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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number 001-32686

VIACOM INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

20-3515052

(I.R.S. Employer
Identification Number)

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

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

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 April 15, 2016
Class A common stock, par value \$0.001 per share	49,434,379
Class B common stock, par value \$0.001 per share	346,608,679

VIACOM INC.
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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

VIACOM INC. CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

(in millions, except per share amounts)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Revenues	\$ 3,001	\$ 3,078	\$ 6,155	\$ 6,422
Expenses:				
Operating	1,654	2,056	3,247	3,679
Selling, general and administrative	705	721	1,372	1,452
Depreciation and amortization	56	57	111	112
Restructuring	—	206	—	206
Total expenses	2,415	3,040	4,730	5,449
Operating income	586	38	1,425	973
Interest expense, net	(155)	(166)	(310)	(326)
Equity in net earnings of investee companies	35	42	66	75
Other items, net	(6)	(12)	(4)	(30)
Earnings/(loss) before provision for income taxes	460	(98)	1,177	692
Provision for income taxes	(151)	50	(407)	(227)
Net earnings/(loss) (Viacom and noncontrolling interests)	309	(48)	770	465
Net earnings attributable to noncontrolling interests	(6)	(5)	(18)	(18)
Net earnings/(loss) attributable to Viacom	\$ 303	\$ (53)	\$ 752	\$ 447
Basic earnings/(loss) per share attributable to Viacom	\$ 0.76	\$ (0.13)	\$ 1.90	\$ 1.10
Diluted earnings/(loss) per share attributable to Viacom	\$ 0.76	\$ (0.13)	\$ 1.89	\$ 1.09
Weighted average number of common shares outstanding:				
Basic	396.1	402.5	396.4	406.6
Diluted	397.4	402.5	397.9	411.4
Dividends declared per share of Class A and Class B common stock	\$ 0.40	\$ 0.33	\$ 0.80	\$ 0.66

See accompanying notes to Consolidated Financial Statements

VIACOM INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Net earnings/(loss) (Viacom and noncontrolling interests)	\$ 309	\$ (48)	\$ 770	\$ 465
Other comprehensive income/(loss), net of tax:				
Foreign currency translation adjustments	22	(158)	(18)	(262)
Defined benefit pension plans	1	(1)	(4)	(21)
Cash flow hedges	2	—	1	—
Available for sale securities	—	(1)	—	(1)
Other comprehensive income/(loss) (Viacom and noncontrolling interests)	25	(160)	(21)	(284)
Comprehensive income/(loss)	334	(208)	749	181
Less: Comprehensive income attributable to noncontrolling interest	5	1	14	12
Comprehensive income/(loss) attributable to Viacom	\$ 329	\$ (209)	\$ 735	\$ 169

See accompanying notes to Consolidated Financial Statements

VIACOM INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions, except par value)	March 31, 2016	September 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 480	\$ 506
Receivables, net	2,784	2,807
Inventory, net	806	786
Prepaid and other assets	664	479
Total current assets	4,734	4,578
Property and equipment, net	879	947
Inventory, net	3,876	3,616
Goodwill	11,436	11,456
Intangibles, net	333	340
Other assets	1,307	1,206
Total assets	<u>\$ 22,565</u>	<u>\$ 22,143</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 343	\$ 506
Accrued expenses	679	748
Participants' share and residuals	848	860
Program obligations	692	703
Deferred revenue	413	481
Current portion of debt	1,033	18
Other liabilities	462	537
Total current liabilities	4,470	3,853
Noncurrent portion of debt	11,496	12,267
Participants' share and residuals	322	351
Program obligations	288	356
Deferred tax liabilities, net	531	150
Other liabilities	1,290	1,348
Redeemable noncontrolling interest	221	219
Commitments and contingencies (Note 6)		
Viacom stockholders' equity:		
Class A common stock, par value \$0.001, 375.0 authorized; 49.4 and 50.1 outstanding, respectively	—	—
Class B common stock, par value \$0.001, 5,000.0 authorized; 346.8 and 348.0 outstanding, respectively	—	—
Additional paid-in capital	10,073	10,017
Treasury stock, 400.1 and 398.0 common shares held in treasury, respectively	(20,825)	(20,725)
Retained earnings	15,192	14,780
Accumulated other comprehensive loss	(551)	(534)
Total Viacom stockholders' equity	3,889	3,538
Noncontrolling interests	58	61
Total equity	3,947	3,599
Total liabilities and equity	<u>\$ 22,565</u>	<u>\$ 22,143</u>

See accompanying notes to Consolidated Financial Statements

VIACOM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)	Six Months Ended March 31,	
	2016	2015
OPERATING ACTIVITIES		
Net earnings (Viacom and noncontrolling interests)	\$ 770	\$ 465
Reconciling items:		
Depreciation and amortization	111	112
Feature film and program amortization	2,106	2,581
Equity-based compensation	52	51
Equity in net earnings and distributions from investee companies	(62)	(71)
Deferred income taxes	377	46
Operating assets and liabilities, net of acquisitions:		
Receivables	52	329
Inventory, program rights and participations	(2,500)	(2,567)
Accounts payable and other current liabilities	(508)	(248)
Other, net	(114)	(18)
Net cash provided by operating activities	284	680
INVESTING ACTIVITIES		
Acquisitions and investments, net	(44)	5
Capital expenditures	(54)	(64)
Net cash flow used in investing activities	(98)	(59)
FINANCING ACTIVITIES		
Borrowings	—	990
Debt repayments	—	(600)
Commercial paper	250	75
Purchase of treasury stock	(100)	(1,506)
Dividends paid	(318)	(273)
Excess tax benefits on equity-based compensation awards	—	39
Exercise of stock options	3	126
Other, net	(43)	(79)
Net cash flow used in financing activities	(208)	(1,228)
Effect of exchange rate changes on cash and cash equivalents	(4)	(87)
Net change in cash and cash equivalents	(26)	(694)
Cash and cash equivalents at beginning of period	506	1,000
Cash and cash equivalents at end of period	\$ 480	\$ 306

See accompanying notes to Consolidated Financial Statements

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, apps, games, consumer products, social media experiences and other entertainment content for audiences in 180 countries. Viacom operates through two reporting segments: *Media Networks*, which includes the Music & Entertainment Group, the Kids & Family Group 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, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Paramount Animation, Insurge Pictures, Nickelodeon Movies, MTV Films and Paramount Television brands. References in this document to “Viacom,” “Company,” “we,” “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

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 our 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, 2016 (“fiscal 2016”) or any future period. These financial statements should be read in conjunction with our Form 10-K for the year ended September 30, 2015, as filed with the SEC on November 12, 2015 (the “2015 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 periods presented. Significant estimates inherent in the preparation of the accompanying Consolidated Financial Statements include estimates of film ultimate revenues, product returns, potential outcome of uncertain tax positions, fair value of acquired assets and liabilities, fair value of equity-based compensation and pension benefit assumptions. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Reclassification

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

Recent Accounting Pronouncements

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

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

In January 2016, the FASB issued ASU 2016-01 - Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other provisions, the new guidance requires the fair value measurement of investments in certain equity securities. For investments without readily determinable fair values, entities have the option to

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

either measure these investments at fair value or at cost adjusted for changes in observable prices minus impairment. All changes in measurement will be recognized in net income. The guidance will be effective for the first interim period of our 2019 fiscal year. Early adoption is not permitted, except for certain provisions relating to financial liabilities. We are currently evaluating the impact of the new standard.

In November 2015, the FASB issued ASU 2015-17 - Income Taxes: Balance Sheet Classification of Deferred Taxes, which requires that all deferred taxes be classified as noncurrent in the balance sheet. The guidance is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted on either a prospective or retrospective basis. In the quarter ended December 31, 2015, we adopted the new guidance on a retrospective basis. As a result, our \$99 million net deferred tax liability in the Consolidated Balance Sheet as of September 30, 2015 is presented as a deferred tax asset of \$51 million within *Other assets* and \$150 million in *Deferred tax liabilities, net*.

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

NOTE 2. INVENTORY

Our total inventory consists of the following:

Inventory (in millions)	March 31, 2016	September 30, 2015
Film inventory:		
Released, net of amortization	\$ 684	\$ 576
Completed, not yet released	143	55
In process and other	847	806
Total film inventory, net of amortization	1,674	1,437
Television productions	50	8
Total film and television production inventory	1,724	1,445
Original programming:		
Released, net of amortization	1,189	1,161
In process and other	525	599
Total original programming, net of amortization	1,714	1,760
Acquired program rights, net of amortization	1,149	1,108
Home entertainment inventory	95	89
Total inventory, net	4,682	4,402
Less: current portion	(806)	(786)
Total inventory-noncurrent, net	\$ 3,876	\$ 3,616

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 3. DEBT

Our total debt consists of the following:

Debt (in millions)	March 31, 2016	September 30, 2015
Senior Notes and Debentures:		
Senior notes due April 2016, 6.250%	368	368
Senior notes due December 2016, 2.500%	399	399
Senior notes due April 2017, 3.500%	499	498
Senior notes due October 2017, 6.125%	499	499
Senior notes due September 2018, 2.500%	497	497
Senior notes due April 2019, 2.200%	399	398
Senior notes due September 2019, 5.625%	550	550
Senior notes due December 2019, 2.750%	398	398
Senior notes due March 2021, 4.500%	494	494
Senior notes due December 2021, 3.875%	593	592
Senior notes due June 2022, 3.125%	296	296
Senior notes due March 2023, 3.250%	297	297
Senior notes due September 2023, 4.250%	1,234	1,233
Senior notes due April 2024, 3.875%	544	543
Senior debentures due December 2034, 4.850%	593	592
Senior debentures due April 2036, 6.875%	1,066	1,066
Senior debentures due October 2037, 6.750%	75	75
Senior debentures due February 2042, 4.500%	244	244
Senior debentures due March 2043, 4.375%	1,088	1,085
Senior debentures due June 2043, 4.875%	246	246
Senior debentures due September 2043, 5.850%	1,228	1,228
Senior debentures due April 2044, 5.250%	544	544
Commercial paper	250	—
Capital lease and other obligations	128	143
Total debt	12,529	12,285
Less: current portion	(1,033)	(18)
Total noncurrent portion of debt	<u>\$ 11,496</u>	<u>\$ 12,267</u>

The total unamortized discount and issuance fees and expenses related to our senior notes and debentures was \$469 million as of March 31, 2016 and \$478 million as of September 30, 2015. The fair value of our senior notes and debentures was approximately \$12.4 billion as of March 31, 2016. The valuation of our publicly traded debt is based on quoted prices in active markets.

Credit Facility

At March 31, 2016, there were no amounts outstanding under our \$2.5 billion revolving credit facility due November 2019. The credit facility is used for general corporate purposes and to support commercial paper outstanding. The amount of unused capacity under the credit facility, after deducting commercial paper outstanding of \$250 million with a weighted average maturity of 26 days and weighted average interest rate of 1.28%, was \$2.25 billion as of March 31, 2016. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of March 31, 2016.

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 4. PENSION BENEFITS

The components of net periodic benefit cost for our defined benefit pension plans, which are currently frozen to future benefit accruals, are set forth below.

Net Periodic Benefit Cost (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Interest cost	\$ 8	\$ 10	\$ 17	\$ 22
Expected return on plan assets	(9)	(11)	(19)	(24)
Recognized actuarial loss	2	2	3	3
Loss on pension settlement	—	—	—	24
Net periodic benefit cost	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 25</u>

NOTE 5. REDEEMABLE NONCONTROLLING INTEREST

We are subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary. The put option expires in December 2022 and is classified as *Redeemable noncontrolling interest* in the Consolidated Balance Sheets.

The activity reflected within redeemable noncontrolling interest is as follows:

Redeemable Noncontrolling Interest (in millions)	Six Months Ended March 31,	
	2016	2015
Beginning balance	\$ 219	\$ 216
Net earnings	9	8
Distributions	(12)	(12)
Translation adjustment	(16)	(23)
Redemption value adjustment	21	5
Ending Balance	<u>\$ 221</u>	<u>\$ 194</u>

NOTE 6. COMMITMENTS AND CONTINGENCIES
Commitments

As more fully described in Note 11 of the 2015 Form 10-K, our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years.

Contingencies

We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. (“Famous Players”). In addition, we have certain indemnities provided by the acquirer of Famous Players. These lease commitments amounted to approximately \$250 million as of March 31, 2016. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We have recorded a liability of \$192 million with respect to such obligations as of March 31, 2016. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

Legal Matters

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

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

In July 2015, the Directorate-General for Competition (“DG Comp”) of the European Commission (the “Commission”) issued a Statement of Objections (the “SO”) to the six major Hollywood film studios, including Paramount Pictures, and to Sky UK (“Sky”), in connection with DG Comp’s investigation into whether conventional territorial restrictions in agreements licensing content to pay television broadcasters impeded European Union (“EU”) single market imperatives in an anti-competitive way. The SO directed at Paramount takes issue with certain geo-filtering provisions in Paramount’s 2009 and 2014 agreements with Sky, which were designed to enforce the territorial nature of the content Paramount licenses for distribution on Sky’s online and mobile pay television platforms. In addition, the SO challenges certain provisions in the 2009 agreement regarding Sky’s satellite distribution of Paramount content. While we believe that Paramount’s licensing practices in the EU are consistent with the region’s competition and other rules, Paramount has chosen to reach agreement with the Commission rather than prolong the dispute. Subject to final Commission approval, Viacom and Paramount will give binding commitments to neither enforce nor renew the types of geo-filtering clauses in premium pay television license agreements that were described in the SO and that restrict European Economic Area (“EEA”) broadcasters from responding to unsolicited requests by consumers located in a different territory in the EEA. No admission of liability will be made. The commitments permit Paramount to continue to license films through premium pay television license agreements in Europe on an exclusive territorial basis. In addition, the agreement eliminates the possibility of fines and enables the Commission to close similar pending cases against Viacom and Paramount relating to broadcasters in Italy, France, Germany and Spain. If Paramount’s commitments do not receive final Commission approval and the Commission ultimately decides that violations have in fact occurred, it has the power to impose fines. Any such decision would be subject to judicial review in the EU’s General Court and, thereafter, the Court of Justice of the EU. The full process, including appeals, could last several years.

In November 2015, Robert J. Casey, II, a Viacom shareholder, commenced a shareholder derivative action in the Court of Chancery of the State of Delaware naming, as defendants, all of the members of our Board of Directors, our Chief Financial Officer and our Controller. The complaint alleged breaches of fiduciary duties and unjust enrichment in connection with (i) our decision to recognize a pre-tax charge in the second quarter of fiscal 2015, reflecting the impact of write-downs of underperforming programming, costs associated with workforce reductions and the accelerated amortization of programming expenses, as we publicly announced on April 6, 2015, (ii) our decision to temporarily pause our stock repurchase program in order to stay within our target leverage ratio, also as publicly announced on April 6, 2015, and (iii) the matters relating to the European Statement of Objections, as discussed above. The complaint was filed following communication to Mr. Casey’s counsel that the Board unanimously determined not to authorize commencement of a civil action against members of management in connection with the above matters, as requested by Mr. Casey’s counsel in previous demand letters. In January 2016, we moved to dismiss the complaint, and Mr. Casey filed an amended complaint in March 2016. On April 7, Mr. Casey voluntarily dismissed the action. The dismissal was approved by the court on the same day.

In January 2016, E.F. Greenberg, a putative Viacom shareholder, commenced a shareholder derivative action in the Court of Chancery of the State of Delaware against the Company and all the current members of our Board of Directors. The complaint alleges breaches of the fiduciary duties of loyalty and candor, waste of corporate assets, and unjust enrichment in connection with compensation arrangements between Viacom and Sumner and Shari Redstone since October 1, 2013. CBS Corporation and its directors were also named in the complaint in connection with arrangements between CBS and Mr. Redstone and Ms. Redstone. In March 2016, Mr. Greenberg voluntarily dismissed the action, and the dismissal was approved by the court.

