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

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**FORM 10-Q**

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☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended March 31, 2011**

**OR**

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

**Commission File Number 001-32686**

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**VIACOM INC.**

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

Class of Stock	Shares Outstanding as of April 15, 2011
Class A Common stock, par value \$0.001 per share	51,625,640
Class B Common stock, par value \$0.001 per share	533,491,337

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# PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements.

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

(in millions, except per share amounts)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Revenues	\$ 3,267	\$ 2,732	\$ 7,095	\$ 6,751
Expenses:				
Operating	1,721	1,464	3,738	3,469
Selling, general and administrative	719	639	1,419	1,366
Depreciation and amortization	67	75	138	161
Asset impairment	-	-	-	60
Total expenses	2,507	2,178	5,295	5,056
Operating income	760	554	1,800	1,695
Interest expense, net	(102)	(113)	(206)	(218)
Equity in net earnings (losses) of investee companies	15	(28)	39	(48)
Loss on extinguishment of debt	(87)	-	(87)	-
Other items, net	(7)	(10)	(7)	-
Earnings from continuing operations before provision for income taxes	579	403	1,539	1,429
Provision for income taxes	(197)	(146)	(528)	(481)
Net earnings from continuing operations	382	257	1,011	948
Discontinued operations, net of tax	-	(10)	(10)	(40)
Net earnings (Viacom and noncontrolling interests)	382	247	1,001	908
Net (earnings) losses attributable to noncontrolling interests	(6)	(2)	(15)	31
Net earnings attributable to Viacom	\$ 376	\$ 245	\$ 986	\$ 939
Amounts attributable to Viacom:				
Net earnings from continuing operations	\$ 376	\$ 255	\$ 996	\$ 979
Discontinued operations, net of tax	-	(10)	(10)	(40)
Net earnings attributable to Viacom	\$ 376	\$ 245	\$ 986	\$ 939
Basic earnings per share attributable to Viacom:				
Continuing operations	\$ 0.63	\$ 0.42	\$ 1.66	\$ 1.61
Discontinued operations	\$ -	\$ (0.02)	\$ (0.01)	\$ (0.06)
Net earnings	\$ 0.63	\$ 0.40	\$ 1.65	\$ 1.55
Diluted earnings per share attributable to Viacom:				
Continuing operations	\$ 0.63	\$ 0.42	\$ 1.65	\$ 1.61
Discontinued operations	\$ -	\$ (0.02)	\$ (0.02)	\$ (0.07)
Net earnings	\$ 0.63	\$ 0.40	\$ 1.63	\$ 1.54
Weighted average number of common shares outstanding:				
Basic	594.4	607.6	599.0	607.5
Diluted	601.1	609.6	604.6	609.5
Dividends declared per share of Class A and Class B common stock	\$ 0.15	\$ -	\$ 0.30	\$ -

*See accompanying notes to the Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions, except par value)	March 31, 2011	September 30, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,555	\$ 837
Receivables, net	2,399	2,417
Inventory, net	827	861
Deferred tax assets, net	74	77
Prepaid and other assets	335	281
Assets held for sale	-	76
Total current assets	5,190	4,549
Property and equipment, net	1,055	1,102
Inventory, net	4,082	4,145
Goodwill	11,072	11,035
Intangibles, net	438	467
Deferred tax assets, net	-	156
Other assets	778	568
Assets held for sale	-	74
Total assets	<u>\$ 22,615</u>	<u>\$ 22,096</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 299	\$ 210
Accrued expenses	1,044	1,000
Participants' share and residuals	1,087	1,059
Program rights obligations	431	390
Deferred revenue	266	256
Current portion of debt	222	31
Other liabilities	488	435
Liabilities held for sale	-	117
Total current liabilities	3,837	3,498
Noncurrent portion of debt	6,935	6,721
Participants' share and residuals	468	453
Program rights obligations	589	691
Deferred tax liabilities, net	17	-
Other liabilities	1,304	1,343
Redeemable noncontrolling interest	132	131
Commitments and contingencies (Note 8)		
Viacom stockholders' equity:		
Class A Common stock, par value \$0.001, 375.0 authorized; 51.6 and 52.0 outstanding, respectively	-	-
Class B Common stock, par value \$0.001, 5,000.0 authorized; 536.5 and 556.5 outstanding, respectively	1	1
Additional paid-in capital	8,434	8,346
Treasury stock, 173.3 and 151.5 common shares held in treasury, respectively	(6,625)	(5,725)
Retained earnings	7,579	6,775
Accumulated other comprehensive loss	(36)	(114)
Total Viacom stockholders' equity	9,353	9,283
Noncontrolling interests	(20)	(24)
Total equity	9,333	9,259
Total liabilities and equity	<u>\$ 22,615</u>	<u>\$ 22,096</u>

*See accompanying notes to the Consolidated Financial Statements*

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

(in millions)	Six Months Ended March 31,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net earnings (Viacom and noncontrolling interests)	\$ 1,001	\$ 908
Discontinued operations, net of tax	10	40
Net earnings from continuing operations	1,011	948
Reconciling items:		
Depreciation and amortization	138	161
Asset impairment	-	60
Feature film and program amortization	2,159	2,181
Equity-based compensation	63	57
Equity in net (income) losses and distributions from investee companies	(34)	62
Deferred income taxes	180	(85)
Decrease in securitization program	-	(775)
Operating assets and liabilities, net of acquisitions:		
Receivables	(6)	105
Inventory, program rights and participations	(2,104)	(1,916)
Accounts payable and other current liabilities	165	(69)
Other, net	(108)	(54)
Discontinued operations, net	(20)	142
Cash provided by operations	1,444	817
<b>INVESTING ACTIVITIES</b>		
Acquisitions and investments	(59)	(78)
Capital expenditures	(42)	(81)
Discontinued operations, net	-	(1)
Net cash flow used in investing activities	(101)	(160)
<b>FINANCING ACTIVITIES</b>		
Borrowings	982	698
Debt repayments	(582)	(976)
Commercial paper	-	(206)
Purchase of treasury stock	(852)	-
Dividends paid	(182)	-
Other, net	(3)	(60)
Net cash flow used in financing activities	(637)	(544)
Effect of exchange rate changes on cash and cash equivalents	12	(4)
Net change in cash and cash equivalents	718	109
Cash and cash equivalents at beginning of period	837	249
Cash and cash equivalents at end of period	\$ 1,555	\$ 358

*See accompanying notes to the Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**(Unaudited)**

(in millions)	Common Stock Outstanding (shares)	Common Stock/APIC	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
December 31, 2010	598.4	\$ 8,389	\$ (6,125)	\$ 7,294	\$ (86)	\$ 9,472	\$ (22)	\$9,450
Net earnings				376		376	6	382
Translation adjustments					53	53	1	54
Defined benefit pension plans					2	2	-	2
Other					(5)	(5)	-	(5)
Comprehensive income						426	7	433
Noncontrolling interests						-	(5)	(5)
Dividends declared				(91)		(91)	-	(91)
Purchases of treasury stock	(11.4)		(500)			(500)	-	(500)
Equity-based compensation and other	1.1	46				46	-	46
March 31, 2011	<u>588.1</u>	<u>\$ 8,435</u>	<u>\$ (6,625)</u>	<u>\$ 7,579</u>	<u>\$ (36)</u>	<u>\$ 9,353</u>	<u>\$ (20)</u>	<u>\$9,333</u>

