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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 June 30, 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 July 15, 2011**

Class A Common stock, par value \$0.001 per share  
Class B Common stock, par value \$0.001 per share

51,407,399  
523,189,304

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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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Revenues	\$ 3,766	\$ 3,275	\$ 10,861	\$ 10,026
Expenses:				
Operating	1,945	1,710	5,683	5,179
Selling, general and administrative	761	674	2,180	2,040
Depreciation and amortization	65	75	203	236
Restructuring	14	-	14	-
Asset impairment	-	-	-	60
Total expenses	2,785	2,459	8,080	7,515
Operating income	981	816	2,781	2,511
Interest expense, net	(104)	(104)	(310)	(322)
Equity in net earnings (losses) of investee companies	12	(24)	51	(72)
Loss on extinguishment of debt	-	-	(87)	-
Other items, net	10	(3)	3	(3)
Earnings from continuing operations before provision for income taxes	899	685	2,438	2,114
Provision for income taxes	(310)	(247)	(838)	(728)
Net earnings from continuing operations	589	438	1,600	1,386
Discontinued operations, net of tax	-	(12)	(10)	(52)
Net earnings (Viacom and noncontrolling interests)	589	426	1,590	1,334
Net (earnings) losses attributable to noncontrolling interests	(15)	(6)	(30)	25
Net earnings attributable to Viacom	\$ 574	\$ 420	\$ 1,560	\$ 1,359
Amounts attributable to Viacom:				
Net earnings from continuing operations	\$ 574	\$ 432	\$ 1,570	\$ 1,411
Discontinued operations, net of tax	-	(12)	(10)	(52)
Net earnings attributable to Viacom	\$ 574	\$ 420	\$ 1,560	\$ 1,359
Basic earnings per share attributable to Viacom:				
Continuing operations	\$ 0.99	\$ 0.71	\$ 2.65	\$ 2.32
Discontinued operations	\$ -	\$ (0.02)	\$ (0.02)	\$ (0.08)
Net earnings	\$ 0.99	\$ 0.69	\$ 2.63	\$ 2.24
Diluted earnings per share attributable to Viacom:				
Continuing operations	\$ 0.97	\$ 0.71	\$ 2.62	\$ 2.31
Discontinued operations	\$ -	\$ (0.02)	\$ (0.02)	\$ (0.08)
Net earnings	\$ 0.97	\$ 0.69	\$ 2.60	\$ 2.23
Weighted average number of common shares outstanding:				
Basic	582.7	607.9	593.5	607.6
Diluted	591.6	611.3	600.2	610.1
Dividends declared per share of Class A and Class B common stock	\$ 0.25	\$ 0.15	\$ 0.55	\$ 0.15

See accompanying notes to the Consolidated Financial Statements

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

(in millions, except par value)	June 30, 2011	September 30, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 955	\$ 837
Receivables, net	2,726	2,417
Inventory, net	803	861
Deferred tax assets, net	68	77
Prepaid and other assets	329	281
Assets held for sale	-	76
Total current assets	4,881	4,549
Property and equipment, net	1,040	1,102
Inventory, net	4,076	4,145
Goodwill	11,075	11,035
Intangibles, net	420	467
Deferred tax assets, net	-	156
Other assets	818	568
Assets held for sale	-	74
Total assets	<u>\$22,310</u>	<u>\$ 22,096</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 315	\$ 210
Accrued expenses	1,153	1,000
Participants' share and residuals	1,099	1,059
Program rights obligations	422	390
Deferred revenue	217	256
Current portion of debt	26	31
Other liabilities	348	435
Liabilities held for sale	-	117
Total current liabilities	3,580	3,498
Noncurrent portion of debt	6,928	6,721
Participants' share and residuals	501	453
Program rights obligations	579	691
Deferred tax liabilities, net	99	-
Other liabilities	1,317	1,343
Redeemable noncontrolling interest	152	131
Commitments and contingencies (Note 9)		
Viacom stockholders' equity:		
Class A Common stock, par value \$0.001, 375.0 authorized; 51.4 and 52.0 outstanding, respectively	-	-
Class B Common stock, par value \$0.001, 5,000.0 authorized; 525.3 and 556.5 outstanding, respectively	1	1
Additional paid-in capital	8,531	8,346
Treasury stock, 187.5 and 151.5 common shares held in treasury, respectively	(7,325)	(5,725)
Retained earnings	7,985	6,775
Accumulated other comprehensive loss	(29)	(114)
Total Viacom stockholders' equity	9,163	9,283
Noncontrolling interests	(9)	(24)
Total equity	<u>9,154</u>	<u>9,259</u>
Total liabilities and equity	<u>\$22,310</u>	<u>\$ 22,096</u>

