 U.S.C. Section 1350,  
as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Wade Davis, Executive Vice President, Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WADE DAVIS

Wade Davis

January 31, 2013

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to Viacom Inc. and will be retained by Viacom Inc. and furnished to the Securities and Exchange Commission or its staff upon request.