(in millions)	Common Stock Outstanding (shares)	Common Stock/APIC	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
December 31, 2009	607.4	\$ 8,288	\$ (5,725)	\$ 6,106	\$ 35	\$ 8,704	\$ (27)	\$8,677
Adoption of accounting for consolidation of variable interest entities as of January 1, 2010				(28)	-	(28)	(12)	(40)
	607.4	8,288	(5,725)	6,078	35	8,676	(39)	8,637
Net earnings				245		245	2	247
Translation adjustments					(63)	(63)	(2)	(65)
Comprehensive income						182	-	182
Noncontrolling interests		(4)				(4)	13	9
Equity-based compensation and other	0.3	22				22	-	22
March 31, 2010	<u>607.7</u>	<u>\$ 8,306</u>	<u>\$ (5,725)</u>	<u>\$ 6,323</u>	<u>\$ (28)</u>	<u>\$ 8,876</u>	<u>\$ (26)</u>	<u>\$8,850</u>

*See accompanying notes to the Consolidated Financial Statements*

**VIACOM INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
**(Unaudited)**

(in millions)	Common Stock Outstanding (shares)	Common Stock/APIC	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
September 30, 2010	608.5	\$ 8,347	\$ (5,725)	\$ 6,775	\$ (114)	\$ 9,283	\$ (24)	\$ 9,259
Net earnings				986		986	15	1,001
Translation adjustments					81	81	2	83
Defined benefit pension plans					3	3	-	3
Other					(6)	(6)	-	(6)
Comprehensive income						1,064	17	1,081
Noncontrolling interests						-	(13)	(13)
Dividends declared				(182)		(182)	-	(182)
Purchases of treasury stock	(21.8)		(900)			(900)	-	(900)
Equity-based compensation and other	1.4	88				88	-	88
March 31, 2011	<u>588.1</u>	<u>\$ 8,435</u>	<u>\$ (6,625)</u>	<u>\$ 7,579</u>	<u>\$ (36)</u>	<u>\$ 9,353</u>	<u>\$ (20)</u>	<u>\$ 9,333</u>

(in millions)	Common Stock Outstanding (shares)	Common Stock/APIC	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
September 30, 2009	607.4	\$ 8,257	\$ (5,725)	\$ 5,408	\$ 89	\$ 8,029	\$ 15	\$ 8,044
Net earnings				939		939	(31)	908
Translation adjustments					(59)	(59)	(2)	(61)
Defined benefit pension plans					(61)	(61)	-	(61)
Other					3	3	-	3
Comprehensive income						822	(33)	789
Adoption of accounting for consolidation of variable interest entities as of January 1, 2010				(28)		(28)	(12)	(40)
Noncontrolling interests		(4)		4		-	4	4
Equity-based compensation and other	0.3	53				53	-	53
March 31, 2010	<u>607.7</u>	<u>\$ 8,306</u>	<u>\$ (5,725)</u>	<u>\$ 6,323</u>	<u>\$ (28)</u>	<u>\$ 8,876</u>	<u>\$ (26)</u>	<u>\$ 8,850</u>

*See accompanying notes to the Consolidated Financial Statements*

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

**NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

**Description of Business**

Viacom Inc. including its consolidated subsidiaries (“Viacom” or the “Company”) is a leading global entertainment content company, engaging audiences on television, motion picture, Internet and mobile platforms through many of the world’s best known entertainment brands. Viacom operates through two reporting segments: *Media Networks*, which includes MTV Networks (“MTVN”) and BET Networks (“BETN”); and *Filmed Entertainment*. The *Media Networks* segment provides entertainment content for consumers in key demographics attractive to advertisers, content distributors and retailers. The *Filmed Entertainment* segment produces, finances and distributes motion pictures and other entertainment content under the Paramount Pictures, Paramount Vantage, MTV Films and Nickelodeon Movies brands. It also acquires films for distribution and has distribution relationships with third parties.

**Basis of Presentation**

*Unaudited Interim Financial Statements*

The accompanying unaudited consolidated quarterly financial statements have been prepared on a basis consistent with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and pursuant to the rules of the Securities and Exchange Commission (“SEC”). In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the 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, 2011 (“fiscal year 2011”) or any future period. These statements should be read in conjunction with the Company’s Form 10-K for the nine month transition period ended September 30, 2010, as filed with the SEC on November 12, 2010 (the “2010 Form 10-K”).

*Use of Estimates*

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

*Reclassification*

Certain amounts have been reclassified to conform to the fiscal year 2011 presentation.

**NOTE 2. EARNINGS PER SHARE**

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



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

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

Common Shares Outstanding and Anti-dilutive Common Shares (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Weighted average common shares outstanding, basic	594.4	607.6	599.0	607.5
Dilutive effect of equity-based compensation awards	6.7	2.0	5.6	2.0
Weighted average common shares outstanding, diluted	<u>601.1</u>	<u>609.6</u>	<u>604.6</u>	<u>609.5</u>
Anti-dilutive common shares	17.2	37.0	22.6	37.2

**NOTE 3. INVENTORY**

Inventory (in millions)	March 31, 2011	September 30, 2010
Film inventory:		
Released, net of amortization	\$ 905	\$ 900
Completed, not yet released	64	83
In process and other	<u>652</u>	<u>652</u>
Total film inventory, net of amortization	1,621	1,635
Original programming:		
Released, net of amortization	1,111	1,033
Completed, not yet released	5	5
In process and other	<u>458</u>	<u>475</u>
Total original programming, net of amortization	1,574	1,513
Acquired program rights, net of amortization	1,577	1,708
Merchandise and other inventory, net of allowance of \$84 and \$73	<u>137</u>	<u>150</u>
Total inventory, net	4,909	5,006
Less current portion of inventory, net	<u>(827)</u>	<u>(861)</u>
Total inventory - noncurrent, net	<u>\$ 4,082</u>	<u>\$ 4,145</u>

**NOTE 4. DEBT**

Debt (in millions)	March 31, 2011	September 30, 2010
Senior notes and debentures:		
Senior notes due April 2011, 5.750%	\$ 193	\$ 193
Senior notes due September 2014, 4.375%	597	597
Senior notes due September 2015, 4.250%	250	250
Senior notes due April 2016, 6.250%	916	1,496
Senior notes due April 2017, 3.500%	496	-
Senior notes due October 2017, 6.125%	498	497
Senior notes due September 2019, 5.625%	553	554
Senior notes due March 2021, 4.500%	492	-
Senior debentures due April 2036, 6.875%	1,735	1,735
Senior debentures due October 2037, 6.750%	248	248
Senior notes due December 2055, 6.850%	750	750
Capital lease and other obligations	<u>429</u>	<u>432</u>
Total debt	7,157	6,752
Less current portion	<u>(222)</u>	<u>(31)</u>
Total noncurrent portion	<u>\$ 6,935</u>	<u>\$ 6,721</u>

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

In the second quarter of 2011, we issued a total of \$1.0 billion of senior notes with maturities of six and ten years. In February 2011, we issued \$500 million aggregate principal amount of 4.5% Senior Notes due 2021 at a price equal to 98.320% of the principal amount. In March 2011, we issued \$500 million aggregate principal amount of 3.5% Senior Notes due 2017 at a price equal to 99.139% of the principal amount.