*See accompanying notes to the Consolidated Financial Statements*

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

(in millions)	Nine Months Ended June 30,	
	2011	2010
<b>OPERATING ACTIVITIES</b>		
Net earnings (Viacom and noncontrolling interests)	\$ 1,590	\$ 1,334
Discontinued operations, net of tax	10	52
Net earnings from continuing operations	1,600	1,386
Reconciling items:		
Depreciation and amortization	203	236
Asset impairment	-	60
Feature film and program amortization	3,325	3,216
Equity-based compensation	93	77
Equity in net (income) losses and distributions from investee companies	(43)	86
Deferred income taxes	269	(133)
Decrease in securitization program	-	(775)
Operating assets and liabilities, net of acquisitions:		
Receivables	(323)	60
Inventory, program rights and participations	(3,177)	(2,921)
Accounts payable and other current liabilities	(13)	(168)
Other, net	(78)	(49)
Discontinued operations, net	(20)	127
Cash provided by operations	1,836	1,202
<b>INVESTING ACTIVITIES</b>		
Acquisitions and investments	(58)	(101)
Capital expenditures	(77)	(111)
Discontinued operations, net	-	(1)
Net cash flow used in investing activities	(135)	(213)
<b>FINANCING ACTIVITIES</b>		
Borrowings	982	698
Debt repayments	(776)	(976)
Commercial paper	-	(206)
Purchase of treasury stock	(1,561)	-
Dividends paid	(272)	-
Excess tax benefits on equity-based compensation awards	12	-
Exercise of stock options	109	-
Other, net	(92)	(68)
Net cash flow used in financing activities	(1,598)	(552)
Effect of exchange rate changes on cash and cash equivalents	15	(9)
Net change in cash and cash equivalents	118	428
Cash and cash equivalents at beginning of period	837	249
Cash and cash equivalents at end of period	<u>\$ 955</u>	<u>\$ 677</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
March 31, 2011	588.1	\$ 8,435	\$ (6,625)	\$ 7,579	\$ (36)	\$ 9,353	\$ (20)	\$9,333
Net earnings				574		574	15	589
Translation adjustments					12	12	1	13
Defined benefit pension plans					2	2	-	2
Other					(7)	(7)	-	(7)
Comprehensive income						581	16	597
Noncontrolling interests				(21)		(21)	(5)	(26)
Dividends declared				(147)		(147)	-	(147)
Purchases of treasury stock	(14.2)		(700)			(700)	-	(700)
Exercise of stock options and share issuances	2.8	83				83	-	83
Equity-based compensation and other		14				14	-	14
June 30, 2011	<u>576.7</u>	<u>\$ 8,532</u>	<u>\$ (7,325)</u>	<u>\$ 7,985</u>	<u>\$ (29)</u>	<u>\$ 9,163</u>	<u>\$ (9)</u>	<u>\$9,154</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
March 31, 2010	607.7	\$ 8,306	\$ (5,725)	\$ 6,323	\$ (28)	\$ 8,876	\$ (26)	\$ 8,850
Net earnings				420		420	6	426
Translation adjustments					(70)	(70)	(1)	(71)
Other				(1)	(4)	(5)	-	(5)
Comprehensive income						345	5	350
Noncontrolling interests						-	(3)	(3)
Dividends declared				(92)		(92)	-	(92)
Equity-based compensation and other	0.7	10				10	-	10
June 30, 2010	<u>608.4</u>	<u>\$ 8,316</u>	<u>\$ (5,725)</u>	<u>\$ 6,650</u>	<u>\$ (102)</u>	<u>\$ 9,139</u>	<u>\$ (24)</u>	<u>\$ 9,115</u>

*See accompanying notes to the Consolidated Financial Statements*

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**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				1,560		1,560	30	1,590
Translation adjustments					93	93	3	96
Defined benefit pension plans					5	5	-	5
Other					(13)	(13)	-	(13)
Comprehensive income						1,645	33	1,678
Noncontrolling interests				(21)		(21)	(18)	(39)
Dividends declared				(329)		(329)	-	(329)
Purchases of treasury stock	(36.0)		(1,600)			(1,600)	-	(1,600)
Exercise of stock options and share issuances	4.2	117				117	-	117
Equity-based compensation and other		68				68	-	68
June 30, 2011	<u>576.7</u>	<u>\$ 8,532</u>	<u>\$ (7,325)</u>	<u>\$ 7,985</u>	<u>\$ (29)</u>	<u>\$ 9,163</u>	<u>\$ (9)</u>	<u>\$ 9,154</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				1,359		1,359	(25)	1,334
Translation adjustments					(129)	(129)	(3)	(132)
Defined benefit pension plans					(61)	(61)	-	(61)
Other				(1)	(1)	(2)	-	(2)
Comprehensive income						1,167	(28)	1,139
Adoption of accounting for consolidation of variable interest entities as of January 1, 2010				(28)		(28)	(12)	(40)
Noncontrolling interests		(4)		4		-	1	1
Dividends declared				(92)		(92)	-	(92)
Equity-based compensation and other	1.0	63				63	-	63
June 30, 2010	<u>608.4</u>	<u>\$ 8,316</u>	<u>\$ (5,725)</u>	<u>\$ 6,650</u>	<u>\$ (102)</u>	<u>\$ 9,139</u>	<u>\$ (24)</u>	<u>\$ 9,115</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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Weighted average common shares outstanding, basic	582.7	607.9	593.5	607.6
Dilutive effect of equity-based compensation awards	8.9	3.4	6.7	2.5
Weighted average common shares outstanding, diluted	591.6	611.3	600.2	610.1
Anti-dilutive common shares	11.8	37.4	19.0	37.3

**NOTE 3. INVENTORY**

Inventory (in millions)	June 30, 2011	September 30, 2010
Film inventory:		
Released, net of amortization	\$ 1,116	\$ 900
Completed, not yet released	64	83
In process and other	407	652
Total film inventory, net of amortization	1,587	1,635
Original programming:		
Released, net of amortization	1,160	1,033
Completed, not yet released	6	5
In process and other	450	475
Total original programming, net of amortization	1,616	1,513
Acquired program rights, net of amortization	1,546	1,708
Merchandise and other inventory, net of allowance of \$81 and \$73	130	150
Total inventory, net	4,879	5,006
Less current portion	(803)	(861)
Total inventory - noncurrent, net	\$ 4,076	\$ 4,145

**NOTE 4. DEBT**

Debt (in millions)	June 30, 2011	September 30, 2010
Senior notes and debentures:		
Senior notes due April 2011, 5.750%	\$ -	\$ 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%	1,736	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	418	432
Total debt	6,954	6,752
Less current portion	(26)	(31)
Total noncurrent portion	\$ 6,928	\$ 6,721

**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.

During the quarter, we paid off at maturity the remaining \$193 million of our 5.75% Senior Notes due April 30, 2011.