NOTE 7. STOCKHOLDERS’ EQUITY

The components of stockholders’ equity are as follows:

Stockholders’ Equity (in millions)	Six Months Ended March 31, 2016			Six Months Ended March 31, 2015		
	Total Viacom Stockholders’ Equity	Noncontrolling Interests	Total Equity	Total Viacom Stockholders’ Equity	Noncontrolling Interests	Total Equity
Beginning Balance	\$ 3,538	\$ 61	\$ 3,599	\$ 3,719	\$ 28	\$ 3,747
Net earnings	752	18	770	447	18	465
Other comprehensive loss ⁽¹⁾	(17)	(4)	(21)	(278)	(6)	(284)
Noncontrolling interests	(21)	(17)	(38)	(5)	(21)	(26)
Dividends declared	(318)	—	(318)	(269)	—	(269)
Purchase of treasury stock	(100)	—	(100)	(1,500)	—	(1,500)
Equity-based compensation and other	55	—	55	189	—	189
Ending Balance	<u>\$ 3,889</u>	<u>\$ 58</u>	<u>\$ 3,947</u>	<u>\$ 2,303</u>	<u>\$ 19</u>	<u>\$ 2,322</u>

(1) The components of other comprehensive loss are net of tax expense of \$5 million and a tax benefit of \$11 million for the six months ended March 31, 2016 and 2015, respectively.

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 8. RESTRUCTURING

Our restructuring liability as of March 31, 2016 by reporting segment is as follows:

2015 Restructuring Liability				
(in millions)	Media Networks	Filmed Entertainment	Corporate	Total
September 30, 2015	\$ 87	\$ 51	\$ 9	\$ 147
Severance payments	(37)	(16)	(3)	(56)
March 31, 2016	<u>\$ 50</u>	<u>\$ 35</u>	<u>\$ 6</u>	<u>\$ 91</u>

The liability as of March 31, 2016 is related to future severance payments in connection with the restructuring plan undertaken in fiscal 2015, as further described in Note 14 of the 2015 Form 10-K. We anticipate that substantially all of the liability associated with the restructuring plan will be paid by September 30, 2016.

NOTE 9. EARNINGS PER SHARE

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

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

Weighted Average Number of Common Shares Outstanding and Anti-dilutive Common Shares	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
(in millions)				
Weighted average number of common shares outstanding, basic	396.1	402.5	396.4	406.6
Dilutive effect of equity awards	1.3	—	1.5	4.8
Weighted average number of common shares outstanding, diluted	<u>397.4</u>	<u>402.5</u>	<u>397.9</u>	<u>411.4</u>
Anti-dilutive common shares	13.2	8.6	13.0	4.3

NOTE 10. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION

Our supplemental cash flow information is as follows:

Supplemental Cash Flow Information	Six Months Ended March 31,	
	2016	2015
(in millions)		
Cash paid for interest	\$ 302	\$ 305
Cash paid for income taxes	\$ 204	\$ 211

Accounts Receivable

We had \$567 million and \$577 million of noncurrent trade receivables as of March 31, 2016 and September 30, 2015, respectively. Accounts receivables are principally related to content distribution arrangements at *Media Networks* and long-term television license arrangements at *Filmed Entertainment*. These amounts are included within *Other assets - noncurrent* in our Consolidated Balance Sheets. Such amounts are due in accordance with the underlying terms of the respective agreements with companies that are investment grade or with which we have historically done business under similar terms. We have determined that credit loss allowances are generally not considered necessary for these amounts.

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Variable Interest Entities

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

Unconsolidated Variable Interest Entities: We have an unconsolidated investment in Prism TV Private Limited (“Prism”), a 50% owned joint venture in India that qualifies as a VIE. In connection with our investment, we do not have the power to direct matters that most significantly impact the activities of Prism and therefore we do not qualify as the primary beneficiary. Our carrying value in Prism was \$157 million and \$145 million as of March 31, 2016 and September 30, 2015, respectively.

Consolidated Variable Interest Entities: Our Consolidated Balance Sheets include amounts related to consolidated VIEs totaling \$212 million in assets and \$56 million in liabilities as of March 31, 2016, and \$207 million in assets and \$54 million in liabilities as of September 30, 2015. The consolidated VIEs’ revenues, expenses and operating income were not significant for all periods presented.

Income Taxes

Our effective income tax rate was 32.8% and 34.6% in the quarter and six months ended March 31, 2016, respectively. Discrete tax expense of \$21 million contributed 1.8 percentage points to the effective income tax rate in the six months. This discrete tax expense was principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

Our effective income tax rate was 51.0% in the quarter ended March 31, 2015, which included restructuring and programming charges that contributed 19.8 percentage points to the effective income tax rate. Our effective tax rate was 32.8% in the six months ended March 31, 2015. Discrete tax expense of \$23 million in the six months, taken together with the restructuring and programming charges and a pension settlement loss, contributed 1.0 percentage point to the effective income tax rate. This discrete tax expense was principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

NOTE 11. FAIR VALUE MEASUREMENTS

The following table summarizes our financial assets and liabilities measured and recorded at fair value on a recurring basis as of March 31, 2016 and September 30, 2015:

Financial Asset/(Liability) (in millions)	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
March 31, 2016				
Marketable securities	\$ 108	\$ 108	\$ —	\$ —
Derivatives	(7)	—	(7)	—
Total	<u>\$ 101</u>	<u>\$ 108</u>	<u>\$ (7)</u>	<u>\$ —</u>
September 30, 2015				
Marketable securities	\$ 100	\$ 100	\$ —	\$ —
Derivatives	(10)	—	(10)	—
Total	<u>\$ 90</u>	<u>\$ 100</u>	<u>\$ (10)</u>	<u>\$ —</u>

The fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end and the fair value for derivatives is determined utilizing a market-based approach.

The notional value of all foreign exchange contracts was \$963 million and \$1.040 billion as of March 31, 2016 and September 30, 2015, respectively. At March 31, 2016, \$678 million related to our foreign currency balances and \$285 million related to future production costs. At September 30, 2015, \$769 million related to our foreign currency balances and \$271 million related to future production costs.

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 12. REPORTING SEGMENTS

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

Our measure of segment performance is adjusted operating income/(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 programming charges, when applicable.

Revenues by Segment (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Media Networks	\$ 2,381	\$ 2,452	\$ 4,946	\$ 5,106
Filmed Entertainment	655	659	1,267	1,379
Eliminations	(35)	(33)	(58)	(63)
Total revenues	<u>\$ 3,001</u>	<u>\$ 3,078</u>	<u>\$ 6,155</u>	<u>\$ 6,422</u>

Adjusted Operating Income/(Loss) (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Media Networks	\$ 805	\$ 903	\$ 1,862	\$ 2,007
Filmed Entertainment	(136)	1	(282)	(59)
Corporate expenses	(53)	(57)	(103)	(118)
Eliminations	(4)	—	—	2
Equity-based compensation	(26)	(25)	(52)	(51)
Restructuring and programming charges	—	(784)	—	(784)
Loss on pension settlement	—	—	—	(24)
Operating income	<u>586</u>	<u>38</u>	<u>1,425</u>	<u>973</u>
Interest expense, net	(155)	(166)	(310)	(326)
Equity in net earnings of investee companies	35	42	66	75
Other items, net	(6)	(12)	(4)	(30)
Earnings/(loss) before provision for income taxes	<u>\$ 460</u>	<u>\$ (98)</u>	<u>\$ 1,177</u>	<u>\$ 692</u>

Total Assets (in millions)	March 31, 2016	September 30, 2015
Media Networks	\$ 16,792	\$ 17,088
Filmed Entertainment	6,190	5,914
Corporate/Eliminations	(417)	(859)
Total assets	<u>\$ 22,565</u>	<u>\$ 22,143</u>

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Revenues by Component (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Advertising	\$ 1,123	\$ 1,172	\$ 2,443	\$ 2,539
Feature film	610	605	1,180	1,279
Affiliate fees	1,129	1,146	2,248	2,278
Ancillary	174	188	342	389
Eliminations	(35)	(33)	(58)	(63)
Total revenues	\$ 3,001	\$ 3,078	\$ 6,155	\$ 6,422

NOTE 13. RELATED PARTY TRANSACTIONS

National Amusements, Inc. (“NAI”), directly and indirectly, 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 Chairman Emeritus and as the Chairman Emeritus 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 our directors, serves on the boards of both NAI and Viacom, and Frederic Salerno, our Lead Independent Director, serves on the boards of both Viacom and CBS. Philippe Dauman, our Executive Chairman, President and Chief Executive Officer, also serves on the boards of both NAI and Viacom. Transactions between Viacom and related parties are overseen by our 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 six months ended March 31, 2016 and 2015, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately \$4 million and \$6 million, respectively.

Viacom and CBS Corporation Related Party Transactions

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

Our *Filmed Entertainment* segment earns revenues and recognizes expenses associated with its distribution of certain television products into the home entertainment market on behalf of CBS. Pursuant to its agreement with CBS, Paramount distributes CBS’s library of television and other content on DVD and Blu-ray disc on a worldwide basis. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable together with any advance amounts paid. Paramount made advance payments of \$60 million to CBS during the six months ended March 31, 2016. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

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

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

VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

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

CBS Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Consolidated Statements of Earnings				
Revenues	\$ 22	\$ 33	\$ 65	\$ 92
Operating expenses	\$ 29	\$ 80	\$ 88	\$ 148
			March 31, 2016	September 30, 2015
Consolidated Balance Sheets				
Accounts receivable			\$ 2	\$ 5
Accounts payable			\$ —	\$ 1
Participants' share and residuals, current			63	77
Program obligations, current			71	62
Program obligations, noncurrent			44	55
Other liabilities			2	2
Total due to CBS			\$ 180	\$ 197

Other Related Party Transactions

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

Other Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Consolidated Statements of Earnings				
Revenues	\$ 25	\$ 45	\$ 30	\$ 58
Operating expenses	\$ 14	\$ 19	\$ 16	\$ 21
Selling, general and administrative	\$ (4)	\$ (4)	\$ (6)	\$ (6)
			March 31, 2016	September 30, 2015
Consolidated Balance Sheets				
Accounts receivable			\$ 57	\$ 60
Other assets			1	1
Total due from other related parties			\$ 58	\$ 61
Accounts payable			\$ 5	\$ 5
Other liabilities			55	55
Total due to other related parties			\$ 60	\$ 60

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, 2015, as filed with the Securities and Exchange Commission ("SEC") on November 12, 2015 (the "2015 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 our 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 and six months ended March 31, 2016, compared with the quarter and six months ended March 31, 2015. 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 six months ended March 31, 2016, compared with the six months ended March 31, 2015, and of our outstanding debt, commitments and contingencies existing as of March 31, 2016.

OVERVIEW

Summary

We are home to premier global media brands that create compelling television programs, motion pictures, short-form content, apps, games, consumer products, social media experiences and other entertainment content for audiences in 180 countries. Our media networks, including Nickelodeon®, COMEDY CENTRAL®, MTV®, VH1®, SPIKE®, BET®, CMT®, TV Land®, Nick at Nite®, Nick Jr.®, Channel 5® (UK), Logo®, Nicktoons®, TeenNick® and Paramount Channel™, reach 510 million households worldwide. Viacom Media Networks also provides extensive online, mobile and app experiences. Paramount Pictures® is a major global producer and distributor of filmed entertainment. Paramount Television™ develops and produces programming for television and video-on-demand platforms. In February 2016, the Company announced that it initiated a process to explore opportunities for a significant strategic minority equity investment in Paramount Pictures.

We operate 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, 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 attributable to Viacom and adjusted diluted earnings per share ("EPS"), among other measures, to evaluate our actual operating performance and for planning and forecasting of future periods. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with 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 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*".

Media Networks

Our *Media Networks* segment generates revenues in three categories: (i) the sale of advertising and marketing services, (ii) affiliate fees from cable television operators, direct-to-home satellite television operators, mobile networks, video-on-demand services, and other distributors of our programming and program services, and (iii) ancillary revenues, which include consumer products licensing, brand licensing, sale of content on DVDs and Blu-ray discs, licensing of our content for download-to-own and download-to-rent services and television syndication.

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

Media Networks segment expenses consist of operating expenses, selling, general and administrative ("SG&A") expenses and depreciation and amortization. Operating expenses are comprised of costs related to original and acquired programming, including programming amortization, expenses associated with the distribution of home entertainment products and consumer products licensing, 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 and Blu-ray discs relating to the motion pictures we release theatrically and direct-to-DVD, as well as content distributed on behalf of Viacom and third parties, transactional video-on-demand and download-to-own services, (iii) licensing of film and television exhibition rights to pay and basic cable television, free television, subscription video-on-demand and free video-on-demand services and (iv) ancillary revenues from providing production services to third parties, primarily at Paramount's studio lot, licensing of its brands for consumer products, theme parks and other uses, and distribution of content specifically developed for digital platforms.

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

RESULTS OF OPERATIONS

Consolidated Results of Operations

Our summary consolidated results of operations are presented below for the quarters and six months ended March 31, 2016 and 2015.

(in millions, except per share amounts)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2016	2015	\$	%	2016	2015	\$	%
Revenues	\$ 3,001	\$ 3,078	\$ (77)	(3)%	\$ 6,155	\$ 6,422	\$ (267)	(4)%
Operating income	586	38	548	NM	1,425	973	452	46
Net earnings/(loss) attributable to Viacom	303	(53)	356	NM	752	447	305	68
Diluted earnings/(loss) per share	0.76	(0.13)	0.89	NM	1.89	1.09	0.80	73
Non-GAAP*								
Adjusted operating income	586	822	(236)	(29)	1,425	1,781	(356)	(20)
Adjusted net earnings attributable to Viacom	303	467	(164)	(35)	773	1,005	(232)	(23)
Adjusted diluted earnings per share	\$ 0.76	\$ 1.16	\$ (0.40)	(34)%	\$ 1.94	\$ 2.44	\$ (0.50)	(20)%

NM - Not Meaningful

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

Factors Affecting Comparability

The Consolidated Financial Statements reflect our results of operations, financial position and cash flows reported in accordance with GAAP. Our results have been affected by certain items identified as affecting comparability. Accordingly, when applicable, we use non-GAAP measures, including consolidated adjusted operating income, adjusted net earnings attributable to Viacom and adjusted diluted EPS, to evaluate our actual operating performance and for planning and forecasting of future periods. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. These measures of performance are calculated on a basis other than GAAP and should not be considered in isolation of, or as a substitute for, operating income, net earnings attributable to Viacom

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

and diluted EPS as indicators of operating performance, and they may not be comparable to similarly titled measures employed by other companies.

There were no adjustments to our results for the quarter ended March 31, 2016. The following tables reconcile our reported results to our adjusted results, calculated on a non-GAAP basis, for the six months ended March 31, 2016 and quarter and six months ended March 31, 2015. The tax impacts included in the tables have been calculated using the rates applicable to the adjustments presented.

(in millions, except per share amounts)

	Six Months Ended March 31, 2016		
	Operating Income	Net Earnings Attributable to Viacom	Diluted EPS
Reported results (GAAP)	\$ 1,425	\$ 752	\$ 1.89
Factors Affecting Comparability:			
Discrete tax expense	—	21	0.05
Adjusted results (Non-GAAP)	<u>\$ 1,425</u>	<u>\$ 773</u>	<u>\$ 1.94</u>

(in millions, except per share amounts)

	Quarter Ended March 31, 2015		
	Operating Income	Net Earnings/(Loss) Attributable to Viacom	Diluted EPS
Reported results (GAAP)	\$ 38	\$ (53)	\$ (0.13)
Factors Affecting Comparability:			
Restructuring and programming charges	784	520	1.29
Adjusted results (Non-GAAP)	<u>\$ 822</u>	<u>\$ 467</u>	<u>\$ 1.16</u>

(in millions, except per share amounts)

	Six Months Ended March 31, 2015		
	Operating Income	Net Earnings Attributable to Viacom	Diluted EPS
Reported results (GAAP)	\$ 973	\$ 447	\$ 1.09
Factors Affecting Comparability:			
Restructuring and programming charges	784	520	1.26
Loss on pension settlement	24	15	0.04
Discrete tax expense	—	23	0.05
Adjusted results (Non-GAAP)	<u>\$ 1,781</u>	<u>\$ 1,005</u>	<u>\$ 2.44</u>

Restructuring and programming charges: The quarter and six months ended March 31, 2015 reflect a pre-tax charge of \$784 million recognized in connection with a company-wide review across our worldwide Media Networks, Filmed Entertainment operations and corporate functions. The company-wide review resulted in the implementation of significant strategic and operational improvements aimed at addressing the ratings challenges experienced by our networks and enhancing the effectiveness and efficiency of our operations, including a new programming strategy shifting focus away from repeated acquired programming and toward fresher, first-run original programming specifically targeted to appeal to our youth and family-oriented demographics.