We used the net proceeds from the February 2011 offering of \$488 million to conduct a cash tender offer to repurchase a portion of the \$1.5 billion aggregate principal of our 6.25% Senior Notes due 2016 at a weighted-average purchase price of \$1,153.50 per \$1,000 of principal. Our repurchase of \$582 million of principal pursuant to the tender offer resulted in a pre-tax extinguishment loss of \$87 million.

At March 31, 2011, the total unamortized net discount related to the senior notes and debentures was \$33 million. The fair value of the Company's senior notes and debentures exceeded the carrying value by \$508 million at March 31, 2011. The valuation of the Company's publicly traded debt is based on quoted prices in active markets.

At March 31, 2011, there were no amounts outstanding under the Company's \$2.0 billion revolving facility due October 2013 or commercial paper program. The credit facility has one principal financial covenant that requires the Company's interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which the Company met at March 31, 2011.

**NOTE 5. FINANCIAL INSTRUMENTS**

At March 31, 2011, the Company's financial assets and liabilities reflected in the Consolidated Financial Statements at fair value consist of marketable securities and foreign exchange contracts. Fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end. Fair value for foreign exchange contracts is determined utilizing a market-based approach. The following table summarizes the valuation of the Company's financial assets and liabilities at March 31, 2011 and September 30, 2010:

Financial Asset (Liability) (in millions)	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>March 31, 2011</b>				
Marketable securities	\$ 85	\$ 85	\$ -	\$ -
Foreign exchange contracts	(2)	-	(2)	-
<b>Total</b>	<b>\$ 83</b>	<b>\$ 85</b>	<b>\$ (2)</b>	<b>\$ -</b>
<b>September 30, 2010</b>				
Marketable securities	\$ 78	\$ 78	\$ -	\$ -
Foreign exchange contracts	1	-	1	-
<b>Total</b>	<b>\$ 79</b>	<b>\$ 78</b>	<b>\$ 1</b>	<b>\$ -</b>

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

**NOTE 6. PENSION**

The Company's defined pension plans principally consist of both funded and unfunded noncontributory plans covering the majority of domestic employees and retirees. Net periodic benefit costs for the Company under its defined benefit pension plans consist of the following:

Net Periodic Benefit Costs (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Service cost	\$ 7	\$ 6	\$ 14	\$ 11
Interest cost	11	10	22	20
Expected return on plan assets	(9)	(8)	(18)	(14)
Amortization of unrecognized prior service cost	-	-	-	1
Recognized actuarial loss	3	2	6	4
Net periodic benefit costs	<u>\$ 12</u>	<u>\$ 10</u>	<u>\$ 24</u>	<u>\$ 22</u>

**NOTE 7. RELATED PARTY TRANSACTIONS**

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

*Viacom and NAI Related Party Transactions*

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. During the six months ended March 31, 2011 and 2010, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately \$12 million and \$7 million, respectively.

*Viacom and CBS Corporation Related Party Transactions*

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

Paramount earns revenues and recognizes expenses associated with the distribution of certain television products into the home entertainment market on behalf of CBS. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable together with any advance amounts paid. Paramount made advance payments of \$50 million and \$100 million to CBS in the quarters ended March 31, 2011 and 2010, respectively. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products. Additionally, the *Media Networks* segment recognizes advertising revenues from CBS.

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

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

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

CBS Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
<b>Consolidated Statements of Earnings</b>				
Revenues	\$ 79	\$ 80	\$ 187	\$ 215
Operating expenses	\$ 96	\$ 103	\$ 226	\$ 253
			<b>March 31, 2011</b>	<b>September 30, 2010</b>
<b>Consolidated Balance Sheets</b>				
Accounts receivable			\$ 11	\$ 9
Other assets			<u>1</u>	<u>1</u>
Total due from CBS			<u>\$ 12</u>	<u>\$ 10</u>
Accounts payable			\$ 2	\$ 4
Participants' share and residuals, current			167	227
Participants' share and residuals, noncurrent			7	-
Program rights obligations, current			92	100
Program rights obligations, noncurrent			224	263
Other liabilities			35	39
Total due to CBS			<u>\$ 527</u>	<u>\$ 633</u>

*Other Related Party Transactions*

In the ordinary course of business, the Company is involved in related party transactions with equity investees, principally related to investments in unconsolidated variable interest entities ("VIEs") as more fully described in Note 10. These related party transactions primarily relate to the provision of advertising services, licensing of film and programming content, distribution of films and provision of certain administrative support services for which the impact on the Company's Consolidated Financial Statements is as follows:

Other Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
<b>Consolidated Statements of Earnings</b>				
Revenues	\$ 48	\$ 24	\$ 86	\$ 150
Operating expenses	\$ 22	\$ 7	\$ 31	\$ 72
Selling, general and administrative	\$ (4)	\$ -	\$ (8)	\$ -
			<b>March 31, 2011</b>	<b>September 30, 2010</b>
<b>Consolidated Balance Sheets</b>				
Accounts receivable			\$ 88	\$ 88
Other assets			<u>2</u>	<u>9</u>
Total due from other related parties			<u>\$ 90</u>	<u>\$ 97</u>
Accounts payable			\$ 33	\$ 26
Other liabilities			14	29
Total due to other related parties			<u>\$ 47</u>	<u>\$ 55</u>

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

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

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

As more fully described in Notes 3 and 14 of the 2010 Form 10-K, the Company's commitments primarily consist of programming and talent commitments, operating lease arrangements, purchase obligations for goods and services and future funding commitments related to equity investees. These arrangements result from the Company's normal course of business and represent obligations that may be payable over several years.

The Company is also subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary, which was recently renewed. The put option now expires in January 2016, and is classified as *Redeemable noncontrolling interest* in the Consolidated Balance Sheets.

*Contingencies*

The Company has certain indemnification obligations with respect to leases associated with the previously discontinued operations of Famous Players and Blockbuster Inc. ("Blockbuster"). In addition, Viacom has certain indemnities provided by the acquirer of Famous Players and by Blockbuster. At March 31, 2011, these lease commitments, substantially all of which relate to Famous Players, amounted to \$648 million. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. The Company may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. The Company has recorded a liability of \$205 million with respect to such obligations. Based on the Company's consideration of financial information available to it, the lessees' historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees' business models, the Company believes its accrual is sufficient to meet any future obligations.

*Legal Matters*

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

In March 2007, the Company filed a complaint in the United States District Court for the Southern District of New York against Google Inc. ("Google") and its wholly-owned subsidiary YouTube, alleging that Google and YouTube violated and continue to violate the Company's copyrights. The Company is seeking both damages and injunctive relief. In March 2010, the Company and Google filed motions for summary judgment, and in June 2010, Google's motion was granted. The District Court decision has been appealed to the U.S. Court of Appeals for the Second Circuit and the appeal has been fully briefed. The Company believes it has a meritorious appeal.

In September 2007, Brantley, et al. v. NBC Universal, Inc., et al., was filed in the United States District Court for the Central District of California against the Company and several other program content providers on behalf of a purported nationwide class of cable and satellite subscribers. The plaintiffs also sued several major cable and satellite program distributors. Plaintiffs allege that separate contracts between the program providers and the cable and satellite operator defendants providing for the sale of programming in specific tiers each unreasonably restrain trade in a variety of markets in violation of the Sherman Act. In October 2009, the court dismissed, with prejudice, the plaintiff's third amended complaint. The plaintiffs appealed the dismissal and the appeal is pending. The Company believes the plaintiffs' position in this litigation is without merit and intends to continue to vigorously defend this lawsuit.