At June 30, 2011, the total unamortized net discount related to the senior notes and debentures was \$32 million. The fair value of the Company's senior notes and debentures exceeded the carrying value by \$672 million at June 30, 2011. The valuation of the Company's publicly traded debt is based on quoted prices in active markets.

At June 30, 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 June 30, 2011.

**NOTE 5. FINANCIAL INSTRUMENTS**

At June 30, 2011, the Company's financial assets and liabilities reflected in the Consolidated Financial Statements at fair value consist of marketable securities and derivatives. Fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end. Fair value for derivatives is determined utilizing a market-based approach. The following table summarizes the valuation of the Company's financial assets and liabilities at June 30, 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>June 30, 2011</b>				
Marketable securities	\$ 80	\$ 80	\$ -	\$ -
Derivatives	(7)	-	(7)	-
<b>Total</b>	<b>\$ 73</b>	<b>\$ 80</b>	<b>\$ (7)</b>	<b>\$ -</b>
<b>September 30, 2010</b>				
Marketable securities	\$ 78	\$ 78	\$ -	\$ -
Derivatives	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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Service cost	\$ 7	\$ 7	\$ 21	\$ 18
Interest cost	11	10	33	30
Expected return on plan assets	(9)	(8)	(27)	(22)
Amortization of unrecognized prior service cost	-	-	-	1
Recognized actuarial loss	3	2	9	6
Net periodic benefit costs	<u>\$ 12</u>	<u>\$ 11</u>	<u>\$ 36</u>	<u>\$ 33</u>

**NOTE 7. EQUITY-BASED COMPENSATION**

During the quarter ended June 30, 2011, the Company granted 3.1 million stock options and 1.1 million restricted share units with a grant date fair value of \$11.44 and \$49.95, respectively.

**NOTE 8. 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 nine months ended June 30, 2011 and 2010, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately \$20 million and \$17 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.

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

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.

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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
<b>Consolidated Statements of Earnings</b>				
Revenues	\$ 54	\$ 66	\$ 241	\$ 281
Operating expenses	\$ 87	\$ 93	\$ 313	\$ 346
			<b>June 30, 2011</b>	<b>September 30, 2010</b>
<b>Consolidated Balance Sheets</b>				
Accounts receivable			\$ 5	\$ 9
Other assets			1	1
Total due from CBS			\$ 6	\$ 10
Accounts payable			\$ 3	\$ 4
Participants' share and residuals, current			143	227
Program rights obligations, current			76	100
Program rights obligations, noncurrent			209	263
Other liabilities			37	39
Total due to CBS			\$ 468	\$ 633

*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 11. 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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
<b>Consolidated Statements of Earnings</b>				
Revenues	\$ 49	\$ 72	\$ 135	\$ 222
Operating expenses	\$ 17	\$ 26	\$ 48	\$ 98
Selling, general and administrative	\$ (4)	\$ (8)	\$ (12)	\$ (8)
			<b>June 30, 2011</b>	<b>September 30, 2010</b>
<b>Consolidated Balance Sheets</b>				
Accounts receivable			\$ 86	\$ 88
Other assets			3	9
Total due from other related parties			\$ 89	\$ 97
Accounts payable			\$ 28	\$ 26
Other liabilities			16	29
Total due to other related parties			\$ 44	\$ 55

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

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

**NOTE 9. 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. The put option expires in January 2016, and is classified as *Redeemable noncontrolling interest* in the Consolidated Balance Sheets.

*Contingencies*

The Company has certain indemnification obligations with respect to leases associated with the previously discontinued operations of Famous Players and Blockbuster Inc. ("Blockbuster"). In addition, Viacom has certain indemnities provided by the acquirer of Famous Players and by Blockbuster. At June 30, 2011, these lease commitments, substantially all of which relate to Famous Players, amounted to approximately \$650 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 approximately \$200 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 June 2011, the Court of Appeals for the Ninth Circuit affirmed the District Court's decision dismissing, with prejudice, the plaintiff's third amended complaint. The plaintiffs have filed a petition for a rehearing of the case by the full Court of Appeals. The Company believes the plaintiffs' position in this litigation is without merit and intends to continue to vigorously defend this lawsuit.

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

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 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, and in May 2011, the Company filed a renewed motion to dismiss. The Company believes the plaintiffs' position in these proceedings is without merit and intends to vigorously defend this lawsuit.