As a result of the review, we reorganized our operating segments and the newly structured operating segment management performed a comprehensive strategic review of existing programming, resulting in the identification of programming not aligned with the Company's new strategy. Decisions were made to cease airing certain programs, alter future airing patterns of certain other programs, and move some programming to secondary networks that would not generate sufficient revenues to support their carrying value.

The charge consisted of \$578 million of programming charges and a \$206 million restructuring charge associated with workforce reductions. See "*Segment Results of Operations*" for additional discussion of the impact of the restructuring and programming charges on segment expenses.

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

Loss on pension settlement: The pre-tax non-cash charge of \$24 million in the six months ended March 31, 2015 was driven by the settlement of pension benefits of certain participants of our funded pension plan.

Discrete tax expense: The net discrete tax expense in each of the six months ended March 31, 2016 and 2015 is principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

Revenues

Worldwide revenues decreased \$77 million, or 3%, to \$3.001 billion in the quarter ended March 31, 2016. *Media Networks* revenues decreased \$71 million, or 3%, principally reflecting lower advertising and affiliate revenues, and *Filmed Entertainment* revenues decreased \$4 million.

Worldwide revenues decreased \$267 million, or 4%, to \$6.155 billion in the six months ended March 31, 2016. *Media Networks* revenues decreased \$160 million, or 3%, reflecting lower advertising, affiliate and ancillary revenues. *Filmed Entertainment* revenues decreased \$112 million, or 8%, primarily driven by lower theatrical and home entertainment revenues, partially offset by higher license fees.

Expenses

Total expenses decreased \$625 million, or 21%, to \$2.415 billion and \$719 million, or 13%, to \$4.730 billion in the quarter and six months ended March 31, 2016, respectively, due to \$784 million of restructuring and programming charges in the prior year quarter and six months and a \$24 million loss on pension settlement in the prior year six months, partially offset by higher segment expenses. *Media Networks* expenses increased \$27 million, or 2%, in the quarter primarily driven by higher operating expenses and decreased \$15 million in the six months, primarily driven by lower SG&A expenses. *Filmed Entertainment* expenses increased \$133 million, or 20%, in the quarter and \$111 million, or 8%, in the six months driven by higher operating expenses.

Operating

Operating expenses decreased \$402 million, or 20%, to \$1.654 billion in the quarter and \$432 million, or 12%, to \$3.247 billion in the six months.

Consolidated operating expenses included a programming charge of \$578 million in the prior year quarter and six months, as described in more detail in the "*Factors Affecting Comparability*" discussion above. *Media Networks* operating expenses increased \$39 million, or 4%, in the quarter and \$9 million in the six months. *Filmed Entertainment* operating expenses increased \$136 million, or 25%, in the quarter and \$131 million, or 11%, in the six months.

Selling, General and Administrative

SG&A expenses decreased \$16 million, or 2%, to \$705 million in the quarter and \$80 million, or 6%, to \$1.372 billion in the six months. *Media Networks* SG&A expenses decreased \$13 million, or 2%, in the quarter and \$25 million, or 2%, in the six months. *Filmed Entertainment* SG&A expenses decreased \$3 million, or 3%, in the quarter and \$20 million, or 11%, in the six months. Consolidated SG&A expenses included a \$24 million loss on pension settlement in the prior year six month period, as described in more detail in the "*Factors Affecting Comparability*" discussion above.

Operating Income

Operating income increased \$548 million in the quarter ended March 31, 2016, reflecting the operating results discussed above. Excluding the items discussed in "*Factors Affecting Comparability*", adjusted operating income decreased \$236 million, or 29%, to \$586 million in the quarter. *Media Networks* adjusted operating income decreased \$98 million, or 11%, primarily reflecting revenue declines as well as an increase in programming expenses. *Filmed Entertainment* adjusted operating results decreased \$137 million principally reflecting the performance of certain films released in the quarter. In addition, corporate expenses decreased \$4 million, or 7%, due to lower employee-related costs.

Operating income increased \$452 million in the six months ended March 31, 2016, reflecting the operating results discussed above. Excluding the items discussed in "*Factors Affecting Comparability*", adjusted operating income decreased \$356 million, or 20%, to \$1.425 billion in the six months. *Media Networks* adjusted operating income decreased \$145 million, or 7%, principally reflecting the decline in revenues. *Filmed Entertainment* adjusted operating loss decreased \$223 million, reflecting lower contribution from current year films in release across the distribution windows. In addition, corporate expenses decreased \$15 million, or 13%, due to lower employee-related costs.

Income Taxes

Our effective income tax rate was 32.8% and 34.6% in the quarter and six months ended March 31, 2016, respectively. Discrete tax expense of \$21 million contributed 1.8 percentage points to the effective income tax rate in the six months. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 32.8% in the six months.

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

Our effective income tax rate was 51.0% and 32.8% in the quarter and six months ended March 31, 2015, respectively. Discrete tax expense of \$23 million in the six months, taken together with the other factors affecting comparability discussed above, as applicable, contributed 19.8 and 1.0 percentage points to the effective income tax rate in the quarter and six months, respectively. Excluding the impact of discrete tax items, our adjusted effective income tax rate was 31.2% and 31.8% in the quarter and six months, respectively.

Net Earnings Attributable to Viacom

Net earnings attributable to Viacom increased \$356 million in the quarter and \$305 million in the six months, principally due to the increase in tax-effected operating income described above. Excluding the items noted above under "*Factors Affecting Comparability*", adjusted net earnings attributable to Viacom decreased \$164 million, or 35%, to \$303 million in the quarter and \$232 million, or 23%, to \$773 million in the six months.

Diluted Earnings Per Share

Diluted EPS increased \$0.89 per diluted share to \$0.76 in the quarter and \$0.80 per diluted share to \$1.89 in the six months, primarily reflecting higher net earnings. Excluding the items noted above under "*Factors Affecting Comparability*", adjusted diluted EPS decreased \$0.40 per diluted share to \$0.76 in the quarter and \$0.50 per diluted share to \$1.94 in the six months.

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 and television programming exhibition rights by *Media Networks*.

Media Networks

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2016	2015	\$	%	2016	2015	\$	%
Revenues by Component								
Advertising	\$ 1,123	\$ 1,172	\$ (49)	(4)%	\$ 2,443	\$ 2,539	\$ (96)	(4)%
Affiliate fees	1,129	1,146	(17)	(1)	2,248	2,278	(30)	(1)
Ancillary	129	134	(5)	(4)	255	289	(34)	(12)
Total revenues by component	\$ 2,381	\$ 2,452	\$ (71)	(3)%	\$ 4,946	\$ 5,106	\$ (160)	(3)%
Expenses								
Operating	\$ 996	\$ 957	\$ (39)	(4)%	\$ 1,953	\$ 1,944	\$ (9)	— %
Selling, general and administrative	538	551	13	2	1,048	1,073	25	2
Depreciation and amortization	42	41	(1)	(2)	83	82	(1)	(1)
Total expenses	\$ 1,576	\$ 1,549	\$ (27)	(2)%	\$ 3,084	\$ 3,099	\$ 15	— %
Adjusted Operating Income	\$ 805	\$ 903	\$ (98)	(11)%	\$ 1,862	\$ 2,007	\$ (145)	(7)%

Revenues

Worldwide revenues decreased \$71 million, or 3%, to \$2.381 billion and \$160 million, or 3%, to \$4.946 billion in the quarter and six months ended March 31, 2016, respectively. Domestic revenues decreased 4% to \$1.949 billion and 3% to \$4.006 billion in the quarter and six months, respectively. International revenues were substantially flat in the quarter at \$432 million and decreased 2% in the six months to \$940 million. Foreign exchange had a 7-percentage point unfavorable impact on international revenues in both the quarter and six months.

Advertising

Worldwide advertising revenues decreased \$49 million, or 4%, to \$1.123 billion in the quarter and \$96 million, or 4%, to \$2.443 billion in the six months. Domestic advertising revenues decreased 5% in the quarter and 4% in the six months. While pricing increased, softer ratings at certain of our networks caused lower audience delivery, reducing impressions and associated revenue. International advertising revenues decreased 1% in the quarter and 2% in the six months. Excluding foreign exchange, which had a 7-percentage point and 8-percentage point unfavorable impact in the quarter and six months, respectively, international advertising revenues increased 6% in both the quarter and six months, driven by growth in Europe.

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

Affiliate Fees

Worldwide affiliate fee revenues decreased \$17 million, or 1%, to \$1.129 billion in the quarter and \$30 million, or 1%, to \$2.248 billion in the six months. In the six months, excluding foreign exchange, which had a 1-percentage point unfavorable impact, worldwide affiliate revenues remained flat. Domestic affiliate revenues decreased 2% in the quarter and 1% in the six months, reflecting a modest decline in subscribers and a rate adjustment with a major distributor, partially offset by rate increases across the remaining subscriber base. International affiliate revenues increased 4% in the quarter and decreased 1% in the six months. Excluding the impact of foreign exchange, which had a 7-percentage point and 8-percentage point unfavorable impact, international affiliate revenues increased 11% and 7% in the quarter and six months, respectively, driven by new channel launches, increased subscribers and rate increases.

Ancillary

Worldwide ancillary revenue decreased \$5 million, or 4%, to \$129 million in the quarter. Worldwide ancillary revenues decreased \$34 million, or 12%, to \$255 million in the six months, driven by lower consumer product revenue, reflecting *Teenage Mutant Ninja Turtles* merchandise sales in the prior year, and a decline in television syndication revenue.

Expenses

Total expenses increased \$27 million, or 2%, to \$1.576 billion in the quarter and remained substantially flat at \$3.084 billion in the six months.

Operating

Operating expenses increased \$39 million, or 4%, to \$996 million in the quarter, and \$9 million to \$1.953 billion in the six months. Programming costs increased \$50 million, or 6%, in the quarter, with an 11-percentage point increase reflecting our continuing investment in original content, partially offset by a 5-percentage point benefit in the current quarter attributable to programming abandoned or impaired in the second fiscal quarter of 2015, as previously described in the “*Factors Affecting Comparability*” section. Programming costs increased \$25 million, or 1%, in the six months, with an 8-percentage point increase reflecting our continuing investment in original content, partially offset by a 7-percentage point benefit in the current quarter attributable to the aforementioned programming abandonments and impairments. Distribution and other expenses decreased \$11 million, or 10%, in the quarter and \$16 million, or 7%, in the six months, primarily driven by lower ancillary expenses.

Selling, General and Administrative

SG&A expenses decreased \$13 million, or 2%, to \$538 million in the quarter and \$25 million, or 2%, to \$1.048 billion in the six months, primarily due to lower employee costs. SG&A expenses reflect 4-percentage points and 5-percentage points of benefit in the quarter and six months, respectively, from our 2015 restructuring. Refer to the “*Factors Affecting Comparability*” section above for a discussion of our restructuring charge taken in the second fiscal quarter of 2015.

Adjusted Operating Income

Adjusted operating income decreased \$98 million, or 11%, to \$805 million and \$145 million, or 7%, to \$1.862 billion in the quarter and six months, respectively, reflecting the operating results discussed above.

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

Filmed Entertainment

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2016	2015	\$	%	2016	2015	\$	%
Revenues by Component								
Theatrical	\$ 217	\$ 205	\$ 12	6 %	\$ 311	\$ 374	\$ (63)	(17)%
Home entertainment	153	194	(41)	(21)	392	510	(118)	(23)
License fees	240	206	34	17	477	395	82	21
Ancillary	45	54	(9)	(17)	87	100	(13)	(13)
Total revenues by component	\$ 655	\$ 659	\$ (4)	(1)%	\$ 1,267	\$ 1,379	\$ (112)	(8)%
Expenses								
Operating	\$ 690	\$ 554	\$ (136)	(25)%	\$ 1,353	\$ 1,222	\$ (131)	(11)%
Selling, general and administrative	88	91	3	3	170	190	20	11
Depreciation and amortization	13	13	—	—	26	26	—	—
Total expenses	\$ 791	\$ 658	\$ (133)	(20)%	\$ 1,549	\$ 1,438	\$ (111)	(8)%
Adjusted Operating Income/(Loss)	\$ (136)	\$ 1	\$ (137)	NM	\$ (282)	\$ (59)	\$ (223)	(378)%

NM - Not Meaningful

Revenues

Worldwide revenues decreased \$4 million, or 1%, to \$655 million, and \$112 million, or 8%, to \$1.267 billion in the quarter and six months ended March 31, 2016, respectively. Excluding foreign exchange, which had a 2-percentage point unfavorable impact in both periods, worldwide revenues increased 1% and declined 6% in the quarter and six months, respectively. Domestic revenues were \$366 million, a decrease of 1%, and \$677 million, a decrease of 9%, in the quarter and six months, respectively. International revenues were substantially flat at \$289 million in the quarter and decreased 8% to \$590 million in the six months, with foreign exchange having a 4-percentage point and 6-percentage point unfavorable impact on international revenues in the quarter and six months, respectively.

Theatrical

Worldwide theatrical revenues increased \$12 million, or 6%, to \$217 million in the quarter. Carryover revenues increased \$99 million principally due to revenues from *Daddy's Home* and *The Big Short*, which were both released late in our first fiscal quarter. Revenues from our current quarter releases were lower by \$87 million principally reflecting strong revenues in the prior year quarter from *The SpongeBob Movie: Sponge Out of Water*. Significant current quarter releases were *10 Cloverfield Lane*, *13 Hours: The Secret Soldiers of Benghazi*, *Zoolander 2* and *Whiskey Tango Foxtrot*. Domestic theatrical revenues decreased 2% due to the weak performance of our current quarter releases compared with the prior year quarter's performance of *The SpongeBob Movie: Sponge Out of Water*, while international theatrical revenues increased 22% as strong carryover revenues from *Daddy's Home* and *The Big Short* more than offset the decline in current quarter release revenues. Foreign exchange had a 12-percentage point unfavorable impact on international theatrical revenues.

Worldwide theatrical revenues decreased \$63 million, or 17%, to \$311 million in the six months. Carryover revenues decreased \$44 million principally reflecting revenues in the prior year period from *Teenage Mutant Ninja Turtles*, and revenues from our current year releases were lower by \$19 million due to the mix of releases. Significant current year releases were *Daddy's Home*, *The Big Short*, *10 Cloverfield Lane*, *13 Hours: The Secret Soldiers of Benghazi* and *Zoolander 2*, compared with *The SpongeBob Movie: Sponge Out of Water* and *Interstellar* in the prior year. Domestic theatrical revenues decreased 24% and international theatrical revenues decreased 4%. Foreign exchange had a 10-percentage point unfavorable impact on international theatrical revenues.

Home Entertainment

Worldwide home entertainment revenues decreased \$41 million, or 21%, to \$153 million in the quarter, primarily reflecting lower revenues associated with catalog and third-party distribution titles. Significant current quarter releases were *Daddy's Home* and *The Big Short*, while the prior year quarter included *Interstellar*. Domestic home entertainment revenues decreased 4% and international home entertainment revenues decreased 49%.

Worldwide home entertainment revenues decreased \$118 million, or 23%, to \$392 million in the six months, primarily reflecting lower carryover revenues due to the mix of available titles, including revenues from *Transformers: Age of Extinction* in the prior year, as well as lower revenues associated with third-party distribution titles. Significant releases in the current year

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

were *Mission: Impossible - Rogue Nation*, *Terminator: Genisys*, *Daddy's Home*, and *The Big Short*, while significant releases in the prior year included *Teenage Mutant Ninja Turtles* and *Interstellar*. Domestic home entertainment revenues decreased 12% and international home entertainment revenues decreased 38%. Foreign exchange had a 5-percentage point unfavorable impact on international home entertainment revenues.

License Fees

License fees increased \$34 million, or 17%, to \$240 million, and \$82 million, or 21%, to \$477 million, in the quarter and six months, respectively, primarily driven by the licensing of certain titles in subscription video-on-demand.

Expenses

Total expenses increased \$133 million, or 20%, to \$791 million in the quarter and \$111 million, or 8%, to \$1.549 billion in the six months, driven by higher operating expenses.