The Company's 2006 acquisition agreement with Harmonix Music Systems, Inc. ("Harmonix"), a developer of music-based games, including the *Rock Band* franchise, provided that to the extent financial results exceeded specific contractual targets against a defined gross profit metric for the calendar years 2007 and 2008, former Harmonix shareholders would be eligible for incremental earn-out payments. In 2008, the Company paid \$150 million, subject to adjustment, under this earn-out agreement related to 2007 performance. The Company

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

believes that it is entitled to a refund of a substantial portion of amounts previously paid, but the final amount of the earn-out has not yet been determined and is subject to a private dispute resolution process. In December 2010, a representative of the selling shareholders filed a lawsuit in the Court of Chancery for the State of Delaware alleging that the Company breached its obligations under the acquisition agreement in a manner that could impact the earn-out calculation and made certain other claims. In January 2011, the Company filed a motion to dismiss or stay the lawsuit. In March 2011, plaintiffs filed an amended complaint. The Company believes the plaintiffs' position in these proceedings is without merit and intends to vigorously defend this lawsuit.

**NOTE 9. DISCONTINUED OPERATIONS**

Discontinued operations for all periods presented principally relates to Harmonix. In December 2010, the Company completed the sale of Harmonix. Included in the pre-tax loss from discontinued operations for the six months ended March 31, 2011 is a \$12 million loss from operations for the period through the date of sale and a \$14 million loss on disposal.

Discontinued Operations (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Revenues from discontinued operations	\$ 54	\$ 49	\$ 133	\$ 133
Pre-tax loss from discontinued operations	\$ (16)	\$ (23)	\$ (65)	\$ (65)
Income tax provision	6	13	25	25
Net loss from discontinued operations	\$ (10)	\$ (10)	\$ (40)	\$ (40)

For tax purposes, the disposal generated a tax benefit of approximately \$115 million, of which approximately \$45 million is expected to be realized as a cash refund of taxes previously paid on capital gains and the remaining \$70 million benefit will be available to offset qualifying future cash taxes.

**NOTE 10. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION**

Supplemental Cash Flow Information (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Cash paid for interest	\$ 65	\$ 62	\$ 219	\$ 219
Cash paid for income taxes	\$ 86	\$ 205	\$ 233	\$ 470

Redeemable Noncontrolling Interest (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Beginning balance	\$ 133	\$ 168	\$ 131	\$ 170
Net earnings	2	1	7	7
Distributions	(6)	(5)	(10)	(6)
Translation adjustment	3	(10)	4	(13)
Redemption value adjustment	-	-	-	(4)
Ending balance	\$ 132	\$ 154	\$ 132	\$ 154

**Investments in Variable Interest Entities**

*Unconsolidated Variable Interest Entities*

At March 31, 2011 and September 30, 2010, the Company's aggregate investment carrying value in unconsolidated VIEs was \$135 million and \$98 million, respectively. The impact of the Company's unconsolidated VIEs on its Consolidated Financial Statements, including related party transactions, is further described in Note 7.

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

*Consolidated Variable Interest Entities*

At March 31, 2011 and September 30, 2010, there were \$26 million and \$27 million of assets and \$85 million and \$84 million of liabilities, respectively, included within the Company's Consolidated Balance Sheets in respect of MTV Tr3s' investment interest in a Hispanic-oriented television broadcaster. The operating results of this consolidated VIE for the six months ended March 31, 2010 included a \$60 million non-cash impairment charge related to certain broadcast licenses held by the entity. The impact to *Net earnings attributable to Viacom* in the six months ended March 31, 2010 was a reduction of \$19 million, with the remaining \$41 million allocated to the noncontrolling interest. Except for the impairment charge, the entity's revenues, expenses and operating income for the quarter and six months ended March 31, 2011 and 2010 were not significant to the Company.

**Accounts Receivable**

At March 31, 2011, there were \$356 million of noncurrent trade receivables in the *Filmed Entertainment* segment included within *Other assets* in the Company's Consolidated Balance Sheet principally related to long-term television license arrangements and amounts due from MVL Productions LLC, a subsidiary of The Walt Disney Company, in connection with the sale of distribution rights. Such amounts are due in accordance with the underlying terms of the respective agreements and are principally from investment grade companies with which the Company has historically done business under similar terms, for which credit loss allowances are generally not considered necessary.

During the quarter ended December 31, 2009, activity under our former accounts receivable securitization programs consisted of \$433 million of proceeds from the sale of receivables and \$1.109 billion of cash remitted to the facility, including \$3 million of cash paid for interest. There were no amounts outstanding under the programs at December 31, 2009 and no activity during the quarter ended March 31, 2010.

**NOTE 11. REPORTING SEGMENTS**

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

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

Revenues by Segment (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Media Networks	\$ 2,082	\$ 1,884	\$ 4,462	\$ 4,138
Filmed Entertainment	1,226	886	2,723	2,677
Eliminations	(41)	(38)	(90)	(64)
Total revenues	<u>\$ 3,267</u>	<u>\$ 2,732</u>	<u>\$ 7,095</u>	<u>\$ 6,751</u>

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

Adjusted Operating Income (Loss) (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Media Networks	\$ 806	\$ 715	\$ 1,857	\$ 1,697
Filmed Entertainment	39	(83)	107	219
Corporate expenses	(53)	(51)	(102)	(103)
Equity-based compensation	(33)	(26)	(63)	(57)
Eliminations	1	(1)	1	(1)
Asset impairment	-	-	-	(60)
Operating income	760	554	1,800	1,695
Interest expense, net	(102)	(113)	(206)	(218)
Equity in net earnings (losses) of investee companies	15	(28)	39	(48)
Loss on extinguishment of debt	(87)	-	(87)	-
Other items, net	(7)	(10)	(7)	-
Earnings from continuing operations before provision for income taxes	<u>\$ 579</u>	<u>\$ 403</u>	<u>\$ 1,539</u>	<u>\$ 1,429</u>

Total Assets (in millions)	March 31, 2011	September 30, 2010
Media Networks	\$ 15,967	\$ 15,911
Filmed Entertainment	5,512	5,343
Corporate/Eliminations	1,136	842
Total assets	<u>\$ 22,615</u>	<u>\$ 22,096</u>

Revenues by Component (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Advertising	\$ 1,076	\$ 960	\$ 2,469	\$ 2,262
Feature film	1,147	823	2,475	2,506
Affiliate fees	851	783	1,665	1,524
Ancillary	234	204	576	523
Eliminations	(41)	(38)	(90)	(64)
Total revenues by component	<u>\$ 3,267</u>	<u>\$ 2,732</u>	<u>\$ 7,095</u>	<u>\$ 6,751</u>



**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 nine month transition period ended September 30, 2010, as filed with the Securities and Exchange Commission ("SEC") on November 12, 2010 (the "2010 Form 10-K"). References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries through which our various businesses are conducted, unless the context requires otherwise.