**NOTE 10. 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 nine months ended June 30, 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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Revenues from discontinued operations	\$ 26	\$ 26	\$ 49	\$ 159
Pre-tax loss from discontinued operations	\$ (19)	\$ (19)	\$ (24)	\$ (84)
Income tax provision	7	7	14	32
Net loss from discontinued operations	<u>\$ (12)</u>	<u>\$ (12)</u>	<u>\$ (10)</u>	<u>\$ (52)</u>

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 11. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION**

Supplemental Cash Flow Information (in millions)	Quarter Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Cash paid for interest	\$ 136	\$ 155	\$ 355	\$ 374
Cash paid for income taxes	\$ 379	\$ 306	\$ 612	\$ 776

Redeemable Noncontrolling Interest (in millions)	Quarter Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Beginning balance	\$ 132	\$ 154	\$ 131	\$ 170
Net earnings	2	1	9	8
Distributions	(1)	(3)	(11)	(9)
Translation adjustment	(2)	(4)	2	(17)
Redemption value adjustment	21	1	21	(3)
Ending balance	<u>\$ 152</u>	<u>\$ 149</u>	<u>\$ 152</u>	<u>\$ 149</u>

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

**Investments in Variable Interest Entities**

*Unconsolidated Variable Interest Entities*

At June 30, 2011 and September 30, 2010, the Company's aggregate investment carrying value in unconsolidated VIEs was \$142 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 8.

*Consolidated Variable Interest Entities*

At June 30, 2011 and September 30, 2010, there were \$25 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 nine months ended June 30, 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 nine months ended June 30, 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 nine months ended June 30, 2011 and 2010 were not significant to the Company.

**Accounts Receivable**

At June 30, 2011, there were \$402 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 quarters ended March 31, 2010 and June 30, 2010.

**Restructuring**

During the quarter ended June 30, 2011, the *Media Networks* segment incurred employee separation costs, including accelerated vesting of certain equity-based compensation awards, of \$14 million, which is included within *Restructuring* in our Consolidated Statement of Earnings.

**NOTE 12. 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 restructuring charges and asset impairment, when applicable.

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

Revenues by Segment (in millions)	Quarter Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Media Networks	\$ 2,391	\$ 2,065	\$ 6,853	\$ 6,203
Filmed Entertainment	1,407	1,245	4,130	3,922
Eliminations	(32)	(35)	(122)	(99)
Total revenues	<u>\$ 3,766</u>	<u>\$ 3,275</u>	<u>\$ 10,861</u>	<u>\$ 10,026</u>

Adjusted Operating Income (in millions)	Quarter Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Media Networks	\$ 1,033	\$ 811	\$ 2,890	\$ 2,508
Filmed Entertainment	49	69	156	288
Corporate expenses	(58)	(45)	(160)	(148)
Equity-based compensation	(30)	(20)	(93)	(77)
Eliminations	1	1	2	-
Restructuring	(14)	-	(14)	-
Asset impairment	-	-	-	(60)
Operating income	981	816	2,781	2,511
Interest expense, net	(104)	(104)	(310)	(322)
Equity in net earnings (losses) of investee companies	12	(24)	51	(72)
Loss on extinguishment of debt	-	-	(87)	-
Other items, net	10	(3)	3	(3)
Earnings from continuing operations before provision for income taxes	<u>\$ 899</u>	<u>\$ 685</u>	<u>\$ 2,438</u>	<u>\$ 2,114</u>

Total Assets (in millions)	June 30, 2011	September 30, 2010
Media Networks	\$ 16,251	\$ 15,911
Filmed Entertainment	5,596	5,343
Corporate/Eliminations	463	842
Total assets	<u>\$ 22,310</u>	<u>\$ 22,096</u>

Revenues by Component (in millions)	Quarter Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Advertising	\$ 1,275	\$ 1,122	\$ 3,744	\$ 3,384
Feature film	1,335	1,199	3,810	3,705
Affiliate fees	971	815	2,636	2,339
Ancillary	217	174	793	697
Eliminations	(32)	(35)	(122)	(99)
Total revenues by component	<u>\$ 3,766</u>	<u>\$ 3,275</u>	<u>\$ 10,861</u>	<u>\$ 10,026</u>



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**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. Certain amounts have been reclassified to conform to the 2011 presentation.

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 nine months ended June 30, 2011 compared to the quarter and nine months ended June 30, 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 nine months ended June 30, 2011 compared to the quarter and nine months ended June 30, 2010.
- *Liquidity and Capital Resources.* The liquidity and capital resources section provides a discussion of our cash flows for the nine months ended June 30, 2011 compared to the nine months ended June 30, 2010 and an update on our indebtedness.

**OVERVIEW**

Viacom is a leading global entertainment content company that 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 restructuring charges and 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

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

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*".

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 nine months ended June 30, 2011 and 2010.

Consolidated Results of Operations (in millions, except per share amounts)	Quarter Ended June 30,		Better/(Worse)		Nine Months Ended June 30,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
	Revenues	\$ 3,766	\$ 3,275	\$ 491	15%	\$ 10,861	\$ 10,026	\$ 835
Operating income	981	816	165	20	2,781	2,511	270	11
Adjusted operating income	995	816	179	22	2,795	2,571	224	9
Net earnings from continuing operations attributable to Viacom	574	432	142	33	1,570	1,411	159	11
Adjusted net earnings from continuing operations attributable to Viacom	583	432	151	35	1,633	1,380	253	18
Diluted EPS from continuing operations	0.97	0.71	0.26	37	2.62	2.31	0.31	13
Adjusted diluted EPS from continuing operations	\$ 0.99	\$ 0.71	\$ 0.28	39%	\$ 2.72	\$ 2.26	\$ 0.46	20%

**Revenues**

Worldwide revenues increased \$491 million, or 15%, to \$3.766 billion in the quarter ended June 30, 2011 driven by increases in both *Media Networks* and *Filmed Entertainment* revenues. The increase of \$326 million in *Media Networks* revenues reflects higher affiliate fees and advertising revenues. The increase of \$162 million in *Filmed Entertainment* revenues reflects higher television license fees and home entertainment revenues, partially offset by lower theatrical revenues.