Operating

Operating expenses increased \$136 million, or 25%, to \$690 million in the quarter and \$131 million, or 11%, to \$1.353 billion, in the six months, principally due to the mix of theatrical releases. Distribution and other costs, principally print and advertising expenses, increased \$77 million, or 28%, in the quarter and \$47 million, or 8%, in the six months. Film costs increased \$59 million, or 21%, in the quarter and \$84 million, or 14%, in the six months.

Selling, General and Administrative

SG&A expenses decreased \$3 million, or 3%, to \$88 million, and \$20 million, or 11%, to \$170 million, in the quarter and six months, respectively, primarily driven by lower employee costs.

Adjusted Operating Income/(Loss)

Adjusted operating loss was \$136 million in the quarter compared with adjusted operating income of \$1 million for the prior year quarter. The loss in the quarter principally reflects the performance of *Zoolander 2* and *Whiskey Tango Foxtrot*. Adjusted operating loss was \$282 million for the six months compared with \$59 million for the prior year six month period, reflecting lower contribution from current year films in release across the distribution windows. Operating losses reflect the recognition of print and advertising expenses incurred in the period, generally before and throughout the theatrical release of a film, while revenues for the respective films are recognized as earned through its theatrical exhibition and subsequent distribution windows.

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Sources and Uses of Cash

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

We believe that our cash flows from operating activities together with our credit facility provide us with adequate resources to fund our anticipated ongoing cash requirements. We anticipate that future debt maturities will be funded with cash and cash equivalents, cash flows from operating activities and future access to capital markets, including our credit facility. Share repurchases under the program are expected to be funded through a combination of debt and cash generated by operations, as deemed appropriate.

We may continue to access external financing from time to time depending on our cash requirements, assessments of current and anticipated market conditions and after-tax cost of capital. Our access to capital markets can be impacted by factors outside our control, including economic conditions; however, we believe that our strong cash flows and balance sheet, our credit facility and our credit rating will provide us with adequate access to funding given our expected cash needs. Any new borrowing cost would be affected by market conditions and short and long-term debt ratings assigned by independent rating agencies, and there can be no assurance that we will be able to access capital markets on terms and conditions that will be favorable to us.

Cash Flows

Cash and cash equivalents were \$480 million as of March 31, 2016, a decrease of \$26 million compared with September 30, 2015.

Operating Activities

Cash provided by operating activities was \$284 million for the six months ended March 31, 2016, a decrease of \$396 million compared with the six months ended March 31, 2015, primarily reflecting unfavorable working capital requirements.

Investing Activities

Cash used in investing activities was \$98 million and \$59 million for the six months ended March 31, 2016 and 2015, respectively, reflecting higher spending on acquisitions and investments.

Financing Activities

Cash used in financing activities was \$208 million for the six months ended March 31, 2016, primarily driven by dividend payments of \$318 million and the settlement of share repurchases totaling \$100 million, partially offset by \$250 million of commercial paper borrowings.

Cash used in financing activities was \$1.228 billion for the six months ended March 31, 2015, primarily driven by the settlement of share repurchases totaling \$1.506 billion and dividend payments of \$273 million, partially offset by net proceeds of \$390 million from debt transactions. Proceeds of \$990 million from the issuance of senior notes and debentures were partially offset by the repayment of the \$600 million aggregate principal amount of our 1.250% Senior Notes due in February 2015.

Capital Resources

Capital Structure and Debt

Total debt was \$12.529 billion as of March 31, 2016, an increase of \$244 million from \$12.285 billion at September 30, 2015.

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

Credit Facility

At March 31, 2016, there were no amounts outstanding under our credit facility. The credit facility is used for general corporate purposes and to support commercial paper outstanding. The amount of unused capacity under the credit facility, after deducting commercial paper outstanding of \$250 million with a weighted average maturity of 26 days and weighted average interest rate of 1.28%, was \$2.25 billion as of March 31, 2016. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of March 31, 2016.

Stock Repurchase Program

During the six months ended March 31, 2016, we repurchased 2.1 million shares of Class B common stock for an aggregate purchase price of \$100 million, leaving \$4.9 billion of remaining capacity under our program.

Commitments and Contingencies**Legal Matters**

Litigation is inherently uncertain and difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the legal matters described in this document and other litigation to which we are a party are not likely, in the aggregate, to have a material adverse effect on our results of operations, financial position or operating cash flows. For additional information, see Note 6 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 13 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 future results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: the public acceptance of our brands, programs, motion pictures and other entertainment content on the various platforms on which they are distributed; the impact of inadequate audience measurement on our program ratings, advertising revenues and affiliate fees; technological developments and their effect in our markets and on consumer behavior; competition for content, audiences, advertising and distribution; the impact of piracy; economic fluctuations in advertising and retail markets, and economic conditions generally; fluctuations in our results due to the timing, mix, number and availability of our motion pictures and other programming; the potential for loss of carriage or other reduction in the distribution of our content; changes in the Federal communications or other laws and regulations; evolving cybersecurity and similar risks; 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 2015 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 hold or enter into financial instruments for speculative trading 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.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. *Legal Proceedings.*

Since our 2015 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 6 to the Consolidated Financial Statements.

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 2015 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.*

None.

Item 3. *Defaults Upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not Applicable.

Item 5. *Other Information.*

None.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1*	Employment Agreement between Viacom Inc. and Thomas E. Dooley, effective as of March 17, 2016.
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 Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* 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: April 28, 2016

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

Date: April 28, 2016

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

March 17, 2016

Thomas E. Dooley
c/o Viacom Inc.
1515 Broadway
New York, NY 10036

Dear Mr. Dooley:

Viacom Inc. ("Employer" and, together with its subsidiaries, the "Company"), having an address at 1515 Broadway, New York, New York 10036, agrees to amend and restate your employment agreement, originally dated September 5, 2006 (the "Original Employment Agreement") and subsequently amended on March 21, 2007, April 24, 2007, August 28, 2008 and May 27, 2010 and to continue to employ you, and you agree to continue such employment upon the terms and conditions of this amended and restated agreement (this "Agreement"). This Agreement is effective as of March 17, 2016 (the "Amendment Date").

1. Term. The term of your employment hereunder commenced on September 5, 2006 (the "Start Date") and, unless terminated by Employer or you pursuant to paragraph 10 or otherwise terminated pursuant to paragraph 9 or 11, shall continue through and until December 31, 2018. The period from the Start Date through December 31, 2018 shall hereinafter be referred to as the "Employment Term" notwithstanding any earlier termination of your employment pursuant to paragraph 9, 10 or 11.

2. Titles and Authority.

(a) Officer Positions and Reporting Lines. You will have the title of Chief Operating Officer of Employer and will have the full powers, responsibilities and authorities customary for officers who hold such positions in corporations of the size, type and nature of Employer, as the same may be assigned to you from time to time by the President and Chief Executive Officer of Employer including, without limitation, those powers, responsibilities and authorities you had immediately prior to the Amendment Date. You will report solely and directly to the President and Chief Executive Officer of Employer.

(b) Service on the Board and with Subsidiaries. You currently serve as a member of the Board of Directors of Employer (the "Board") and will continue that service following the Amendment Date. The Board will nominate you for reelection to the Board at the expiration of each term of office, and you agree to serve as a member of the Board for each period for which you are so elected. You shall, subject to your election as such from time to time and without additional compensation, serve during the Employment Term in such additional offices of comparable or greater stature and responsibility in the subsidiaries of Employer and as member of any committee of the Board or of the board of directors of any of Employer's subsidiaries, to which you may be appointed or elected from time to time.

(c) Full-Time Services and Other Activities. During your employment under this Agreement, you agree to devote your entire business time, attention and energies to the

business of the Company, except for vacations, illness or incapacity. However, nothing in this Agreement shall preclude you from serving as a member of the board of directors of any charitable, educational, religious, entertainment industry trade, public interest or public service organization, in each instance not inconsistent with the business practices and policies of the Company, or from devoting reasonable periods of time to the activities of the aforementioned organizations or from managing your personal investments; provided, that such activities do not materially interfere with the performance of your duties and responsibilities hereunder. Except for your service on (A) the Board, (B) the board of directors of Employer subsidiaries, (C) the board of directors or similar governing body of your family foundation and of any other entity all of the beneficial interests of which are owned by you and/or members of your family and/or Philippe P. Dauman ("**P. Dauman**") and/or members of his family, you shall not serve on the board of directors or similar governing body of any business company or other business entity without the prior consent of the Board. The Board recognizes that you have personal investments directly or indirectly (through commingled investment funds) in media/entertainment companies (i) that are private companies and that are identified on Schedule A hereto, and (ii) in which you own not more than two percent (2%) of any of the debt or equity securities (or options or other rights to purchase the debt or equity securities) and that are business organizations that are filing reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (the "**Public Company Investments**"). In addition to your right to generally manage your personal investments as set forth above, you specifically may retain the investments identified on Schedule A and the Public Company Investments, and make new (X) Public Company Investments, (Y) investments in any company identified on Schedule A and (Z) investments in commingled investment funds that hold interests in media/entertainment companies. In each of the foregoing cases, you shall retain or make such investments only as a "passive" investor without managerial or supervisory rights. In the event that the Company transacts business with or proposes to enter into any transaction with any company identified on Schedule A, you will recuse yourself from all decisions relating to such business or transaction (whether on behalf of the Company or such other entity).

(d) Location. You shall render your services under this Agreement from Employer's executive offices in the New York metropolitan area or such other location mutually agreeable to you and Employer (except for services rendered during business trips as may be reasonably necessary), and you shall not be required to relocate outside of the New York metropolitan area.

3. Cash Compensation.

(a) Salary. Pursuant to action taken by Employer prior to the Amendment Date, with respect to each calendar year starting after 2014, Employer shall pay you a base salary at the annual rate of Three Million Dollars (\$3,000,000) per annum. The Compensation Committee of the Board (the "**Compensation Committee**") will review your salary at least annually and may increase (but not decrease, including as it may be increased from time to time) the same. The result of each such annual review shall be reported to you by the Compensation Committee promptly after it occurs. The amount of annual base salary actually paid to you will be reduced to the extent you elect to defer such salary under the terms of any deferred compensation or savings plan or arrangement maintained or established by the Company. Your annual base salary payable hereunder, without reduction for any amounts deferred as described in the preceding sentence, is referred to herein as the "**Salary**." Employer shall pay the portion of the Salary not deferred at your election in accordance with its generally applicable payroll practices for senior executives, but not less frequently than in equal monthly installments.

(b) Annual Bonus Compensation. In addition to your Salary, you shall be eligible to earn an annual cash bonus for each whole or partial year during the Employment Term, determined and payable as follows (the “**Bonus**”):

(i) Your Bonus for each whole year during the Employment Term will be based upon achievement of one or more performance goals established by the Compensation Committee, which may include individualized performance goals applicable uniquely to you, and shall be determined in accordance with the Employer’s Senior Executive Short-Term Incentive Plan, as the same may be amended from time to time (together with any successor plan, the “**Senior Executive STIP**”). Any company-wide financial performance goal(s) applicable to you will, under the Senior Executive STIP, be the same as the performance goal(s) used to determine the amount of bonus payable to any other executive of Employer who participates in the Senior Executive STIP and who has corporate-wide responsibilities; provided, however, that, for each shortened performance period described in paragraph 3(b)(iii) below, the applicable performance goal shall be adjusted to reflect budgeted Company performance for such shortened performance period. You shall have the opportunity to make suggestions to the Compensation Committee prior to the determination of the performance goal(s) for the Senior Executive STIP for each performance period, but the Compensation Committee will have final power and authority concerning the establishment of such goal(s).

(ii) Pursuant to action taken by Employer prior to the date hereof, your target bonus for each whole fiscal year during the Employment Term starting after 2013 shall be Sixteen Million Dollars (\$16,000,000); provided that the Compensation Committee will review your target bonus at least annually and may increase (but not decrease, including as it may be increased from time to time) the same. The result of each such annual review shall be reported to you by the Compensation Committee promptly after it occurs. Your target bonus, as it may be so increased from time to time, is referred to herein as the “**Target Bonus**.” As the actual amount payable to you as Bonus will be dependent upon the achievement of performance goal(s) referred to in paragraph 3(b)(i), your actual Bonus may be less than, greater than or equal to the Target Bonus. In no event, however, will your Bonus for any full fiscal year be greater than two (2) times the Target Bonus.

(iii) The Employment Term after the Amendment Date will include a partial Company fiscal year for the period of October 1 – December 31, 2018, and your annual Target Bonus for that period will be prorated to reflect the shorter performance period.

(iv) Your Bonus for any year shall be payable by the last day of the second month of the following fiscal year. For the avoidance of doubt, it is understood that you will receive the Bonus to which you are entitled for each whole and partial fiscal year in which you were employed, even if you are not employed on the payment date described in the preceding sentence or on the actual date on which bonuses are paid for such year.

(v) In the event that the current Senior Executive STIP is amended or terminated, you will be given an opportunity under the amended or successor plan to earn bonus compensation equivalent to the amount that you could have earned under this paragraph 3(b) but subject to the same limitations.

4. Long Term Compensation. In addition to your Salary and Bonus, you shall receive the following grants of long-term compensation under the Employer's 2006 Long-Term Management Incentive Plan (together with any successor plan, the "LTMIP"):

(a) Stock Option Grants.

(i) In periods prior to May 27, 2010, you received awards in respect of Employer's Class B Common Stock (the "Shares"), and through 2015 you have received an annual award of stock options.

(ii) For periods after 2015 and continuing through 2018, you will receive an annual award of stock options with a value, determined under the Financial Accounting Standards Codification (FASB ASC) Topic 718, employing the same assumptions and methodologies as used for Employer's financial statements, of Six Million Dollars (\$6,000,000). Each award of stock options will have a per share exercise price equal to the per share closing price of the Shares on the date of grant, a term of eight years and will vest in four equal annual installments on the first four anniversaries of the grant date (or, if earlier, on the last day of the Employment Term) assuming that your employment with Employer continues through the relevant vesting date (but subject to accelerated vesting as provided in this Agreement). Each annual award of stock options pursuant to this paragraph 4(a)(ii) will be made to you at the same time that Employer awards stock options to its other senior executives, but no later than June 30 of each calendar year.

(iii) Except as otherwise provided herein, your stock options will have exercisability, expiration and other terms and conditions that conform to Employer's standard practices for stock options awarded to senior executives and that are no less favorable to you than the terms applicable to any other senior executive of the Company awarded stock options at the same time. Any Shares delivered upon exercise of any stock options granted pursuant to this Agreement will be fully vested and nonforfeitable and registered on Form S-8 or a different registration statement of similar import.

(iv) Following the termination of your employment with Employer for any reason other than a termination of your employment pursuant to paragraph 10(a), any stock options granted to you by the Employer either before, on or after the Amendment Date shall remain outstanding and exercisable until the end of the three- (3) year period from the Termination Date (as defined in paragraph 10(d)(i)) or, if earlier, the stock option's normal expiration date; provided, that if the applicable option award specifically provides for a longer post-employment period to exercise such option, such longer period shall apply. By executing this Agreement, the parties agree that any stock options granted to you prior to the Amendment Date shall be deemed amended to reflect the provisions of this paragraph 4(a)(iv).

(b) Performance Share Units. Beginning with calendar year 2007 and continuing for so long as you remain employed pursuant to this Agreement, you will also receive an annual award of performance share units ("PSUs") under the LTMIP. PSUs are notional units of measurement and represent the right to receive a number of Shares determined on the basis of the performance of the Shares in comparison to the performance of the common stock of companies comprising the Standard & Poor's 500 Composite Index (the "S&P 500") (as adjusted as described below), on the terms and conditions set forth in this Agreement.