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

- *Overview.* The overview section provides a summary of Viacom's business.
- *Consolidated Results of Operations.* The consolidated results of operations section provides an analysis of our results on a consolidated basis for the quarter and six months ended March 31, 2011 compared to the quarter and six months ended March 31, 2010.
- *Segment Results of Operations.* The segment results of operations section provides an analysis of our results on a reportable operating segment basis for the quarter and six months ended March 31, 2011 compared to the quarter and six months ended March 31, 2010.
- *Liquidity and Capital Resources.* The liquidity and capital resources section provides a discussion of our cash flows for the six months ended March 31, 2011 compared to the six months ended March 31, 2010 and an update on our indebtedness.

**OVERVIEW**

Viacom is a leading global entertainment content company. Through its BET Networks, MTV Networks and Paramount Pictures divisions, Viacom connects with audiences through compelling content across television, motion picture, online and mobile platforms in more than 160 countries and territories. With approximately 170 media networks reaching more than 600 million global subscribers, Viacom's leading brands include MTV®, VH1®, CMT®, Logo®, BET®, CENTRIC®, Nickelodeon®, Nick Jr.®, TeenNick™, Nicktoons®, Nick at Nite™, COMEDY CENTRAL®, TV Land®, Spike TV® and Tr3s®. Paramount Pictures® is a major global producer and distributor of filmed entertainment. Viacom operates a large portfolio of branded digital media experiences, including many of the world's most popular properties for entertainment, community and casual online gaming.

We manage our operations through two reporting segments: *Media Networks* and *Filmed Entertainment*. Our measure of segment performance is adjusted operating income (loss). Adjusted operating income (loss) is defined as operating income (loss), less equity-based compensation and certain other items identified as affecting comparability, including asset impairment, when applicable.

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

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

In December 2010, we completed the sale of Harmonix Music Systems, Inc. ("Harmonix"), a developer of music-based games, including the *Rock Band* franchise. Accordingly, the results of operations of Harmonix are presented as discontinued operations in all periods presented.

**CONSOLIDATED RESULTS OF OPERATIONS**

Our consolidated results of operations are presented below for the quarter and six months ended March 31, 2011 and 2010.

Consolidated Results of Operations (in millions, except per share amounts)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
Revenues	\$ 3,267	\$ 2,732	\$ 535	20%	\$ 7,095	\$ 6,751	\$ 344	5%
Operating income	760	554	206	37	1,800	1,695	105	6
Adjusted operating income	760	554	206	37	1,800	1,755	45	3
Net earnings from continuing operations attributable to Viacom	376	255	121	47	996	979	17	2
Adjusted net earnings from continuing operations attributable to Viacom	430	255	175	69	1,050	948	102	11
Diluted EPS from continuing operations	0.63	0.42	0.21	50	1.65	1.61	0.04	2
Adjusted diluted EPS from continuing operations	\$ 0.72	\$ 0.42	\$ 0.30	71%	\$ 1.74	\$ 1.56	\$ 0.18	12%

**Revenues**

Worldwide revenues increased \$535 million, or 20%, to \$3.267 billion in the quarter ended March 31, 2011 driven by increases in both *Filmed Entertainment* and *Media Networks* revenues. The increase of \$340 million in *Filmed Entertainment* revenues reflects higher theatrical, home entertainment and television license fee revenues. The increase of \$198 million in *Media Networks* revenues reflects higher advertising revenues and affiliate fees.

Worldwide revenues increased \$344 million, or 5%, to \$7.095 billion in the six months ended March 31, 2011 driven by increases in both *Media Networks* and *Filmed Entertainment* revenues. The increase of \$324 million in *Media Networks* revenues reflects higher advertising revenues and affiliate fees, partially offset by lower ancillary revenues. The increase of \$46 million in *Filmed Entertainment's* revenues reflects higher theatrical and ancillary revenues, partially offset by lower home entertainment and television license fee revenues.

**Operating Income**

Adjusted operating income increased \$206 million, or 37%, to \$760 million in the quarter ended March 31, 2011. *Filmed Entertainment's* adjusted operating income was \$39 million, compared with an \$83 million loss in the prior year quarter principally reflecting higher income from home entertainment and television license fee revenues. *Media Networks'* adjusted operating income increased \$91 million principally reflecting the increased revenues, partially offset by our continuing investment in programming. There were no adjustments to operating income in the quarters ended March 31, 2011 and 2010.

Adjusted operating income increased \$45 million, or 3%, to \$1.800 billion in the six months ended March 31, 2011. *Media Networks* adjusted operating income increased \$160 million principally reflecting the increased revenues, partially offset by our continuing investment in programming. *Filmed Entertainment* contributed a partially offsetting decrease of \$112 million principally reflecting the lower home entertainment and television license fee revenues. Adjusted results for the six months ended March 31, 2010 exclude the impact of asset impairment.

Including the impact of the prior year asset impairment, operating income increased \$105 million, or 6%, in the six months ended March 31, 2011. See the section entitled "*Factors Affecting Comparability*" for a reconciliation of our adjusted measures to our reported results.

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

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

Adjusted net earnings from continuing operations attributable to Viacom increased \$175 million and \$102 million in the quarter and six months ended March 31, 2011, respectively, principally due to the increase in tax-affected adjusted operating income described above and higher equity income principally due to EPIX generating equity income this year as compared with losses in the prior year. Our effective income tax rate was 34.5% in the quarter and six months ended March 31, 2011, as compared with 36.2% in the quarter and 35.7% in the six months ended March 31, 2010, excluding the impact of discrete items. The reduction in this year's effective rate is principally due to a change in international mix of income. Adjusted diluted EPS from continuing operations increased \$0.30 per diluted share to \$0.72 for the quarter and \$0.18 per diluted share to \$1.74 for the six months.

Including the impact of the current year loss on extinguishment of debt and prior year asset impairment and discrete tax benefits, net earnings from continuing operations attributable to Viacom increased \$121 million in the quarter and \$17 million in the six months ended March 31, 2011. Diluted EPS from continuing operations increased \$0.21 per diluted share for the quarter and \$0.04 per diluted share for the six months. See the section entitled "*Factors Affecting Comparability*" for a reconciliation of our adjusted measures to our reported results.

**Discontinued Operations, Net of Tax**

The loss from discontinued operations for the six months ended March 31, 2011 principally reflects a loss on the disposal of Harmonix and the Harmonix operating loss for the period through the date of sale, partially offset by the related tax benefit. The prior year comparable periods principally reflect the operating loss related to Harmonix.

**SEGMENT RESULTS OF OPERATIONS**

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

**Media Networks**

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
<b>Revenues by Component</b>								
Advertising	\$ 1,076	\$ 960	\$ 116	12%	\$ 2,469	\$ 2,262	\$ 207	9%
Affiliate fees	851	783	68	9	1,665	1,524	141	9
Ancillary	155	141	14	10	328	352	(24)	(7)
Total revenues by component	\$ 2,082	\$ 1,884	\$ 198	11%	\$ 4,462	\$ 4,138	\$ 324	8%
<b>Expenses</b>								
Operating	\$ 715	\$ 658	\$ (57)	(9)%	\$ 1,493	\$ 1,383	\$ (110)	(8)%
Selling, general and administrative	517	461	(56)	(12)	1,020	955	(65)	(7)
Depreciation and amortization	44	50	6	12	92	103	11	11
Total expenses	\$ 1,276	\$ 1,169	\$ (107)	(9)%	\$ 2,605	\$ 2,441	\$ (164)	(7)%
Adjusted operating income	\$ 806	\$ 715	\$ 91	13%	\$ 1,857	\$ 1,697	\$ 160	9%

**Revenues**

Our *Media Networks* segment generates revenues principally in three categories: (i) the sale of advertising time related to our content, (ii) affiliate fees from cable television operators, direct-to-home satellite operators, mobile

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

networks and other content distributors and (iii) ancillary revenues, which include home entertainment sales of our programming, certain content licensing arrangements with third parties and the licensing of our brands and properties for consumer products.