Worldwide revenues increased \$835 million, or 8%, to \$10.861 billion in the nine months ended June 30, 2011 driven by increases in both *Media Networks* and *Filmed Entertainment* revenues. The increase of \$650 million in *Media Networks* revenues reflects higher advertising revenues and affiliate fees. The increase of \$208 million in *Filmed Entertainment's* revenues reflects higher theatrical and ancillary revenues, partially offset by lower home entertainment revenues.

**Operating Income**

Adjusted operating income increased \$179 million, or 22%, to \$995 million in the quarter ended June 30, 2011. *Media Networks'* adjusted operating income increased \$222 million, principally reflecting the increased revenues, partially offset by increased expenses. *Filmed Entertainment* contributed a partially offsetting decrease of \$20 million, principally reflecting the timing and mix of theatrical releases, partially offset by higher income from home entertainment and television license fee revenues. Corporate expenses and equity-based compensation increased \$13 million and \$10 million, respectively, principally reflecting an increase in incentive compensation costs driven by improved operating results and stock performance. Adjusted results for the quarter ended June 30, 2011 exclude the impact of a restructuring charge. Including the impact of the restructuring charge, operating income increased \$165 million, or 20%, in the quarter ended June 30, 2011.

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

Adjusted operating income increased \$224 million, or 9%, to \$2.795 billion in the nine months ended June 30, 2011. *Media Networks* adjusted operating income increased \$382 million, principally reflecting the increased revenues, partially offset by increased expenses. *Filmed Entertainment* contributed a partially offsetting decrease of \$132 million, principally reflecting the lower home entertainment revenues. Adjusted results for the nine months ended June 30, 2011 exclude the impact of the current year restructuring charge, while the adjusted results for the nine months ended June 30, 2010 exclude the impact of asset impairment. Including the impact of the current year restructuring charge and prior year asset impairment, operating income increased \$270 million, or 11%, in the nine months ended June 30, 2011.

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

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

Adjusted net earnings from continuing operations attributable to Viacom increased \$151 million and \$253 million in the quarter and nine months ended June 30, 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 nine months ended June 30, 2011, as compared with 36.1% in the quarter and 35.8% in the nine months ended June 30, 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 \$0.28 per diluted share to \$0.99 for the quarter and \$0.46 per diluted share to \$2.72 for the nine months.

Including the impact of the current year restructuring charge and loss on extinguishment of debt, and prior year asset impairment and discrete tax benefits, net earnings from continuing operations attributable to Viacom increased \$142 million in the quarter and \$159 million in the nine months ended June 30, 2011. Diluted EPS from continuing operations increased \$0.26 per diluted share for the quarter and \$0.31 per diluted share for the nine 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 nine months ended June 30, 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*.

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

**Media Networks**

(in millions)	Quarter Ended June 30,		Better/(Worse)		Nine Months Ended June 30,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
<b>Revenues by Component</b>								
Advertising	\$ 1,275	\$ 1,122	\$ 153	14%	\$ 3,744	\$ 3,384	\$ 360	11%
Affiliate fees	971	815	156	19	2,636	2,339	297	13
Ancillary	145	128	17	13	473	480	(7)	(1)
Total revenues by component	\$ 2,391	\$ 2,065	\$ 326	16%	\$ 6,853	\$ 6,203	\$ 650	10%
<b>Expenses</b>								
Operating	\$ 765	\$ 719	\$ (46)	(6)%	\$ 2,258	\$ 2,102	\$ (156)	(7)%
Selling, general and administrative	551	485	(66)	(14)	1,571	1,440	(131)	(9)
Depreciation and amortization	42	50	8	16	134	153	19	12
Total expenses	\$ 1,358	\$ 1,254	\$ (104)	(8)%	\$ 3,963	\$ 3,695	\$ (268)	(7)%
<b>Adjusted operating income</b>	<b>\$ 1,033</b>	<b>\$ 811</b>	<b>\$ 222</b>	<b>27%</b>	<b>\$ 2,890</b>	<b>\$ 2,508</b>	<b>\$ 382</b>	<b>15%</b>

**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 networks and other content distributors and (iii) ancillary revenues, which include home entertainment sales of our programming, television syndication and the licensing of our brands and properties for consumer products.

Worldwide revenues increased \$326 million, or 16%, to \$2.391 billion in the quarter, and \$650 million, or 10%, to \$6.853 billion in the nine months ended June 30, 2011, driven by increases in advertising revenues and affiliate fees. Domestic revenues were \$2.036 billion in the quarter, an increase of \$250 million, or 14%, and \$5.787 billion in the nine months ended June 30, 2011, an increase of \$568 million, or 11%. International revenues were \$355 million in the quarter, an increase of \$76 million, or 27%, and \$1.066 billion in the nine months ended June 30, 2011, an increase of \$82 million, or 8%. Foreign exchange had a 10-percentage point and 2-percentage point favorable impact on international revenues in the quarter and nine months ended June 30, 2011, respectively.

*Advertising*

Worldwide advertising revenues increased \$153 million, or 14%, to \$1.275 billion in the quarter, and \$360 million, or 11%, to \$3.744 billion in the nine months ended June 30, 2011. Domestic advertising revenues increased 12% in the quarter and 11% in the nine months, reflecting the strength of last year's upfront and this year's scatter markets. International advertising revenues increased 30% and 9%, respectively. Foreign exchange had a 12-percentage point and 2-percentage point favorable impact on international revenues in the quarter and nine months ended June 30, 2011, respectively. Domestic and international revenue growth also benefitted from integrated marketing events in the quarter.