(i) Grants of PSUs. Awards of PSUs will be made to you as of January 1 of each year during the Employment Term (each a “**Grant Date**”), with the first award having been made as of January 1, 2007. For periods after 2013 and continuing through 2018, the target amount of Shares for each annual award of PSUs (the “**Target Award**”) is determined by dividing Six Million Dollars (\$6,000,000) by the average per share closing price of the Shares on the New York Stock Exchange (or other principal stock exchange on which the Shares are then listed) for the 10 trading days prior to the Grant Date, rounded up to the nearest whole Share. The date as of which the number of Shares to be received under each award shall be computed (that award’s “**Determination Date**”) will be the December 31 immediately preceding the third anniversary of the Grant Date (including for awards the third anniversary of whose Grant Date will occur after the end of the Employment Term); *provided, however*, that in the event your employment with Employer terminates in a Qualifying Termination (as defined below) prior to the third anniversary of the Grant Date of an award of PSUs, the Determination Date for such award will be the effective date of your termination of employment. (By way of illustration, except in the case of a Qualifying Termination, the Determination Date for your award of PSUs for 2016 will be December 31, 2018.) Each award of PSUs will be forfeited in full, and no Shares will be delivered to you in connection therewith, if your employment with Employer terminates before the Determination Date for the award for any reason other than a Qualifying Termination.

(ii) Valuation of PSUs. As of the Determination Date for an award of PSUs, the TSR (as defined below) of the Shares over the relevant Measurement Period (as defined below) will be measured against the TSR of the common stock of the companies comprising the Reference Group (as defined below) over the same Measurement Period. Subject to paragraph 4(b)(iii), the percentile ranking of the TSR of the Shares as compared to the companies comprising the Reference Group will be used to calculate the number of Shares that you will receive, in accordance with the following schedule (the “**Schedule**”).

Schedule	
•	If Employer achieves less than the 25 th percentile TSR, the award of PSUs will be forfeited
•	If Employer achieves the 25 th percentile TSR, the number of Shares to be delivered under the award will be 25% of the Target Award
•	If Employer achieves the 50 th percentile TSR, the number of Shares to be delivered under the award will be 100% of the Target Award
•	If Employer achieves the 100 th percentile TSR (that is, if it is the first ranked company in the Reference Group for TSR), the number of Shares to be delivered under the award will be 300% of the Target Award

For Employer achievement at any intermediate points between the 25th and 50th percentile, or between the 50th percentile and the 100th percentile, the number of Shares to be delivered will be interpolated between the respective Shares delivered at such percentiles. For example, if Employer were to achieve the 70th percentile TSR, the number of Shares to be delivered would be 180% of the Target Award.

(iii) EPS Valuation Rule. Notwithstanding the valuation principles set forth in paragraph 4(b)(ii), if, for the Measurement Period for any award of PSUs, (x) Employer achieves less than the 50th percentile TSR, and (y) its earnings per share ("EPS") exceed a hurdle specified by the Compensation Committee, then the number of Shares to be delivered under the award will equal the arithmetic average of the Target Award and the number of Shares that would be received under the award pursuant to the Schedule, rounded up to the nearest whole Share. The EPS hurdle in respect of an award of PSUs will be established and approved by the Compensation Committee no later than September 30 of the year in which occurs the Grant Date of such PSUs, and will consider, in a manner determined by the Compensation Committee, earnings throughout the Measurement Period and not just the earnings for a limited part of the Measurement Period (considering, for example and not by way of limitation, trends in the earnings over the Measurement Period, or cumulative earnings during the Measurement Period, rather than, for example, considering only the earnings for a single year of the Measurement Period) and will be consistent with the strategic plan for the Company approved by the Board. You will have the opportunity to make suggestions to the Compensation Committee regarding the establishment of the EPS hurdle, but the Compensation Committee will have final power and authority concerning the establishment of the hurdle.

(iv) Vesting; Delivery; Registration. Shares delivered in settlement of a PSU award will be delivered as follows:

- a. If Employer achieves at least the 50th percentile TSR, Shares will be delivered no later than four (4) weeks following the Determination Date for such award; and
- b. If employer does not achieve at least the 50th percentile TSR, (I) a number of shares determined pursuant to the Schedule will be delivered no later than four (4) weeks following the Determination Date, and (II) any incremental Shares to which you are entitled by virtue of paragraph 4(b)(iii) will be delivered on the second business day following the delivery of Employer's audited financial statements in respect of the last year of the applicable Measurement Period (so that it can be determined whether or not Employer attained the EPS hurdle in respect of such award) .

All Shares delivered in settlement of PSUs shall be fully vested and nonforfeitable and registered on Form S-8 or a different registration statement of similar import. You may elect to satisfy required tax withholding in respect of the delivery of such Shares by having Employer withhold from such delivery Shares having a fair market value equal to the amount of such required withholding.

(v) Definitions. For purposes of this paragraph 4(b), the following definitions shall apply:

- a. The “**Measurement Period**” for your awards of PSUs for 2009 and subsequent years will begin on the Grant Date for the Award (which shall always be January 1) and end on the December 31 immediately prior to the third anniversary of the Grant Date; *provided, however*, that if your employment with Employer terminates in a Qualifying Termination, the Measurement Period for any outstanding PSU award whose Determination Date has not yet occurred shall be as follows: the period beginning on the date that is three years before the effective date of your Qualifying Termination and ending on the effective date of your Qualifying Termination.

By way of illustration: If you were to experience a Qualifying Termination on March 1, 2016, you would have outstanding PSU awards for 2014, 2015 and 2016 (your awards for 2012 and 2013 would previously have been valued and settled), and the Measurement Period for each such award would be the period from March 1, 2013 through March 1, 2016.

- b. Your employment with Employer will be considered to have terminated in a “**Qualifying Termination**” if (I) your employment is terminated by Employer without Cause (as defined in, and subject to the terms and conditions of, paragraph 10(a)); (II) you resign from employment for Good Reason (as defined in, and subject to the terms and conditions of, paragraph 10(b)); (III) your employment terminates by reason of your incapacity as provided in paragraph 9 or as a result of your death; or (IV) your employment terminates for any reason on the last day of the Employment Term.
- c. “**Reference Group**” means, with respect to any award of PSUs, all companies whose common stock is included in the S&P 500 at the start of the Measurement Period for that award (other than (I) companies that cease to be included in the S&P 500 during the Measurement Period solely due to merger, acquisition, liquidation or similar events changing the identity and nature of the company, and (II) companies that cease to be included in the S&P 500 other than on account of events described in the preceding clause (I) and which also cease to have common stock publicly traded on an exchange or on a recognized market system or the over-the-counter market).
- d. “**TSR**” means for the Shares and for the common stock of each company in the Reference Group, the percentage change in value (positive or negative) over the relevant Measurement Period as measured by dividing: (i) the sum of (A) each company’s cumulative value of dividends and other distributions in respect of its common stock for the Measurement Period, assuming dividend reinvestment, and (B) the difference (positive or negative) between each company’s common stock price on the

first and last day of the Measurement Period (calculated on the basis of the average closing prices over the 20-day trading period immediately prior to the first day of the Measurement Period and the average closing prices over the 20-day trading period immediately prior to the relevant Determination Date, in each case, as reported by Bloomberg L.P. (or such other reporting service that the Compensation Committee may designate from time to time)); by (ii) the common stock price on the first day of the Measurement Period, calculated on the basis described above. Appropriate and equitable adjustments will be made to account for stock splits and reverse stock splits. TSR will be determined by the Compensation Committee in a manner consistent with this definition. For purposes of computing TSR, if a company has more than one class of common stock outstanding then only the class that is included in the S&P 500 shall be taken into account, and if there is more than one such class the company's TSR shall be computed using the aggregate values of and distributions on all such classes.

(c) Reserved.

(d) No Awards Following Termination of Employment. For the avoidance of doubt, it is noted that you will not be entitled to any annual awards of stock options or of PSUs following termination of your employment with Employer for any reason other than any award that was required to be issued on or prior to such date but was not.

5. [Reserved].

6. Benefits.

(a) You shall be entitled to participate in such life and medical insurance, pension and other employee benefit plans as the Company may have or establish from time to time and in which other Company executives with corporate-wide responsibilities are eligible to participate. The foregoing, however, shall not be construed to require Employer or any of its subsidiaries to establish any such plans or to prevent the modification or termination of such plans once established, and no such action or failure thereof shall affect this Agreement; provided, that no such modification or termination shall be applicable to you unless also equally applicable to all other Company executives with corporate-wide responsibilities. All benefits you may be entitled to as an employee of Employer shall be based upon your Salary and not upon any bonus compensation due, payable or paid to you hereunder, except where the benefit plan expressly provides otherwise. You shall be entitled to vacation in accordance with policies applicable to Company executives with corporate-wide responsibilities.

(b) Employer shall provide you with no less than Five Million Dollars (\$5,000,000) of life insurance during the Employment Term at Employer's cost, the beneficiary or beneficiaries of which shall be designated by you or the assignee of such policy in accordance with the following sentence. You shall have the right to assign the policy for such life insurance to your spouse and/or issue or to a trust or trusts primarily for the benefit of your spouse or issue. Notwithstanding the foregoing, you have agreed to continue to waive the right to receive more than Five Million Dollars (\$5,000,000) of Basic Life Insurance coverage under the Viacom

Group Life Insurance Plan during the Employment Term at Employer's cost, as provided under this paragraph 6(b).

(c) Unless your employment is terminated pursuant to paragraph 10(a) of this Agreement, Employer shall provide you the following benefits following any termination of employment:

(i) Employer shall provide you and your spouse, at the Company's sole cost, all medical, dental and hospitalization benefit plans or programs that are from time to time made available to the highest paid group of senior executives of the Company for two (2) years following the Termination Date; provided, that if your continued participation in any employee plan or program as provided in this paragraph 6(c)(i) would conflict with any law or regulation, or would result in any adverse tax consequences for you, your spouse, the Company or other participants in such plan or program, you and/or your spouse shall be provided with the economic equivalent of the benefits provided under the plan or program in which you are, and/or your spouse is, unable to participate. In the case of any welfare benefit plan, the economic equivalent of any benefit foregone (x) shall be deemed to be the lowest cost that you and/or your spouse would incur in obtaining such benefit yourself and/or herself on an individual basis (but including dependent coverage, as applicable) and (y) shall be provided on a "tax grossed-up basis" to the extent the economic equivalent is taxable to you and/or your spouse but the provision of the benefit to you while an employee was not taxable; and

(ii) for the longer of thirty-six (36) months following the Termination Date or until the end of the Employment Term, (a) at your request, suitable and appropriate office facilities in a building selected by Employer on Employer's property, which is located in the Borough of Manhattan in New York City or such other location as is mutually agreeable to you and Employer and (b) a personal secretary (who may be your choice of your personal secretary who provided services to you during the Employment Term or a replacement designated by you and whose principal place of employment will be determined by you), to be compensated at the same compensation and benefits cost to Employer in effect immediately prior to the Termination Date, subject to increase at the same rate and with the same frequency as given to similarly situated secretaries at Employer.

7. Business Expenses, Perquisites. During the Employment Term, you shall be reimbursed for such reasonable travel and other expenses incurred in the performance of your duties hereunder on a basis no less favorable than that provided by Employer to any of its senior executives. Employer shall pay the fees and expenses of your counsel and other fees and expenses that you incurred in negotiating the terms of this amendment and restatement of the Original Employment Agreement. While you are actively employed during the Employment Term, you shall be entitled to the use of the Company's private plane (or equivalent charter aircraft) to travel on Company business (accompanied by your spouse, at your option and, unless your spouse's presence is required by the Company, at your cost, provided that such cost shall be on a basis consistent with that presently in effect on the Amendment Date or as otherwise required by law). You also shall be entitled to other perquisites (the "Perquisites") (including use of a car service, office and secretarial services) in accordance with Employer policy on a basis no less favorable than that provided by Employer to any of its senior executives and on a basis consistent with that presently in effect on the Amendment Date.

8. Exclusive Employment, Etc.

(a) Non-Competition. You agree that your employment hereunder is on an exclusive basis, and that during the period (the “Non-Compete Period”) beginning on the Start Date and ending on the first anniversary of the termination of your employment for any reason other than termination of your employment upon expiration of the Employment Term (in which case the Non-Compete Period will end on the last day of the Employment Term), other than as set forth in paragraph 2(c), you will not engage in any other business activity that is in conflict with your duties and obligations (including your commitment of time) hereunder. You agree that during the Non-Compete 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 company or business competing with the Company; provided, however, that nothing herein shall prevent you from participating in any investment activities specifically allowed under paragraph 2(c); further provided, however, that following termination of your employment with Employer you may be actively involved in the management of any company listed on Schedule A.

(b) No Solicitation of Employees. You agree that, during the period of your employment hereunder and for the period provided below after the termination of your employment for any reason, you will not employ any Restricted Employee (as defined below), or in any way induce or attempt to induce any Restricted Employee to leave the employment of Employer or any of its affiliates. You agree that you will not take the actions described in the preceding sentence (i) with respect to any Restricted Employee at the level of Vice President or above for one (1) year after the termination of your employment for any reason, and (ii) with respect to any Restricted Employee at the level of Director for six (6) months after the termination of your employment for any reason. “Restricted Employee” refers to any person employed by Employer or any of its affiliates or predecessors or previously employed by Employer or any of its affiliates or predecessors unless at such time such person has not been employed by Employer and/or any of its affiliates or predecessors for at least six (6) months.

(c) Confidential Information. You agree that, during the Employment Term or at any time thereafter, you will not use for your own purposes, or disclose to or for the benefit of any third party, any information relating to Employer, Employer’s clients or other parties with which Employer has a relationship, or that may provide Employer with a competitive advantage (“Confidential Information”) (except as may be required by law or in the performance of your duties hereunder consistent with the Company’s policies) and you will comply with any and all confidentiality obligations of the Company to a third party that you know or should know about, whether under agreement or otherwise. Confidential Information shall include, without limitation, trade secrets; inventions (whether or not patentable); technology and business processes; business, product or marketing plans; 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 Employer’s compilation of that information for use in its business; documents (including any electronic records, videotapes or audiotapes); and oral communications incorporating Confidential Information. Notwithstanding the foregoing, confidential information shall be deemed not to include information that (i) is or becomes generally available to the public other than as a result of a disclosure by you in violation of this Agreement or by any other person who directly or indirectly receives such information from you or at your direction in violation of this Agreement, or (ii) is or becomes available to you on a non-confidential basis from a source that is entitled to disclose it to you.

(d) Employer Ownership. The results and proceeds of your services to the Company, whether or not created during the Employment Term, 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 Employer 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 Employer 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. 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 that do not accrue to Employer under this paragraph 8(d) 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 Employer shall have the sole right to use, license or dispose of the work in perpetuity throughout the universe in any manner Employer 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. Upon request by Employer, whether or not during the Employment Term, you shall do any and all things that Employer may deem useful or desirable to establish or document Employer'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 Employer 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. This paragraph 8(d) is subject to, and does not limit, restrict, or constitute, any waiver by Employer of any rights of ownership to which Employer may be entitled by operation of law by virtue of Employer or any of its affiliates or predecessors being your employer.

(e) Litigation. You agree that, during the period of your employment hereunder, for one (1) year thereafter and, if longer, during the pendency of any litigation or other proceeding, (i) you shall not communicate with anyone (other than your attorneys and tax advisors and except to the extent required by law or necessary in the performance of your duties hereunder) with respect to the facts or subject matter of any pending or potential litigation, or regulatory or administrative proceeding involving Employer or any of its affiliates or predecessors, other than any litigation or other proceeding in which you are a party-in-opposition, without giving prior notice to Employer or Employer's counsel, and (ii) in the event that any other party attempts to obtain information or documents from you with respect to matters possibly related to such litigation or other proceeding, you shall promptly so notify Employer's counsel unless you are prohibited from doing so under applicable law. You agree to cooperate, in a reasonable and appropriate manner, with Employer and its attorneys, both during and after the termination of your employment, in connection with any litigation or other proceeding arising out of or relating to matters in which you were involved prior to the termination of your employment to the extent Employer pays all reasonable expenses you incur in connection with such cooperation (including, without limitation, the fees and expenses of your counsel and providing use of the Company's private plane (or equivalent charter aircraft) for all travel required in connection with such cooperation at the Company's expense) and to the extent such cooperation does not unreasonably interfere with your personal or professional schedule.

(f) No Right to Write Books, Articles, Etc. During the period of your employment hereunder and for two (2) years thereafter but not beyond the end of the Employment Term, except in the course of the performance of your duties and responsibilities or

otherwise as authorized by the Board, you shall not prepare or assist any person or entity in the preparation of any books, articles, radio broadcasts, electronic communications, television or motion picture productions or other creations, concerning Employer or any of its affiliates or predecessors or any of their officers, directors, agents, employees, suppliers or customers.