Worldwide revenues increased \$198 million, or 11%, to \$2.082 billion in the quarter, and \$324 million, or 8%, to \$4.462 billion in the six months ended March 31, 2011, driven by increases in advertising revenues and affiliate fees. Domestic revenues were \$1.767 billion in the quarter, an increase of \$166 million, or 10%, and \$3.751 billion in the six months ended March 31, 2011, an increase of \$318 million, or 9%. International revenues were \$315 million in the quarter, an increase of \$32 million, or 11%, and \$711 million in the six months ended March 31, 2011, an increase of \$6 million, or 1%. Foreign exchange had a 2-percentage point favorable impact on international growth in the quarter while it had a 1-percentage point unfavorable impact on international growth in the six months.

*Advertising*

Worldwide advertising revenues increased \$116 million, or 12%, to \$1.076 billion in the quarter, and \$207 million, or 9%, to \$2.469 billion in the six months ended March 31, 2011. Domestic advertising revenues increased 11% and 10%, respectively, principally reflecting the strong upfront and scatter markets. International advertising revenues increased 19% in the quarter, with a 2-percentage point favorable impact from foreign exchange on international growth, and 1% in the six months, with a 2-percentage point unfavorable impact from foreign exchange on international growth.

*Affiliate Fees*

Worldwide affiliate fees increased \$68 million, or 9%, to \$851 million in the quarter, and \$141 million, or 9%, to \$1.665 billion in the six months ended March 31, 2011. Domestic affiliate revenues increased 9% and 10%, respectively, principally due to rate increases. International affiliate revenues increased 6% in the quarter, with a 2-percentage point favorable impact from foreign exchange on international growth, and 5% in the six months ended March 31, 2011.

*Ancillary*

Worldwide ancillary revenues increased \$14 million, or 10%, to \$155 million in the quarter principally reflecting higher television syndication revenues and new consumer products deals. Domestic and international ancillary revenues each increased 10%. Worldwide ancillary revenues decreased \$24 million, or 7%, to \$328 million in the six months ended March 31, 2011, principally reflecting lower home entertainment and consumer products revenues. Domestic and international ancillary revenues each decreased 7%.

**Expenses**

*Media Networks* segment expenses consist of operating expenses, selling, general and administrative ("SG&A") expenses and depreciation and amortization. Operating expenses comprise costs related to original and acquired programming, including programming amortization, expenses associated with the manufacturing and distribution of home entertainment products, and consumer products licensing and participation fees. 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.

Total expenses increased \$107 million, or 9%, to \$1.276 billion in the quarter, and \$164 million, or 7%, to \$2.605 billion in the six months ended March 31, 2011, driven by increases in programming and SG&A costs.

*Operating*

Operating expenses increased \$57 million, or 9%, to \$715 million in the quarter, and \$110 million, or 8%, to \$1.493 billion in the six months ended March 31, 2011. Production and programming expenses increased \$49

**Management's Discussion and Analysis  
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million, or 8%, in the quarter, and \$111 million, or 9%, in the six months, principally reflecting expenses associated with our continuing investment in programming. Distribution and other expenses increased \$8 million, or 11%, in the quarter, and decreased \$1 million, or 1%, in the six months ended March 31, 2011.

*Selling, General and Administrative*

SG&A increased \$56 million, or 12%, to \$517 million in the quarter, and \$65 million, or 7%, to \$1.020 billion in the six months ended March 31, 2011, reflecting higher advertising and promotional expenses related to marketing original programming and certain international channels, as well as higher accrued incentive compensation costs associated with the improved operating performance and advertising sales.

**Adjusted Operating Income**

Adjusted operating income increased \$91 million, or 13%, to \$806 million in the quarter, and \$160 million, or 9%, to \$1.857 billion in the six months ended March 31, 2011, principally reflecting the higher advertising and affiliate revenues, partially offset by our continuing investment in programming and the higher SG&A costs.

**Filmed Entertainment**

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
<b>Revenues by Component</b>								
Theatrical	\$ 401	\$ 267	\$ 134	50%	\$ 817	\$ 360	\$ 457	127%
Home entertainment	410	297	113	38	1,048	1,442	(394)	(27)
Television license fees	336	259	77	30	610	704	(94)	(13)
Ancillary	79	63	16	25	248	171	77	45
Total revenues by component	\$ 1,226	\$ 886	\$ 340	38%	\$ 2,723	\$ 2,677	\$ 46	2%
<b>Expenses</b>								
Operating	\$ 1,047	\$ 843	\$ (204)	(24)%	\$ 2,335	\$ 2,149	\$ (186)	(9)%
Selling, general and administrative	118	103	(15)	(15)	237	256	19	7
Depreciation & amortization	22	23	1	4	44	53	9	17
Total expenses	\$ 1,187	\$ 969	\$ (218)	(22)%	\$ 2,616	\$ 2,458	\$ (158)	(6)%
<b>Adjusted Operating Income</b>	\$ 39	\$ (83)	\$ 122	NM	\$ 107	\$ 219	\$ (112)	(51)%

NM - Not Meaningful

**Revenues**

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

Worldwide revenues increased \$340 million, or 38%, to \$1.226 billion in the quarter ended March 31, 2011 driven by an increase in theatrical, home entertainment and television license fee revenues. Domestic revenues were \$672 million, an increase of \$250 million, or 59%. International revenues were \$554 million, an increase of \$90 million, or 19%, with a 2-percentage point favorable impact from foreign exchange.

**Management's Discussion and Analysis  
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Worldwide revenues increased \$46 million, or 2%, to \$2.723 billion in the six months ended March 31, 2011 driven by higher theatrical revenues and an increase in ancillary revenues reflecting the sale of substantially all of the worldwide distribution rights to *The Avengers* and *Iron Man 3* to MVL Productions LLC ("Marvel"), a subsidiary of The Walt Disney Company, partially offset by lower home entertainment and television license fee revenues. Domestic revenues were \$1.456 billion, an increase of \$17 million, or 1%. International revenues were \$1.267 billion, an increase of \$29 million, or 2%.

*Theatrical*

Worldwide theatrical revenues increased \$134 million, or 50%, to \$401 million in the quarter ended March 31, 2011, principally driven by strong carryover revenues from the films released in our fiscal first quarter, including *True Grit*, *Little Fockers*, *The Fighter* and DreamWorks Animation's *Megamind*, and higher revenues from current quarter releases. During the quarter, we released three films, *Rango*, *No Strings Attached* and *Justin Bieber: Never Say Never*. In the comparable period of 2010, we also released three films, including *Shutter Island* and DreamWorks Animation's *How to Train Your Dragon*. Domestic and international theatrical revenues increased \$63 million and \$71 million, respectively. Foreign exchange had a 4-percentage point favorable impact on international theatrical revenues.