**Management's Discussion and Analysis  
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*Affiliate Fees*

Worldwide affiliate fees increased \$156 million, or 19%, to \$971 million in the quarter, and \$297 million, or 13%, to \$2.636 billion in the nine months ended June 30, 2011. Domestic affiliate revenues increased 20% in the quarter and 13% in the nine months, reflecting rate increases and subscriber growth. Domestic revenues also benefitted from the availability of certain programming related to digital distribution arrangements. Excluding the impact of digital distribution arrangements, domestic affiliate revenue growth was in the high-single digits. International affiliate revenues increased 16% in the quarter and 9% in the nine months. Foreign exchange had a 9-percentage point and 3-percentage point favorable impact on international revenues in the quarter and nine months ended June 30, 2011, respectively.

*Ancillary*

Worldwide ancillary revenues increased \$17 million, or 13%, to \$145 million in the quarter, and decreased \$7 million, or 1%, to \$473 million in the nine months ended June 30, 2011. International revenues increased principally reflecting higher consumer products revenues, while domestic revenues decreased reflecting lower home entertainment revenues.

**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 \$104 million, or 8%, to \$1.358 billion in the quarter, and \$268 million, or 7%, to \$3.963 billion in the nine months ended June 30, 2011, driven by increases in programming and SG&A costs.

*Operating*

Operating expenses increased \$46 million, or 6%, to \$765 million in the quarter, and \$156 million, or 7%, to \$2.258 billion in the nine months ended June 30, 2011. Production and programming expenses increased \$43 million, or 7%, in the quarter, and \$154 million, or 8%, in the nine months, principally reflecting expenses associated with our continuing investment in programming. Distribution and other expenses were essentially flat in both periods.

*Selling, General and Administrative*

SG&A increased \$66 million, or 14%, to \$551 million in the quarter, and \$131 million, or 9%, to \$1.571 billion in the nine months ended June 30, 2011, reflecting higher advertising and promotional expenses related to marketing original programming, as well as higher accrued incentive compensation costs associated with the improved operating performance.

**Adjusted Operating Income**

Adjusted operating income increased \$222 million, or 27%, to \$1.033 billion in the quarter, and \$382 million, or 15%, to \$2.890 billion in the nine months ended June 30, 2011, principally reflecting the higher advertising and affiliate revenues, partially offset by our continuing investment in programming and the higher SG&A costs.

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

**Filmed Entertainment**

(in millions)	Quarter Ended June 30,		Better/(Worse)		Nine Months Ended June 30,		Better/(Worse)	
	2011	2010	\$	%	2011	2010	\$	%
<b>Revenues by Component</b>								
Theatrical	\$ 588	\$ 644	\$ (56)	(9)%	\$ 1,405	\$ 1,004	\$ 401	40%
Home entertainment	331	248	83	33	1,379	1,690	(311)	(18)
Television license fees	416	307	109	36	1,026	1,011	15	1
Ancillary	72	46	26	57	320	217	103	47
Total revenues by component	\$ 1,407	\$ 1,245	\$ 162	13%	\$ 4,130	\$ 3,922	\$ 208	5%
<b>Expenses</b>								
Operating	\$ 1,214	\$ 1,027	\$ (187)	(18)%	\$ 3,549	\$ 3,176	\$ (373)	(12)%
Selling, general and administrative	122	125	3	2	359	381	22	6
Depreciation & amortization	22	24	2	8	66	77	11	14
Total expenses	\$ 1,358	\$ 1,176	\$ (182)	(15)%	\$ 3,974	\$ 3,634	\$ (340)	(9)%
<b>Adjusted Operating Income</b>	<b>\$ 49</b>	<b>\$ 69</b>	<b>\$ (20)</b>	<b>(29)%</b>	<b>\$ 156</b>	<b>\$ 288</b>	<b>\$ (132)</b>	<b>(46)%</b>

**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 \$162 million, or 13%, to \$1.407 billion in the quarter ended June 30, 2011 driven by higher television license fees and home entertainment revenues, partially offset by lower theatrical revenues. Domestic revenues were \$664 million, an increase of \$35 million, or 6%. International revenues were \$743 million, an increase of \$127 million, or 21%, with an 8-percentage point favorable impact from foreign exchange.

Worldwide revenues increased \$208 million, or 5%, to \$4.130 billion in the nine months ended June 30, 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 revenues. Domestic revenues were \$2.120 billion, an increase of \$52 million, or 3%. International revenues were \$2.010 billion, an increase of \$156 million, or 8%, with a 3-percentage point favorable impact from foreign exchange.

*Theatrical*

Worldwide theatrical revenues decreased \$56 million, or 9%, to \$588 million in the quarter ended June 30, 2011, principally reflecting the timing of releases. We released four films during the quarter, DreamWorks Animation's *Kung Fu Panda 2*, Marvel's *Thor*, *Super 8* and *Transformers: Dark of the Moon*. *Transformers: Dark of the Moon* was released in the last week of the quarter and will contribute a significant portion of its theatrical revenues to our fourth quarter. In the comparable period of 2010, we released two films, Marvel's *Iron Man 2*

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

and DreamWorks Animation's *Shrek Forever After*, and the quarter also benefited from strong carryover revenues related to DreamWorks Animation's *How to Train Your Dragon*, which was released in the last week of March 2010. Domestic theatrical revenues decreased 22%, while international theatrical revenues increased 6%. Foreign exchange had a 10-percentage point favorable impact on international theatrical revenues.