(g) 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 Employer shall remain the exclusive property of Employer and shall remain in Employer's exclusive possession at the conclusion of your employment. In the event of the termination of your employment for any reason, Employer reserves the right, to the extent permitted by law and in addition to any other remedy Employer may have, to deduct from any monies otherwise payable to you the following: (i) all amounts you may owe, pursuant to a legally enforceable agreement, to Employer or any of its affiliates or predecessors at the time of or subsequent to the termination of your employment with Employer; and (ii) the value of the Employer property that you retain in your possession after the termination of your employment with Employer following Employer's written request for same and your failure to return same. In the event that the law of any state or other jurisdiction requires the consent of any employee for such deductions, this Agreement shall serve as such consent.

(h) Non-Disparagement. You and, to the extent set forth in the next sentence, Employer agree that each party shall not, during the period of your employment hereunder and for one (1) year thereafter, criticize, ridicule or make any statement that disparages or is derogatory of the other party in any non-public communication with any customer, client or member of the investment community or media or in any public communication. Employer's obligations under the preceding sentence shall be limited to communications by its senior corporate executives having the rank of Senior Vice President or above ("Specified Executives") and, with respect to communications that ridicule, disparage or are derogatory, members of the Board, and it is agreed and understood that any such communication by any Specified Executive or any member of the Board (or by any executive at the behest of a Specified Executive or member of the Board) shall be deemed to be a breach of this paragraph 8(h) by Employer. Notwithstanding the foregoing, (i) neither you nor Employer shall be prohibited from making statements in response to statements by the other party that criticize or ridicule or are disparaging or derogatory; provided, that the responsive statements do not criticize or ridicule and are not disparaging or derogatory and (ii) nothing in this paragraph 8(h) shall prevent you, the Specified Executives or members of the Board from making any statement in good faith in connection with a proceeding to resolve a dispute in accordance with paragraph 20.

(i) Injunctive Relief, Etc. Employer 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 8(a) through 8(h) will result in irreparable damage to Employer, and, accordingly, Employer may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraphs, in addition to any other remedies available to Employer. Employer acknowledges and agrees that any violation of paragraph 8(h) will result in irreparable damage to you, and, accordingly, you may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraph, in addition to any other remedies available to you. You and Employer agree that the restrictions and remedies contained in paragraphs 8(a) through 8(h) are reasonable and that it is your intention and the intention of Employer that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If it shall be found by a court of competent jurisdiction that any such restriction or remedy is unenforceable but would be enforceable if some part thereof were deleted or the period or area of application

reduced, then such restriction or remedy shall apply with such modification as shall be necessary to make it enforceable.

(j) Survival. Your obligations under paragraphs 8(a) through 8(h) and Employer's obligations under paragraph 8(h) shall remain in full force and effect for the entire period provided therein (and only for such period) notwithstanding the termination of your employment pursuant to paragraph 10 hereof or otherwise or the expiration of the Employment Term.

9. Incapacity. In the event you become totally medically disabled and you will not be able to substantially perform your duties for at least six (6) consecutive months or a total of 180 days during any 270-day period, the Board, at any time after such disability has continued for 60 consecutive days, may determine that Employer requires such duties and responsibilities be performed by another executive. In the event that you become "disabled" within the meaning of such term under Employer's Short-Term Disability (STD) and its Long-Term Disability (LTD) program, you will first receive benefits under the STD program for the first 26 weeks of consecutive absence, which will be equal to your Salary, and the amount of such benefits will offset any Salary that otherwise would be paid to you pursuant to this Agreement. Thereafter, you will be eligible to receive benefits under the LTD program in accordance with its terms. For purposes of this Agreement, you will be considered to have experienced a termination of employment with Employer as of the date you first become eligible to receive benefits under the LTD program, and until that time you shall be treated for all purposes of this Agreement as an active employee of Employer. Upon receipt of benefits under the LTD program, you will also be entitled to receive the following:

(i) Employer will pay your Accrued Compensation and Benefits (as defined below in paragraph 10(d)(i));

(ii) Employer will pay you a prorated Bonus for the year of your termination of employment based on your Target Bonus and the number of calendar days of such year elapsed through the date of your termination of employment;

(iii) all of your outstanding unvested Employer stock options will vest, and all such options and all of your outstanding options that have previously vested will remain exercisable until the applicable date set forth in paragraph 4(a)(iv);

(iv) the number of Shares to which you are entitled in respect of your outstanding awards of PSUs will be determined as provided in paragraph 4(b) for Qualifying Terminations, and all Shares delivered upon settlement of PSUs will be considered vested; and

(v) Employer will continue to provide you with life insurance coverage as set forth in paragraph 6(b) until the end of the Employment Term or, if earlier, the date on which you become eligible for at least as much insurance coverage from a third-party employer at the employer's expense; provided, however, that Employer may decrease the amount of life insurance coverage it provides you so long as the amount of such coverage that it continues to provide, and the amount of such coverage provided to you from a third-party employer at the employer's expense, aggregates at least the amount set forth in paragraph 6(b).

10. Termination.

(a) Termination for Cause; Resignation without Good Reason. Employer may, at its option, terminate your employment for Cause (as defined below). You may, at your option, terminate your employment without Good Reason (as defined below). For purposes of this Agreement, termination of your employment for “**Cause**” shall mean termination of your employment due to any of the following:

- (i) your engaging or participating in intentional acts of material fraud against the Company;
- (ii) your willful misfeasance having a material adverse effect on the Company (except in the event of your incapacity as set forth in paragraph 9);
- (iii) your substantial and continual refusal to perform your duties, responsibilities or obligations provided for in this Agreement (provided, that such duties, responsibilities or obligations are not inconsistent with your position as Chief Operating Officer or any more senior position to which you may be appointed and are otherwise lawful);
- (iv) your conviction of a felony or entering a plea of *nolo contendere* to a felony charge;
- (v) your willful violation of any policy of the Company that is generally applicable to all employees or all officers of the Company including, but not limited to, policies concerning insider trading or sexual harassment, or the Company’s code of conduct, that you knew or reasonably should have known could reasonably be expected to result in a material adverse effect on the Company;
- (vi) your willful unauthorized disclosure of a trade secret or other confidential material information of the Company, that you knew or reasonably should have known could reasonably be expected to result in a material adverse effect on the Company;
- (vii) your willful failure to cooperate fully with a bona fide Company internal investigation or an investigation of the Company by regulatory or law enforcement authorities whether or not related to your employment with the Company (an “**Investigation**”), after being instructed by the Board to cooperate;
- (viii) your willful destruction of or knowing and intentional failure to preserve documents or other material known by you to be relevant to any Investigation ; or
- (ix) your willful inducement of others to fail to cooperate in any Investigation or to produce documents or other material.

For purposes of the foregoing definition, an act or omission shall be considered “willful” if it is done, or omitted to be done, by you with knowledge and intent. Anything herein to the contrary notwithstanding, the Board will give you written notice (a “**Cause Notice**”), not more than thirty (30) calendar days after the occurrence of the event constituting Cause comes to the attention of an “executive officer” of Employer (as defined by the rules and regulations of the Securities Exchange Commission for purposes of the Exchange Act), prior to terminating your employment

for Cause. A Cause Notice will set forth in reasonable detail the circumstances constituting Cause and, if applicable, the conduct required to cure the same. Except for actions, malfeasance or circumstances that by their nature cannot be cured, you shall have thirty (30) calendar days from your receipt of such notice within which to cure. Without prejudice to whether any other action, malfeasance or circumstance is capable of cure, it shall be a rebuttable presumption that any purported refusal to perform your duties, responsibilities or obligations as described in clause (iii) above, and any failure to cooperate with an Investigation as described in clause (vii) above, is capable of cure. Notwithstanding the above, any violation of Company policy or failure to cooperate with an Investigation that is in connection with the exercise of your constitutional right against self-incrimination shall not be considered an event described in clause (v) or (vii) above. For purposes of this Agreement, no termination of your employment purportedly for Cause shall be treated as a termination for Cause without your receipt of a Cause Notice, nor shall any termination of your employment during the 30-day cure period provided for in the preceding sentence, if applicable, or after your satisfactory cure of the breach, malfeasance or circumstances that the Company asserted as constituting Cause, be considered a termination for Cause for such stated reasons. The date of a termination of your employment for Cause shall be the date after the cure period provided for above, if any, expires without your having cured the actions, malfeasance or circumstances constituting Cause to the reasonable satisfaction of the Board (or, if no cure period is applicable, the date of termination specified in the written notice given to you by the Board).

(b) Good Reason Termination. Upon written notice to Employer, you may resign from your employment hereunder for “Good Reason” at any time during the Employment Term not more than thirty (30) calendar days after you become aware of the occurrence of the event constituting Good Reason. Such notice shall state an effective date no earlier than thirty (30) calendar days after the date it is given, and Employer shall have thirty (30) calendar days from the giving of such notice within which to cure and within which period you cannot terminate your employment under this Agreement for the stated reasons and, if so cured, after which you cannot terminate your employment under this Agreement for the stated reasons; *provided, however*, that this sentence shall not apply with respect to events that by their nature cannot be cured. “**Good Reason**” shall mean, without your prior written consent, other than in connection with the termination of your employment for Cause (as defined above) or incapacity (as set forth in paragraph 9) or as a result of your death:

(i) the assignment to you of duties substantially inconsistent with your positions, duties or responsibilities as Chief Operating Officer or any more senior position to which you may be appointed, or any change in reporting such that you do not report solely and directly to Employer’s President and Chief Executive Officer;

(ii) your removal from or any failure to re-elect you as Chief Operating Officer or any more senior position to which you may be appointed;

(iii) your removal from or failure to be elected or reelected to the Board at any annual meeting of shareholders of the Company at which your term as director is scheduled to expire;

(iv) a reduction in your Salary, Target Bonus or other compensation levels as the same may be increased from time to time during the Employment Term;

(v) Employer requiring you to be based anywhere other than the New York metropolitan area or another location mutually agreeable to you and Employer, except for required travel on the Company's business;

(vi) the appointment of a person other than P. Dauman as President and/or Chief Executive Officer of Employer; provided, that such appointment shall not constitute Good Reason if Employer shall have extended a Qualifying CEO Offer (as defined in Schedule D) and you have failed to execute and return a new employment agreement reflecting the terms of the Qualifying CEO Offer within six (6) business days of receipt of the Qualifying CEO Offer;

(vii) the date on which a majority of the directors of the Board ceases to consist of (A) those individuals who, immediately prior to the Amendment Date, constitute the independent directors of the Board (the "Original Independent Directors") and (B) any successor to an Original Independent Director (or a Qualified Replacement Director (as defined below)) who is an independent director and who is elected or appointed to the Board, either pursuant to a unanimous vote of the remaining Original Independent Directors or by action of the shareholders of the Employer pursuant to a unanimous recommendation by the remaining Original Independent Directors, as a result of the death or voluntary retirement or resignation of such Original Independent Director (or such Qualified Replacement Director), including a voluntary determination by such Original Independent Director (or such Qualified Replacement Director) not to stand for reelection to the Board (a "Qualified Replacement Director"); provided, that any other Qualified Replacement Directors will be considered remaining Original Independent Directors for purposes of determining whether such successor independent director is a Qualified Replacement Director;

(viii) the date on which a majority of the members of the Compensation Committee or a majority of the members of the Nominating and Governance Committee of the Board ceases to consist of Original Independent Directors and Qualified Replacement Directors;

(ix) After the appointment of a non-executive Chairman of Employer other than yourself, the occurrence of conduct by such non-executive Chairman which materially interferes with your ability to perform your COO duties effectively and which is inconsistent with the customary role of a non-executive Chairman; provided, however, that you shall provide written notice to the Chair of the Compensation Committee not later than the date you provide written notice of termination, explaining the rationale for why such conduct adversely affects your ability to perform your COO duties effectively; and, provided, further, that Employer shall be deemed to have satisfactorily cured such event if (i) the Board takes reasonable steps to cause the cessation of the interfering conduct and takes reasonable steps to prevent the further occurrence thereof, including by directing the non-executive Chairman to cease and desist from such interfering conduct, and, (ii) if such direction by the Board does not in fact cause such conduct to cease, subject to written notice of the re-occurrence of such conduct in accordance with the procedures set forth in this paragraph 10(b), the Board removes the director from the non-executive Chairman position within thirty (30) calendar days from the giving of such notice; or

(x) any other breach by Employer of its obligations hereunder.

(c) Termination Without Cause. Employer may terminate your employment hereunder without Cause at any time during the Employment Term by written notice to you.

(d) Termination Payments, Etc.

(i) Termination for Cause or Resignation without Good Reason. In the event that Employer terminates your employment for Cause, or if you resign your employment without Good Reason, Employer shall promptly pay and provide you with Accrued Compensation and Benefits. For purposes of this Agreement, "**Accrued Compensation and Benefits**" shall consist of: (w) reimbursement of any unpaid business expenses to which you are entitled to reimbursement pursuant to paragraph 7 that were incurred prior to the effective date of your termination or resignation (the "**Termination Date**"); (x) your Salary through the Termination Date determined in accordance with paragraph 10(a) or 10(b), as applicable; (y) any earned but unpaid Bonus with respect to any completed year; and (z) all other vested compensation benefits to which you are entitled as of the Termination Date under the terms and conditions applicable to such compensation and benefits which, for purposes of clarity and without limitation, shall include the benefits listed in paragraph 6(c) if your employment is terminated for any reason other than pursuant to paragraph 10(a).

(ii) Termination without Cause or Resignation with Good Reason. In the event that Employer terminates your employment without Cause, or if you resign your employment for Good Reason, you shall be entitled to receive the following:

- a. Employer will pay and provide your Accrued Compensation and Benefits;
- b. Employer will pay you a prorated Bonus for the fiscal year of your termination of employment based on your Target Bonus and the number of calendar days of such year elapsed through the Termination Date, such amount, before the daily pro ration, to be multiplied by the performance multiplier approved by the Compensation Committee in respect of Company financial and quantitative goals for such year under the Senior Executive STIP (with the method for determining such performance multiplier to correspond to the method used under the Senior Executive STIP as of the Amendment Date to adjust target STIP payout amounts based on Company performance), with such prorated Bonus to be paid in accordance with paragraph 3(b)(iv) of this Agreement;
- c. Employer will pay you a severance payment (the "**Severance Payment**") equal in amount to the sum of:
 - i. three (3) times your Salary in effect at the time of termination (or, if your Salary has been reduced in violation of this Agreement, your highest Salary during the Employment Term); and
 - ii. three (3) times the higher of (X) the average of the annual cash Bonuses payable to you (whether or not actually paid) with respect to the last three completed

fiscal years prior to the Termination Date and (Y) the Target Bonus at the Termination Date (or, if your Target Bonus has been reduced in violation of this Agreement, your highest Target Bonus during the Employment Term) (the “**Applicable Bonus Amount**”).

(such sum being the “**Severance Amount**”).

- d. all of your outstanding unvested Employer stock options will vest, and all such options and all of your outstanding Employer stock options that have previously vested will remain exercisable until the applicable date set forth in paragraph 4(a)(iv);
- e. the number of Shares to which you are entitled in respect of your outstanding awards of PSUs will be determined as provided in paragraph 4(b) for Qualifying Terminations, and all Shares delivered upon settlement of PSUs will be considered vested; and
- f. Employer will continue to provide you with life insurance coverage as set forth in paragraph 6(b) until the end of the Employment Term or, if earlier, the date on which you become eligible for at least as much insurance coverage from a third-party employer at the employer’s expense; *provided, however*, that Employer may decrease the amount of life insurance coverage it provides you so long as the amount of such coverage that it continues to provide, and the amount of such coverage provided to you from a third-party employer at the employer’s expense, aggregates at least the amount set forth in paragraph 6(b).