Worldwide theatrical revenues increased \$457 million, or 127%, to \$817 million in the six months ended March 31, 2011, principally driven by the strength and number of our current year releases. During the six months ended March 31, 2011, we released ten films, including *Megamind*, *True Grit*, *Rango*, *Jackass 3D*, *Paranormal Activity 2*, *Little Fockers* and *The Fighter*. In the comparable period of 2010, we released seven films, including *Shutter Island*, *How to Train Your Dragon* and *Paranormal Activity*. Domestic and international theatrical revenues increased \$224 million and \$233 million, respectively. Foreign exchange had a 2-percentage point favorable impact on international theatrical revenues.

*Home Entertainment*

Worldwide home entertainment revenues increased \$113 million, or 38%, to \$410 million in the quarter ended March 31, 2011, principally reflecting the strength and number of our current quarter releases. During the quarter, we released nine titles, including *Megamind*, *The Fighter* and *Jackass 3D*, as compared to one title in the prior year quarter, *Up in the Air*. Domestic and international home entertainment revenues increased 72% and 1%, respectively, with a 3-percentage point favorable impact from foreign exchange on international home entertainment revenues.

Worldwide home entertainment revenues decreased \$394 million, or 27%, to \$1.048 billion in the six months ended March 31, 2011. Current year releases included DreamWorks Animation's *How to Train Your Dragon*, *Shrek Forever After* and *Megamind*, *The Last Airbender*, *The Fighter* and *Jackass 3D*. The decrease in revenues principally reflects the difficult comparison against the release of our strong 2009 summer tentpole titles *Transformers: Revenge of the Fallen*, *Star Trek* and *G.I. Joe: The Rise of Cobra*. Also contributing to the decline were lower revenues from catalog sales. The industry has experienced softness in the DVD market, which has particularly impacted sales of library product. Domestic and international home entertainment revenues decreased 30% and 24%, respectively, with a 1-percentage point unfavorable impact from foreign exchange on international home entertainment revenues.

*Television License Fees*

Worldwide television license fees increased \$77 million, or 30%, to \$336 million in the quarter, and decreased \$94 million, or 13%, to \$610 million in the six months ended March 31, 2011, driven by the number and mix of available titles. The increase in the quarter principally reflects higher network television and syndication fees while the decrease in the six months principally reflects lower pay TV fees, partially offset by higher network television fees.

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

**Ancillary**

Ancillary revenues increased \$16 million, or 25%, to \$79 million in the quarter, reflecting higher digital revenues, partially offset by lower merchandising revenues reflecting a difficult comparison against merchandising revenues from *Transformers: Revenge of the Fallen* in the prior year. Ancillary revenues increased \$77 million, or 45%, to \$248 million, in the six months ended March 31, 2011, driven by the sale of the distribution rights to *The Avengers* and *Iron Man 3* to Marvel, partially offset by lower merchandising revenues.

**Expenses**

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

Total expenses increased \$218 million, or 22%, to \$1.187 billion in the quarter, and \$158 million, or 6%, to \$2.616 billion in the six months ended March 31, 2011, principally due to the increase in operating expenses.

**Operating**

Operating expenses increased \$204 million, or 24%, to \$1.047 billion in the quarter ended March 31, 2011. Film costs increased \$140 million, or 36%, primarily reflecting higher amortization of film costs due to the number and mix of theatrical and home entertainment releases. Distribution and other costs, principally print and advertising expenses, increased \$64 million, or 14%, principally due to the increase in number of home entertainment releases.

Operating expenses increased \$186 million, or 9%, to \$2.335 billion in the six months ended March 31, 2011. Distribution and other costs, principally print and advertising expenses, increased \$318 million, or 35%, due to the increase in number of theatrical releases, partially offset by lower home entertainment expenses. Film costs declined \$132 million, or 11%, primarily reflecting lower amortization of film costs due to the mix of home entertainment releases.

**Selling, General and Administrative**

SG&A increased \$15 million, or 15%, to \$118 million in the quarter, and decreased \$19 million, or 7%, to \$237 million in the six months ended March 31, 2011. The increase in the quarter reflects the timing of various expenses, including accrued incentive compensation costs associated with the strength of the current period operating performance. In the six months, the decrease was also principally driven by the timing of incentive compensation costs.

**Adjusted Operating Income**

Adjusted operating income of \$39 million was recorded in the quarter ended March 31, 2011 as compared with an adjusted operating loss of \$83 million in 2010. This improvement primarily reflects higher income from home entertainment and television license fee revenues. Adjusted operating income decreased \$112 million to \$107 million in the six months ended March 31, 2011, principally reflecting the lower home entertainment and television license fee revenues, partially offset by the benefit of the sale of the distribution rights to *The Avengers* and *Iron Man 3* to Marvel.

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

**Factors Affecting Comparability**

The consolidated financial statements for the quarter and six months ended March 31, 2011 and 2010 reflect our results of operations, financial position and cash flows reported in accordance with U.S. generally accepted accounting principles. These results were affected by certain items identified as affecting comparability.

The following tables reconcile our results for the quarter and six months ended March 31, 2011 and the six months ended March 31, 2010 to adjusted results. There were no adjustments to our results for the quarter ended March 31, 2010.

Quarter Ended March 31, 2011				
(in millions, except per share amounts)				
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 760	\$ 579	\$ 376	\$ 0.63
Factors Affecting Comparability:				
Extinguishment of debt	-	87	54	0.09
Adjusted results	<u>\$ 760</u>	<u>\$ 666</u>	<u>\$ 430</u>	<u>\$ 0.72</u>

Six Months Ended March 31, 2011				
(in millions, except per share amounts)				
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 1,800	\$ 1,539	\$ 996	\$ 1.65
Factors Affecting Comparability:				
Extinguishment of debt	-	87	54	0.09
Adjusted results	<u>\$ 1,800</u>	<u>\$ 1,626</u>	<u>\$ 1,050</u>	<u>\$ 1.74</u>

Six Months Ended March 31, 2010				
(in millions, except per share amounts)				
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 1,695	\$ 1,429	\$ 979	\$ 1.61
Factors Affecting Comparability:				
Asset impairment	60	60	19	0.03
Discrete tax benefits	-	-	(50)	(0.08)
Adjusted results	<u>\$ 1,755</u>	<u>\$ 1,489</u>	<u>\$ 948</u>	<u>\$ 1.56</u>

\* Pre-tax earnings from continuing operations represent earnings before provision for income taxes.

\*\* The tax impact has been calculated using the rates applicable to the adjustments presented.

**Extinguishment of Debt**

In February 2011, we issued \$500 million aggregate principal amount of 4.5% Senior Notes due 2021 at a price equal to 98.320% of the principal amount. We used the net proceeds from this offering of \$488 million to conduct a cash tender offer to repurchase a portion of the \$1.5 billion aggregate principal of our 6.25% Senior Notes due 2016. Our repurchase of \$582 million of principal at a purchase price of \$1,153.50 per \$1,000 pursuant to the tender offer resulted in a pre-tax extinguishment loss of \$87 million.



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

**Asset Impairment**

In the quarter ended December 31, 2009, we recorded a \$60 million non-cash impairment charge in the *Media Networks* segment related to certain broadcast licenses held by a 32%-owned consolidated entity. The impact to *Net earnings attributable to Viacom* was a reduction of \$19 million, with the remaining \$41 million allocated to the noncontrolling interest.