Worldwide theatrical revenues increased \$401 million, or 40%, to \$1.405 billion in the nine months ended June 30, 2011, principally driven by the strength and number of our current year releases. During the nine months ended June 30, 2011, we released fourteen films, including *Kung Fu Panda 2*, *Thor*, DreamWorks Animation's *Megamind*, *True Grit*, *Rango*, *Jackass 3D*, *Paranormal Activity 2*, *Super 8* and *Transformers: Dark of the Moon*. In the comparable period of 2010, we released nine films. Domestic and international theatrical revenues increased 28% and 55%, respectively. Foreign exchange had a 7-percentage point favorable impact on international theatrical revenues.

*Home Entertainment*

Worldwide home entertainment revenues increased \$83 million, or 33%, to \$331 million in the quarter ended June 30, 2011, principally reflecting the strength and number of our current quarter releases, as well as carryover revenues from titles released earlier in the fiscal year. During the quarter, we released four titles, including *True Grit*, *Justin Bieber: Never Say Never* and *No Strings Attached*, as compared to three titles in the prior year quarter. Domestic and international home entertainment revenues increased 47% and 20%, respectively, with a 11-percentage point favorable impact from foreign exchange on international home entertainment revenues.

Worldwide home entertainment revenues decreased \$311 million, or 18%, to \$1.379 billion in the nine months ended June 30, 2011. Current year releases included *How to Train Your Dragon*, *Shrek Forever After*, *Megamind*, *The Last Airbender* and *True Grit*. 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 is experiencing softness in the DVD market, which has impacted sales of library product. Domestic and international home entertainment revenues decreased 20% and 16%, respectively, with a 1-percentage point favorable impact from foreign exchange on international home entertainment revenues.

*Television License Fees*

Worldwide television license fees increased \$109 million, or 36%, to \$416 million in the quarter, and \$15 million, or 1%, to \$1.026 billion in the nine months ended June 30, 2011, driven by the number and mix of available titles. The increase in the quarter principally reflects higher pay TV fees, as well as higher syndication and network television fees. The increase in the nine months principally reflects higher network television and syndication fees, partially offset by lower pay TV fees.

*Ancillary*

Ancillary revenues increased \$26 million, or 57%, to \$72 million in the quarter, principally reflecting higher digital revenues. Ancillary revenues increased \$103 million, or 47%, to \$320 million, in the nine months ended June 30, 2011, driven by the sale of the distribution rights to *The Avengers* and *Iron Man 3* to Marvel.

**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.

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

Total expenses increased \$182 million, or 15%, to \$1.358 billion in the quarter, and \$340 million, or 9%, to \$3.974 billion in the nine months ended June 30, 2011, principally due to the increase in operating expenses.

*Operating*

Operating expenses increased \$187 million, or 18%, to \$1.214 billion in the quarter ended June 30, 2011. Distribution and other costs, principally print and advertising expenses, increased \$95 million, or 20%, principally due to the number and mix of theatrical and home entertainment releases. Film costs increased \$92 million, or 17%, primarily reflecting higher participation costs, including third party distribution arrangements, and increased amortization of film costs reflecting this quarter's releases.

Operating expenses increased \$373 million, or 12%, to \$3.549 billion in the nine months ended June 30, 2011. Distribution and other costs, principally print and advertising expenses, increased \$413 million, or 30%, due to the increase in number of theatrical releases. Film costs decreased \$40 million, or 2%, primarily reflecting lower amortization of film costs due to the mix of home entertainment releases, partially offset by higher participation costs associated with third party distribution arrangements.

*Selling, General and Administrative*

SG&A decreased \$3 million, or 2%, to \$122 million in the quarter, and \$22 million, or 6%, to \$359 million in the nine months ended June 30, 2011 principally reflecting the timing of accrued incentive compensation costs.

**Adjusted Operating Income**

Adjusted operating income decreased \$20 million to \$49 million in the quarter ended June 30, 2011, reflecting the timing and mix of theatrical releases, partially offset by higher income from home entertainment and television license fee revenues. Adjusted operating income decreased \$132 million to \$156 million in the nine months ended June 30, 2011, principally reflecting the lower home entertainment revenues, partially offset by the benefit of the sale of the distribution rights to *The Avengers* and *Iron Man 3* to Marvel.

**Factors Affecting Comparability**

The consolidated financial statements for the quarter and nine months ended June 30, 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 nine months ended June 30, 2011 and the nine months ended June 30, 2010 to adjusted results. There were no adjustments to our results for the quarter ended June 30, 2010.

(in millions, except per share amounts)	Quarter Ended June 30, 2011			
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 981	\$ 899	\$ 574	\$ 0.97
Factors Affecting Comparability:				
Restructuring	14	14	9	0.02
Adjusted results	<u>\$ 995</u>	<u>\$ 913</u>	<u>\$ 583</u>	<u>\$ 0.99</u>



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

(in millions, except per share amounts)	Nine Months Ended June 30, 2011			
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 2,781	\$ 2,438	\$ 1,570	\$ 2.62
Factors Affecting Comparability:				
Restructuring	14	14	9	0.01
Extinguishment of debt	-	87	54	0.09
Adjusted results	<u>\$ 2,795</u>	<u>\$ 2,539</u>	<u>\$ 1,633</u>	<u>\$ 2.72</u>

(in millions, except per share amounts)	Nine Months Ended June 30, 2010			
	Operating Income	Pre-tax Earnings from Continuing Operations*	Net Earnings from Continuing Operations Attributable to Viacom**	Diluted EPS from Continuing Operations
Reported results	\$ 2,511	\$ 2,114	\$ 1,411	\$ 2.31
Factors Affecting Comparability:				
Asset impairment	60	60	19	0.03
Discrete tax benefits	-	-	(50)	(0.08)
Adjusted results	<u>\$ 2,571</u>	<u>\$ 2,174</u>	<u>\$ 1,380</u>	<u>\$ 2.26</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.