(iii) **Timing of Payments and Settlement**. The cash portion of your Accrued Compensation and Benefits and 80% of the Severance Payment will be paid in a lump sum within five (5) days after the Termination Date, and the remaining 20% of the Severance Payment will be paid in accordance with the Company’s regular payroll practices over the period of 36 months beginning with the first payroll period following the Termination Date. Notwithstanding the foregoing, your entitlement to any portion of the Severance Payment that has not yet been made will cease if you materially breach either the non-compete covenant set forth in paragraph 8(a) (the “**Non-Compete Covenant**”) or the no-solicitation covenant set forth in paragraph 8(b), after notice to you of such breach by Employer and your failure to cure such breach within thirty (30) days following your receipt of such notice, assuming such breach is capable of cure. You may request from Employer at any time its view on whether a proposed activity or investment by you will breach the Non-Compete Covenant by giving Employer written notice of the details of such activity or investment, and Employer will respond to your inquiry within five (5) business days of its receipt of such notice. Employer’s view as conveyed to you that the proposed activity or investment will not breach the Non-Compete Covenant shall be binding on it to the extent that the activity or investment does not exceed what was described in the notice. Your giving notice shall not be deemed an admission by you that the proposed activity or investment would violate the Non-Compete Covenant. Employer’s failure to respond with its view within five (5) business days of its receipt of

notice shall not constitute or be construed as an acknowledgment by Employer that the proposed activity or investment will not breach the Non-Compete Covenant, but such failure shall create an irrebuttable presumption that any breach arising from such activity or investment is capable of cure.

(iv) Full Discharge of Company Obligations; Release. The payments and other benefits provided for in paragraph 10(d)(ii) are in lieu of any severance or income continuation or protection under any plan Employer or any of its subsidiaries that may now or hereafter exist. The payments and benefits to be provided pursuant to paragraph 10(d)(ii) shall constitute liquidated damages, and shall be deemed to satisfy and be in full and final settlement of all obligations of Employer to you under this Agreement. You acknowledge and agree that such amounts are fair and reasonable, and your sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of your employment hereunder. Employer's obligation to make the Severance Payment and provide the other benefits provided for in paragraph 10(d)(ii) other than the Accrued Compensation and Benefits shall be conditioned on your execution and non-revocation of a release in form and substance substantially identical to that set forth in Schedule B.

11. Death. If you die prior to the termination of your employment under this Agreement, your beneficiary or estate shall be entitled to receive the following:

(i) Employer will pay your Accrued Compensation and Benefits up to the date on which the death occurs;

(ii) Employer will pay a prorated Bonus for the year of your death based on your Target Bonus and the number of calendar days elapsed during the year through the date of your death;

(iii) all of your outstanding unvested Employer stock options will vest, and all such options and all of your outstanding options that have previously vested will remain exercisable until the applicable date set forth in paragraph 4(a)(iv); and

(iv) the number of Shares to which you are entitled in respect of your outstanding awards of PSUs will be determined as provided in paragraph 4(b) for Qualifying Terminations, and all Shares delivered upon settlement of PSUs will be considered vested.

12. Pension Benefits. You will be credited with your previous service with Employer and its predecessors (including without limitation your service with the company that was formerly named Employer Inc. and is now known as CBS Corporation ("**Former Employer**")) for all purposes under any Company benefit plan, including without limitation the Employer Pension Plan and the Employer Excess Pension Plan. You will accrue additional service under all Company benefit plans beginning on the Start Date. Notwithstanding any other provision of this Agreement, to the extent that you are entitled to receive benefits under the Former Employer pension plan or excess pension plan, such benefits shall offset any benefits to which you are entitled under the Employer Pension Plan and the Employer Excess Pension Plan.

13. No Mitigation; No Offset. You shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment

or otherwise, nor shall any reduction be made for any other compensation that you earn from a subsequent employer (including self-employment).

14. Section 317 and 507 of the Federal Communications Act. You represent that you have not accepted or given nor will you accept or give, directly or indirectly, any money, services or other valuable consideration from or to anyone other than Employer for the inclusion of any matter as part of any film, television program or other production produced, distributed and/or developed by Employer and/or any of Employer's affiliates.

15. Equal Opportunity Employer; Employer Business Conduct Statement. You acknowledge that Employer is an equal opportunity employer. You agree that you will comply with Employer policies regarding employment practices and with applicable federal, state and local laws prohibiting discrimination on the basis of race, color, creed, national origin, age, sex or disability. In addition, you agree that you will comply with the Employer Business Conduct Statement.

16. Indemnification.

(a) If you are made a party, are threatened to be made a party to, or otherwise receive any other legal process in, any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***"), by reason (in whole or in part) of the fact that you are or were a director, officer or employee of Employer or are or were serving at the request of Employer as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is your alleged action in an official capacity while serving as director, officer, member, employee or agent, Employer shall indemnify you and hold you harmless to the fullest extent permitted or authorized by Employer's certificate of incorporation and bylaws or, if greater, by the laws of the State of Delaware, against all cost, expense, liability and loss (including without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement and any cost and fees incurred in enforcing your rights to indemnification or contribution) reasonably incurred or suffered by you in connection therewith, and such indemnification shall continue even though you have ceased to be a director, member, employee or agent of Employer or other entity and shall inure to the benefit of your heirs, executors and administrators. Employer shall advance to you all reasonable costs and expenses that you incur in connection with a Proceeding within 20 days after its receipt of a written request for such advance. Such request shall include an undertaking by you to repay the amount of such advance if it shall ultimately be determined that you are not entitled to be indemnified against such costs and expenses.

(b) Neither the failure of Employer (including its board of directors, independent legal counsel or stockholders) to have made a determination that indemnification of you is proper because you have met the applicable standard of conduct, nor a determination by Employer (including its board of directors, independent legal counsel or stockholders) that you have not met such applicable standard of conduct, shall create a presumption or inference that you have not met the applicable standard of conduct.

(c) To the extent that Employer maintains officers' and directors' liability insurance, you will be covered under such policy subject to the exclusions and limitations set forth therein.

17. Notices. All notices required to be given hereunder shall be given in writing, by personal delivery or by mail at the respective addresses of the parties hereto set forth above, or at such other address as may be designated in writing by either party, and in the case of Employer, to the attention of the General Counsel of Employer. Any notice given by mail shall be deemed to have been given three days following such mailing. Copies of all notices to you shall be given to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019-6064, Attention: Robert B. Schumer, Esq. and Robert C. Fleder, Esq.

18. Assignment and Successors. This is an Agreement for the performance of personal services by you and may not be assigned by you or Employer except that Employer may assign this Agreement to any successor in interest to Employer; *provided* that such assignee assumes all of the obligations of Employer hereunder. Employer shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business and/or assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place. As used in this Agreement, “Employer” shall mean Employer as defined above and any successor to its business and/or assets which by reason hereof assumes and agrees to perform this Agreement by operation of law, or otherwise.

19. New York Law. This Agreement and all matters or issues collateral thereto shall be governed by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof or to those of any other jurisdiction which, in either case, could cause the application of the laws of any jurisdiction other than the State of New York.

20. Disputes. Any disputes between the parties to this Agreement shall be settled by arbitration in New York, New York under the auspices of the American Arbitration Association, before a panel of three (3) arbitrators, in accordance with the National Rules for the Resolution of Employment Disputes promulgated by the Association. Each party shall select an arbitrator and the two (2) arbitrators shall select a third and these three arbitrators shall form the panel. The decision in such arbitration shall be final and conclusive on the parties and judgment upon such decision may be entered into in any court having jurisdiction thereof. Costs of the arbitration or litigation, including, without limitation, reasonable attorneys’ fees and expenses of both parties, shall be borne by Employer if you prevail on at least one of the issues that is the subject of the arbitration. If you do not so prevail, you and Employer shall equally share costs of the arbitration or litigation other than attorneys’ fees, and each of you and Employer shall bear its own attorneys’ fees and expenses. Pending the resolution of any arbitration or court proceeding, Employer shall continue payment of all amounts due you under this Agreement and all benefits to which you are entitled at the time the dispute arises. Nothing herein shall prevent Employer or you from seeking equitable relief in court as provided for in paragraph 8(i) or shall prevent either party from seeking equitable relief in court in aid of arbitration under applicable law.

21. No Implied Contract. Nothing contained in this Agreement shall be construed to impose any obligation on Employer to renew this Agreement or any portion thereof. The parties intend to be bound only upon execution of a written agreement and no negotiation, exchange of draft or partial performance shall be deemed to imply an agreement. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of this Agreement.

22. Entire Understanding; Amendments; Proper Authorization. This Agreement contains the entire understanding of the parties hereto relating to the subject matter herein contained, and can be amended only by a writing signed by both parties hereto. This

Agreement supersedes the terms of the Original Employment Agreement and all prior amendments to the Original Employment Agreement other than the "Section 409A Amendment" (as defined in paragraph 26). For purposes of clarity, the Section 409A Amendment remains in full force and effect following the execution of this Agreement and is incorporated by reference herein pursuant to paragraph 26 of this Agreement. The Employer hereby represents that it has full power and authority to enter into this Agreement on behalf of itself and the Company and that all required approvals, authorizations and consents to enter into and perform this Agreement have been obtained on or prior to the date hereof.

23. Waivers. Waiver by either you or by Employer of any breach or default by the other party of any of the terms of this Agreement shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived. No waiver of any provision of this Agreement shall be implied from any course of dealing between the parties hereto or from any failure by either party hereto to assert its or his rights hereunder on any occasion or series of occasions.

24. Void Provisions. If any provision of this Agreement, as applied to either party or to any circumstances, shall be adjudged by a court to be void or unenforceable, the same shall be deemed stricken from this Agreement and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

25. Deductions and Withholdings, Payment of Deferred Compensation. All amounts payable under this Agreement shall be paid less deductions and income and payroll tax withholdings as may be required under applicable law and any benefits and perquisites provided to you under this Agreement shall be taxable to you as may be required under applicable law.

26. Section 409A. On August 28, 2008, you executed a Form Employment Agreement Amendment, attached hereto as Schedule C, to amend your Original Employment Agreement to comply with Section 409A of the Internal Revenue Code and the rules, regulations and guidance thereunder (such section, "Section 409A") (such amendment, the "Section 409A Amendment"). The Section 409A Amendment shall continue in full force and effect following the Amendment Date and is hereby incorporated by reference into and made part of this Agreement. Following any delay of payments or benefits pursuant to the Section 409A Amendment: (i) all such delayed payments will be paid in a single lump sum on the date permitted under paragraph 10 of the Section 409A Amendment (the "Permissible Payment Date") plus accrued interest on such delayed payments during the period of such delay at the Company's highest borrowing rate in effect on the Termination Date; and (ii) Employer shall reimburse you for the reasonable after-tax cost of any benefits, contemplated by paragraphs 9 and 10 hereof incurred by you in independently obtaining any benefits delayed pursuant to the Section 409A Amendment during the period in which such benefits are delayed, with such reimbursement to be paid to you by Employer on the Permissible Payment Date.

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

28. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless otherwise expressly provided for in this Agreement, the word "including" or any variation thereof means "including, without limitation" and shall not be

construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

If the foregoing correctly sets forth our understanding, please sign, date and return all four (4) copies of this Agreement and return it to the undersigned for execution on behalf of Employer; after this Agreement has been executed by Employer and a fully executed copy returned to you, it shall constitute a binding agreement between us.

Very truly yours,

VIACOM INC.

/s/ Philippe P. Dauman

Name: Philippe P. Dauman

Title: Executive Chairman, President and Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Thomas E. Dooley

Name: Thomas E. Dooley

Dated: 3/17/2016

Investments

As of the Amendment Date, you have investments in the following private media or entertainment businesses:

DND Capital Partners LLC, including its investments in:

The Tennis Channel, Inc.
SiTV (now known as NUVO tv)

This Schedule A shall also be deemed to include any successor by merger, assets sale or similar transaction to any of the businesses listed above.

Form of Release**GENERAL RELEASE**

WHEREAS, Thomas E. Dooley (hereinafter referred to as the **“Executive”**) and Viacom Inc. (hereinafter referred to as **“Employer”**) are parties to an Employment Agreement, amended and restated as of March 16, 2016 (the **“Employment Agreement”**), which provided for the Executive’s employment with Employer on the terms and conditions specified therein; and

WHEREAS, pursuant to paragraph 10(d) of the Employment Agreement, the Executive has agreed to execute a release of the type and nature set forth herein as a condition to his entitlement to certain payments and benefits upon his termination of employment with Employer; and

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained and for other good and valuable consideration received or to be received by the Executive in accordance with the terms of the Employment Agreement, it is agreed as follows:

1. Excluding enforcement of the covenants, promises and/or rights reserved herein, the Executive hereby irrevocably and unconditionally releases, acquits and forever discharges Employer and each of Employer’s owners, stockholders, predecessors, successors, assigns, directors, officers, employees, divisions, subsidiaries, affiliates (and directors, officers and employees of such companies, divisions, subsidiaries and affiliates) and all persons acting by, through, under or in concert with any of them (collectively **“Releasees”**), or any of them, from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort or any legal restrictions on Employer’s right to terminate employees, or any Federal, state or other governmental statute, regulation or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Federal Age Discrimination In Employment Act of 1967 (**“ADEA”**), as amended, the Employee Retirement Income Security Act (**“ERISA”**), as amended, the Civil Rights Act of 1991, as amended, the Rehabilitation Act of 1973, as amended, the Older Workers Benefit Protection Act (**“OWBPA”**), as amended, the Worker Adjustment Retraining and Notification Act (**“WARN”**), as amended, the Fair Labor Standards Act (**“FLSA”**), as amended, the Occupational Safety and Health Act of 1970 (**“OSHA”**), the New York State Human Rights Law, as amended, the New York Labor Act, as amended, the New York Equal Pay Law, as amended, the New York Civil Rights Law, as amended, the New York Rights of Persons With Disabilities Law, as amended, and the New York Equal Rights Law, as amended, that the Executive now has, or has ever had, or ever will have, against each or any of the Releasees, by reason of any and all acts, omissions, events, circumstances or facts existing or occurring up through the date of the Executive’s execution hereof that directly or indirectly arise out of, relate to, or are connected with, the Executive’s services to, or employment by Employer (any of the foregoing being a **“Claim”** or, collectively, the **“Claims”**); *provided, however*, that this release shall not apply to any of the obligations of Employer or any other Releasee under the Employment Agreement, or under any agreements, plans, contracts, documents or programs described or referenced in the Employment Agreement;

and provided, further, that this release shall not apply to any rights the Executive may have to obtain contribution or indemnity against Employer or any other Releasee pursuant to contract, Employer's certificate of incorporation and by-laws or otherwise.

2. The Executive expressly waives and relinquishes all rights and benefits afforded by California Civil Code Section 1542 and does so understanding and acknowledging the significance of such specific waiver of Section 1542. Section 1542 states as follows:

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

Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Releasees, the Executive expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims that the Executive does not know or suspect to exist in the Executive's favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such Claim or Claims.

3. The Executive understands that he has been given a period of 21 days to review and consider this General Release before signing it pursuant to the Age Discrimination In Employment Act of 1967, as amended. The Executive further understands that he may use as much of this 21-day period as the Executive wishes prior to signing.

4. The Executive acknowledges and represents that he understands that he may revoke the waiver of his rights under the Age Discrimination In Employment Act of 1967, as amended, effectuated in this Agreement within 7 days of signing this Agreement. Revocation can be made by delivering a written notice of revocation to General Counsel, Employer Inc., 1515 Broadway, New York, New York 10036. For this revocation to be effective, written notice must be received by the General Counsel no later than the close of business on the seventh day after the Executive signs this Agreement. If the Executive revokes the waiver of his rights under the Age Discrimination In Employment Act of 1967, as amended, Employer shall have no obligations to the Executive under paragraph 10(d) of the Employment Agreement.

5. The Executive and Employer respectively represent and acknowledge that in executing this Agreement neither of them is relying upon, and has not relied upon, any representation or statement not set forth herein made by any of the agents, representatives or attorneys of the Releasees with regard to the subject matter, basis or effect of this Agreement or otherwise.

6. This Agreement shall not in any way be construed as an admission by any of the Releasees that any Releasee has acted wrongfully or that the Executive has any rights whatsoever against any of the Releasees except as specifically set forth herein, and each of the Releasees specifically disclaims any liability to any party for any wrongful acts.

7. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under law. Should there be any conflict between any provision hereof and any present or future law, such law will prevail, but the provisions affected thereby will be curtailed and limited only to the extent necessary to bring

them within the requirements of law, and the remaining provisions of this Agreement will remain in full force and effect and be fully valid and enforceable.

8. The Executive represents and agrees (a) that the Executive has to the extent he desires discussed all aspects of this Agreement with his attorney, (b) that the Executive has carefully read and fully understands all of the provisions of this Agreement, and (c) that the Executive is voluntarily entering into this Agreement.