**Discrete Tax Items**

Our effective income tax rate was 34.5%, excluding the impact of the loss on extinguishment of debt, in the quarter and six months ended March 31, 2011. The discrete impact of the loss was 0.5 and 0.2 incremental percentage points of tax benefit, which reconciles to the reported effective rate of 34.0% and 34.3%, respectively.

Our effective income tax rate was 35.7%, excluding the impact of discrete items, in the six months ended March 31, 2010. Discrete tax benefits of \$50 million, taken together with the impact of asset impairment, contributed 2.0 percentage points of tax benefit, which reconciles to the reported effective rate of 33.7%. The discrete taxes were principally due to reserve releases resulting from effectively settled audits.

**LIQUIDITY AND CAPITAL RESOURCES**

**Sources and Uses of Cash**

Our primary source of liquidity is cash provided through the operations of our businesses. Our cash flows from operations, together with our \$2.0 billion revolving credit facility, provide us with sufficient resources to fund our anticipated ongoing cash requirements.

Our principal uses of cash in operations include the creation of new programming and film content, acquisitions of third-party content, and interest and tax payments. We also use cash for ongoing investments in our businesses, capital expenditures, acquisitions of businesses, quarterly cash dividends and discretionary share repurchases under our \$4.0 billion stock repurchase program, as deemed appropriate.

**Cash Flows**

Cash and cash equivalents increased by \$718 million in the six months ended March 31, 2011.

*Operating Activities*

Cash provided by operations was \$1.444 billion for the six months ended March 31, 2011, an increase of \$627 million compared with the same period in 2010. The increase principally reflects the comparison against a \$775 million reduction in securitized receivables in 2010, lower income tax payments and higher revenues, partially offset by increased production spending and higher participation payments associated with third party distribution arrangements at the *Filmed Entertainment* segment, and payment of a premium on our debt extinguishment. In addition, cash used in discontinued operations was \$20 million in fiscal 2011 as compared with cash provided by discontinued operations of \$142 million in the prior year, principally due to the timing of product launches and six months of activity in the prior year as compared with three months in the current year.

*Investing Activities*

Cash used in investing activities was \$101 million for the six months ended March 31, 2011, compared with \$160 million in the same period in 2010. The decrease is due to lower spending on capital expenditures and acquisitions and investments. In fiscal 2011, cash used in investing activities included \$59 million related to acquisitions and investments principally reflecting an investment in a European television programmer. In the prior year, cash used in investing activities included \$78 million related to acquisitions and investments principally related to the acquisition of Teenage Mutant Ninja Turtles and investment in EPIX.

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

*Financing Activities*

Cash used in financing activities was \$637 million for the six months ended March 31, 2011. The net outflow is primarily driven by share repurchases and dividends. During the six months ended March 31, 2011, we repurchased 21.8 million shares for an aggregate purchase price of \$900 million, of which \$852 million of repurchases had settled as of March 31, 2011, and paid \$182 million in dividends. From April 1, 2011 through April 27, 2011, we repurchased an additional 3.3 million shares for an aggregate purchase price of \$156 million. The net impact of our issuance of \$1.0 billion of senior notes and repurchase of \$582 million principal amount of our 6.25% Senior Notes due 2016 contributed a partially offsetting inflow.

Cash used in financing activities of \$544 million in the six months ended March 31, 2010 was driven by the repayment of long-term debt and commercial paper borrowings.

**Capital Resources**

*Capital Structure and Debt*

At March 31, 2011, total debt was \$7.157 billion, an increase of \$405 million from \$6.752 billion at September 30, 2010. During the quarter, we took advantage of favorable market conditions to lengthen the maturities and reduce the weighted-average borrowing cost of our public debt. In February 2011, we issued \$500 million aggregate principal amount of 4.5% Senior Notes due 2021 and used the net proceeds to repurchase \$582 million principal amount of our 6.25% Senior Notes due 2016. In March 2011, we issued \$500 million aggregate principal amount of 3.5% Senior Notes due 2017. We intend to use the net proceeds from this offering for general corporate purposes, including the repayment of the remaining \$193 million principal amount of our 5.75% Senior Notes due on April 30, 2011 and the repurchase of shares under our stock repurchase program.

Cash and cash equivalents were \$1.555 billion, an increase of \$718 million from \$837 million at September 30, 2010. There were no amounts outstanding under our \$2.0 billion revolving credit facility or commercial paper program at March 31, 2011. 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 at March 31, 2011.

**OTHER MATTERS**

**Related Party Transactions**

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 which we account for under the equity method of accounting. For additional information, see Note 7 to the Consolidated Financial Statements.

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This quarterly report on Form 10-Q, including "Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause actual results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: the public acceptance of our programs, motion pictures and other entertainment content on the various platforms on which they are distributed; technological developments and their effect in our markets and on consumer behavior; the impact of piracy; competition for audiences and distribution; fluctuations in our results due to the timing, mix and availability of our motion pictures; economic conditions generally, and in advertising and retail markets in particular; changes in the Federal communications laws and regulations; other

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

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 our 2010 Form 10-K and reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

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

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

**Item 4. *Controls and Procedures.***

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

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2011 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 2010 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 8 to the Consolidated Financial Statements included elsewhere in this report.

**Item 1A. Risk Factors.**

A wide range of risks may affect our business and financial results, now and in the future. We consider the risks described in our 2010 Form 10-K to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

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

The following table provides information about our purchases of Viacom Class B common stock during the quarter ended March 31, 2011 under the \$4.0 billion stock repurchase program that we announced on June 9, 2010:

	Total Number of Shares Purchased (thousands)	Average Price Paid per Share (dollars)	Approximate Dollar Value of Shares that May Yet Be Purchased Under Program (millions)
<b>Open Market Purchases</b>			
Month ended January 31, 2011	2,879	\$ 41.33	\$ 3,481
Month ended February 28, 2011	2,667	\$ 44.63	\$ 3,362
Month ended March 31, 2011	5,794	\$ 45.22	\$ 3,100

**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
4.1	Seventh Supplemental Indenture, dated as of February 22, 2011, between Viacom Inc. and The Bank of New York Mellon, as trustee (including form of Senior Notes) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed February 23, 2011) (File No. 001-32686).
4.2	Eighth Supplemental Indenture, dated as of March 31, 2011, between Viacom Inc. and The Bank of New York Mellon, as trustee (including form of Senior Notes) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 31, 2011) (File No. 001-32686).
31.1*	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase.
101.LAB**	XBRL Taxonomy Extension Label Linkbase.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase.

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\* Filed herewith.

\*\* Furnished 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, 2011

By: /s/ James W. Barge  
James W. Barge  
*Executive Vice President, Chief Financial Officer*

Date: April 28, 2011

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

**EXHIBIT INDEX**

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\* Filed herewith.

\*\* Furnished herewith.

**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, 2011

/s/ Philippe P. Dauman

Philippe P. Dauman

President and Chief Executive Officer



**CERTIFICATION**

I, James W. Barge, 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, 2011

/s/ James W. Barge

James W. Barge

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, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Philippe P. Dauman, President and Chief Executive Officer of the Company, certify that to my knowledge:

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

/s/ Philippe P. Dauman

Philippe P. Dauman

April 28, 2011

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, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, James W. Barge, 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/ James W. Barge

James W. Barge

April 28, 2011

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.