9. This General Release shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of laws principles thereof or to those of any other jurisdiction which, in either case, could cause the application of the laws of any jurisdiction other than the State of New York. This General Release is binding on the successors and assigns of, and sets forth the entire agreement between, the parties hereto; fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof; and may not be changed except by explicit written agreement to that effect subscribed by the parties hereto.

PLEASE READ CAREFULLY. THIS GENERAL RELEASE INCLUDES A
RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

This General Release is executed by the Executive and Employer as of the ____ day of _____, 20__.

Thomas E. Dooley

VIACOM INC.

Name:

Title:

B-4

The Section 409A Amendment

C-1

FORM EMPLOYMENT AGREEMENT AMENDMENT
(I.R.C. §409A)

This Amendment Agreement modifies certain terms and conditions of your employment agreement with Viacom Inc. or one of its subsidiaries (your "Employment Agreement"). In this Amendment Agreement, we refer to the corporation or other entity that employs you as the "Company", and we refer to Viacom Inc. and its subsidiaries, collectively, as "Viacom".

1. Timing of Payments. If your Employment Agreement does not already provide a schedule for the payment of your salary that is in compliance with Section 409A of the Internal Revenue Code and the rules, regulations and guidance thereunder ("Section 409A"), your Employment Agreement is modified to provide that payments of salary, less deductions and income and payroll tax withholding as may be required or authorized under applicable law, shall be payable in accordance with the Company's normal payroll procedures for employees generally, but no less frequently than monthly. If your Employment Agreement provides for a payment to be made promptly or as soon as administratively practicable after or following the occurrence of a date or an event specified in the Employment Agreement, then the payment will be made not later than 90 days following the occurrence of the date or event.

2. Performance Shares Units. Shares delivered in settlement of the PSUs awarded to you pursuant to your Employment Agreement will be delivered not later than March 15 following the last year of the Measurement Period for the relevant PSU. No new terms and conditions that are approved by the Compensation Committee, in addition to those set forth in your Employment Agreement, will apply to PSUs awarded to you pursuant to your Employment Agreement to the extent they would affect the time or form of payment in respect of your PSUs in violation of any requirements of Section 409A that may be applicable thereto.

3. "Termination of Employment". To the extent that your Employment Agreement provides for any severance or other termination payment or any other benefits to be made or provided to you or your beneficiaries upon or as a result of your termination of employment, you will be considered to have experienced a termination of employment as of the date that the level of bona fide services that you are expected to perform permanently decreases to no more than 20% of the average level of bona fide services that you performed over the immediately preceding 36-month period (or the full period of services if you have been providing services less than 36 months).

For these purposes, your "services" include services that you provide as an employee or as an independent contractor. In addition, in determining whether you have experienced a termination of employment, the Company is obligated to take into account services you provide both for it and for any other corporation that is a member of the same "controlled group" of corporations as the Company under Section 414(b) of the Internal Revenue Code or any other trade or business (such as a partnership) which is under

common control with the Company as determined under Section 414(c) of the Internal Revenue Code, in each case as modified by Section 409A. In general, this means that the Company will consider services you provide to any corporation or other entity in which Viacom Inc., directly or indirectly, possesses at least 50% of the total voting power or at least 50% of the total value of the equity interests.

For the avoidance of doubt, nothing provided in this paragraph 3 shall supercede or otherwise modify the definition of "good reason" contained in your Employment Agreement.

4. Timing of post-termination payments and benefits. Unless otherwise specified herein, to the extent that your Employment Agreement does not already provide a schedule for the payments that is in compliance with Section 409A, any payments that are required to be made under your Employment Agreement following your termination of employment will be made at the same time and in the same manner as if you had not terminated employment. For example, any salary continuation will be paid on the schedule described in paragraph 1 of this Amendment Agreement, and any annual bonus or pro-rated annual bonus to which you are entitled under your Employment Agreement (whether for the year in which your termination of employment occurs or any subsequent year) will be paid in the year following the year in which the bonus is earned prior to March 15 or, if different, at the same time, or pursuant to the same schedule, as annual bonuses that the Company pays to continuing employees under the applicable annual bonus program. Please note that these timing rules apply following any termination of employment, including termination of employment incident to non-renewal of the Employment Agreement.

5. Release. This paragraph 5 applies if your Employment Agreement conditions payment of severance or any other payments, or provision of any benefits, following your termination of employment on your execution of a Release. For purposes of this paragraph 5, the "Release" refers to a release in a form attached to your Employment Agreement, or if no such release is so attached, to any other form of release in use by the Company at the time of your termination of employment. If your Employment Agreement contains such terms, then the Company shall not be required to continue making severance or other payments or providing benefits, unless, (i) if your Employment Agreement does not specify a deadline by which you must have executed the Release and it must have become irrevocable, by 60 days following your termination of employment or (ii) if your Employment Agreement specifies a deadline by which you must have executed the Release and it must have become irrevocable, by such deadline, you have executed the Release and delivered it to the Company, and the Release has become effective and irrevocable in its entirety. If the Company has ceased making severance or other payments or providing benefits pursuant to the preceding sentence and you subsequently execute the Release, and it becomes effective and irrevocable in its entirety, the Company may resume

making or providing such payments or benefits, but it will have no obligation to do so.

6. Good Reason. This paragraph 6 applies if your Employment Agreement contains a definition of "good reason," and is intended to ensure that "good reason" is triggered only upon a material negative change in your employment relationship with the Company. Accordingly, in order to terminate your employment with "good reason," you must provide the Company with a notice of termination specifying (x) the effective date of your termination and (y) the particular condition(s) that constitute "good reason" for such termination. The notice must be provided within thirty (30) calendar days of the initial existence of the condition(s) that are purported to constitute "good reason," or, if later, within thirty (30) calendar days after you become aware, or with reasonable diligence should have become aware, of the condition(s) that are purported to constitute "good reason," and must give the Company at least thirty (30) days prior written notice of your intent to terminate with "good reason," during which time the Company shall be given the opportunity to cure any basis for such "good reason"; provided, however, that there shall be no cure period with respect to events which by their nature cannot be cured. If no cure is timely effected (or if there is no cure period due to the nature of the event), then your termination with "good reason" shall be effective as of the date of termination you specified in the notice of termination. If a cure is timely effected, your resignation for "good reason" shall not be effective at that time. The foregoing notice and cure provision shall supersede the notice and cure provision in your Employment Agreement, if any.

7. Death. To the extent that your Employment Agreement provides for a lump-sum severance payment or other lump-sum payment to be made as a result of your death, such lump sum payment will be made no later than the 60th day following your death. This provision applies only to amounts which, under your Employment Agreement, are to be paid in a lump sum. Any payment or benefit which, under the terms of your Employment Agreement, is to be made following your death as a continuing stream of payments (such as salary continuation), and any payments of annual bonus or other incentive compensation to which your estate or beneficiary is entitled following your death and which are not included in any lump sum payment, shall be made to your estate or beneficiary at the same time and in the same manner as if you were still actively employed with the Company.

8. Severance Plan Adjustment. In the event that you are entitled to any election between severance options (e.g., a choice between amounts available under a severance plan and your severance entitlement under the Employment Agreement), then the amounts, but not the time or form of payment, of your severance entitlement under the Employment Agreement shall automatically be adjusted to equal whichever is the greater amount in the aggregate of such severance options. The time and form of payment shall continue as specified in the terms of your Employment Agreement. In no event, however, will any such adjustment alter the time or form of the payments to which you are entitled.

9. No Offsets. If your Employment Agreement gives the Company the right to reduce or otherwise offset against

amounts owed to you in order to satisfy any obligations you owe the Company, such provision is modified to provide that the Company shall not make any deductions for money or property that you owe to the Company from amounts that constitute deferred compensation for purposes of Section 409A, except for applicable withholding taxes on such amounts and otherwise only to the extent that such deduction would not cause any person to incur any tax, interest or penalties under Section 409A.

10. Required Delay in Payment for Viacom's "Specified Employees." In the event that, at the time of your termination of employment, you are a "specified employee," as determined by Viacom Inc., then to the extent that any amount or benefit owed to you under your Employment 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 termination of employment, then such amount or benefit shall not be paid or provided during the six-month period following the date of your termination of employment and instead shall be paid or provided on the first day of the seventh month following your date of termination of employment, except to the extent that, in Viacom's reasonable judgment, payment during such six-month period would not cause any person to incur additional tax, interest or penalties under Section 409A. Delay in payment or provision of benefits during the six months following your termination of employment is referred to as the "Six-Month Delay".

It is noted that to the extent that your Employment Agreement provides for payments or benefits to be provided solely upon your "involuntary" termination of employment (as determined under Section 409A), the Six-Month Delay will not apply to the extent that such payments and benefits, in the aggregate, do not exceed an amount equal to the lesser of:

(x) two times your "annualized compensation" as determined in accordance with Section 409A (in general, this amount is your annual rate of pay for the year preceding the year in which your employment terminates, adjusted for any increases during the year your employment terminates that were expected to continue indefinitely); and

(y) two times the applicable annual compensation limit under Section 401(a)(17) of the Internal Revenue Code for the year in which your termination occurs (for 2008, this amount is two times \$230,000, or \$460,000).

To minimize the risk that the Six-Month Delay will disrupt your coverage under any medical, dental and life insurance coverage to which you are entitled following your termination of employment, payments described in the preceding sentence that are made during the six months following your termination of employment shall first be applied to cover any costs relating to such continued medical, dental and life insurance coverage that otherwise would constitute deferred compensation for purposes of Section 409A, and thereafter shall be made in respect of other amounts or benefits owed to you.

11. Designation of Separate Payments. If, under any provision of your Employment 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 salary continuation period).

12. Reimbursements. If your Employment Agreement provides for reimbursements that constitute deferred compensation for purposes of Section 409A, in no event shall the reimbursements be paid later than the last day of the calendar year following the year in which the related expense was incurred. Reimbursements of attorneys' fees and other costs and expenses of disputes under your Employment Agreement that are deferred compensation for purposes of Section 409A must be paid no later than the last day of the year following the year in which there is a settlement or other final and nonappealable resolution of the dispute.

13. Excise Taxes. Any payment to reimburse you for excise taxes required to be paid by Viacom pursuant to your Employment Agreement and any "gross-up" for the payment of the excise taxes shall be paid no later than the end of the calendar year following the year in which the taxes are paid. Any reimbursement of expenses incurred due to a tax audit or litigation asserting liability for such excise taxes shall be made no later than the end of the year following the year in which the disputed taxes are paid or in which there is a final and non-

appealable resolution as a result of which no taxes are paid. Any reduction of the payments and benefits under your Employment Agreement to avoid imposition of such excise taxes shall be applied first to the severance and bonus payments and next the other payments and benefits (other than medical, dental or life insurance coverage and reimbursements of expenses) under your Employment Agreement and, in each case, shall be applied *pro rata* across such payments and benefits in proportion to the amounts on which such excise taxes would otherwise be imposed.

14. Further Amendments. The Company may, without your consent, amend any provision of your Employment Agreement to the extent that, in the reasonable judgment of the Company, such amendment is necessary or advisable to avoid your becoming subject to federal income tax on any amount or benefit under your Employment Agreement before such amount is actually paid or such benefit is actually provided, to avoid the imposition on any person of any additional tax, interest or penalties pursuant to Section 409A. Any such amendment shall maintain and protect, to the maximum extent practicable, the original intent and economic benefit to you of the applicable provision. Except in the case of any amendment made without your written consent, Viacom shall not have any obligation to indemnify you or hold you (or any beneficiary) harmless from any or all of such taxes or penalties.

Except as otherwise provided herein, your Employment Agreement shall continue in full force and effect in accordance with its terms.

Qualifying CEO Offer

“Qualifying CEO Offer” means an offer to serve as President and Chief Executive Officer of Employer pursuant to an amendment and restatement of this Employment Agreement. Such offer shall be embodied in a proposed amendment and restatement of this Agreement, appropriately authorized and executed by Employer and delivered within four (4) business days of the date on which P. Dauman is no longer serving as both President and Chief Executive Officer, which amendment and restatement shall be identical to this Agreement except that it shall include the terms set forth on this Schedule D:

1. Paragraph 2(a) of the Employment Agreement will be modified as to read as follows:

"You will have the title of President and Chief Executive Officer of Employer and will have the full powers, responsibilities and authorities customary for the chief executive officer of corporations of the size, type and nature of Employer, including, without limitation, those powers, responsibilities and authorities the prior Chief Executive Officer had immediately prior to your appointment as Chief Executive Officer. You will report solely and directly to the Board of Directors of Employer (the **“Board”**) and you will be the highest ranking executive of the Company."

2. A new paragraph 2(b) will be added to the Employment Agreement as follows and paragraphs 2(c) and 2(d) will be re-designated accordingly:

"(b) Direct Reports. The heads of the Company's five business units (BET Networks, Music & Entertainment, Kids & Family, Paramount Motion Picture Group and Viacom International Media Networks) and of any business units and operating divisions added or existing in the future, and all executive officers of the Company, will report solely and directly to you. Notwithstanding the preceding sentence, you shall have the authority to cause any business unit or operating division head, and any executive officer of the Company, to report directly to another executive officer of the Company."

3. Paragraph 10(a)(iii) of the Employment Agreement will be modified to read as follows:

"your substantial and continual refusal to perform your duties, responsibilities or obligations provided for in this Agreement (provided that such duties, responsibilities or obligations are not inconsistent with your position as President and Chief Executive Officer and are otherwise lawful);"

4. Paragraphs 10(b)(i) and (ii) will be modified to read as follows:

"(i)(A) the assignment to you of duties substantially inconsistent with your positions, duties or responsibilities as President and Chief Executive Officer or any

change in reporting such that you do not report solely and directly to the Board, (B) the appointment as Executive Chairman of the Board of a person other than yourself, (C) the appointment and/or continuing tenure of a non-executive Chairman of Employer of a person other than yourself, unless you are then serving as Executive Chairman with such authority and responsibilities in such capacity as shall be determined by the Board or any duly authorized committee thereof (it being understood that you shall not be entitled to or receive any additional compensation, benefits or perquisites for serving in any such capacity), provided, that this clause (C) shall not apply if (I) you shall have been offered but declined to accept the position of sole Executive Chairman of the Board, (II) having accepted such position, you subsequently resign from it or (III) your employment shall have been terminated for Cause in accordance with paragraph 10(a) (after taking into account the notice and cure periods set forth therein) or (D) after the appointment of a non-executive Chairman of Employer other than yourself, the occurrence of conduct by such non-executive Chairman which materially interferes with your ability to perform your CEO duties effectively and which is inconsistent with the customary role of a non-executive chairman; provided, however, that you shall provide written notice to the Chair of the Compensation Committee not later than the date you provide written notice of termination, explaining the rationale for why such conduct adversely affects your ability to perform your CEO duties effectively; and, provided, further, that Employer shall be deemed to have satisfactorily cured such event if (i) the Board takes reasonable steps to cause the cessation of the interfering conduct and takes reasonable steps to prevent the further occurrence thereof, including by directing the non-executive Chairman to cease and desist from such interfering conduct, and, (ii) if such direction by the Board does not in fact cause such conduct to cease, subject to written notice of the re-occurrence of such conduct in accordance with the procedures set forth in this paragraph 10(b), the Board removes the director from the non-executive Chairman position within thirty (30) calendar days from the giving of such notice;

(ii) (A) your removal from or any failure to re-elect you as Chief Executive Officer of Employer, or, (B) in the event you are, while serving as Chief Executive Officer of Employer, appointed as Executive Chairman of the Board, your removal from, or any failure to reappoint you to the position of Executive Chairman of the Board; provided that the foregoing clause (B) shall not apply if your employment shall have been terminated for Cause in accordance with paragraph 10(a) (after taking into account the notice and cure periods set forth therein);"

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: April 28, 2016

/s/ PHILIPPE P. DAUMAN

Executive Chairman, 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: April 28, 2016

/s/ WADE DAVIS

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 March 31, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Philippe P. Dauman, Executive Chairman, 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

April 28, 2016

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

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

In connection with the Quarterly Report of Viacom Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Wade Davis, Executive Vice President, Chief Financial Officer of the Company, certify that to my knowledge:

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

/s/ WADE DAVIS

Wade Davis

April 28, 2016

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