**Restructuring**

During the quarter ended June 30, 2011, the *Media Networks* segment incurred employee separation costs, including accelerated vesting of certain equity-based compensation awards, of \$14 million, which is included within *Restructuring* in our Consolidated Statement of Earnings.

**Extinguishment of Debt**

In the quarter ended March 31, 2011, we conducted 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 in the quarter ended March 31, 2011.

**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 nine months ended June 30, 2011. The discrete impact of the loss was 0.1 incremental percentage points of tax benefit, which reconciles to the reported effective rate of 34.4%.

In the nine months ended June 30, 2010, our effective income tax rate was 35.8%, excluding the impact of discrete items. Discrete tax benefits of \$50 million, taken together with the impact of asset impairment, contributed 1.4 percentage points of tax benefit, which reconciles to the reported effective rate of 34.4%. The discrete taxes were principally due to reserve releases resulting from effectively settled audits.

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

**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 \$118 million in the nine months ended June 30, 2011.

*Operating Activities*

Cash provided by operations was \$1.836 billion for the nine months ended June 30, 2011, an increase of \$634 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 higher expenses, including increased production spending and higher participation payments associated with third party distribution arrangements at the *Filmed Entertainment* segment, as well as the payment of the 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 \$127 million in the prior year, principally due to the timing of product launches and nine months of activity in the prior year as compared with three months in the current year.

*Investing Activities*

Cash used in investing activities was \$135 million for the nine months ended June 30, 2011, compared with \$213 million in the same period in 2010. The decrease is due to lower spending on acquisitions and investments and capital expenditures. In fiscal 2011, cash used in investing activities included \$58 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 \$101 million related to acquisitions and investments principally related to the acquisition of Teenage Mutant Ninja Turtles and investment in EPIX.

*Financing Activities*

Cash used in financing activities was \$1.598 billion for the nine months ended June 30, 2011 compared with \$552 million in the same period in 2010. The net outflow was primarily driven by share repurchases and dividends. During the nine months ended June 30, 2011, we repurchased 36.0 million shares for an aggregate purchase price of \$1.600 billion, of which \$1.561 billion of repurchases had settled as of June 30, 2011, and paid \$272 million in dividends. From July 1, 2011 through August 4, 2011, we repurchased an additional 4.4 million shares for an aggregate purchase price of \$224 million. The net impact of our issuance of \$1.0 billion of senior notes, repurchase of \$582 million principal amount of our 6.25% Senior Notes due 2016 and repayment of the remaining \$193 million principal amount of our 5.75% Senior Notes due on April 30, 2011 contributed a partially offsetting inflow. In the prior year, cash used in financing activities was driven by the repayment of long-term debt and commercial paper borrowings.

In May 2011, we increased our quarterly dividend to \$0.25 per share of Class A and B common stock from \$0.15 per share beginning with the dividend payable on July 1, 2011.

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

**Capital Resources**

*Capital Structure and Debt*

At June 30, 2011, total debt was \$6.954 billion, an increase of \$202 million from \$6.752 billion at September 30, 2010. During the second 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 used 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.

There were no amounts outstanding under our \$2.0 billion revolving credit facility or commercial paper program at June 30, 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 June 30, 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 8 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 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.

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**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 June 30, 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 9 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 June 30, 2011 under the \$4.0 billion stock repurchase program that we announced on June 9, 2010:

	<b>Total Number of Shares Purchased</b> <i>(thousands)</i>	<b>Average Price Paid per Share</b> <i>(dollars)</i>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under Program</b> <i>(millions)</i>
<b>Open Market Purchases</b>			
Month ended April 30, 2011	3,764	\$47.83	\$2,920
Month ended May 31, 2011	4,991	\$50.49	\$2,668
Month ended June 30, 2011	5,487	\$48.84	\$2,400

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**Item 6. Exhibits.**

<b><u>Exhibit No.</u></b>	<b><u>Description of Exhibit</u></b>
10.1*	Form of Stock Option/RSU Confirmation Sheet under the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011 (the "2011 LTMP").
10.2*	Form of Terms and Conditions to the Stock Option Certificate under the 2011 LTMP.
10.3*	Form of Terms and Conditions to the Restricted Share Units Certificate under the 2011 LTMP.
10.4*	Form of Terms and Conditions to the Performance Share Units under the 2011 LTMP.
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.



**EXHIBIT INDEX**

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[Form of Stock Option/RSU Confirmation Sheet]

**2011 LTMP AWARD  
CONFIRMATION SHEET**

**NAME:**

On [\_\_\_\_], you were granted an award under the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011 (the "LTMP").

Your award consists of [a combination of] [stock options [and] restricted share units ("RSUs")]. The grant date value of your award and the number of shares of Viacom Inc. Class B common stock, par value \$0.001 ("Class B Common Stock"), subject to your award is specified below:

<u>[Grant Date Value*]</u>	<u>[Stock Option Award Number of Shares]</u>	<u>[RSU Award Number of Shares]</u>
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[The [stock options] [and] [RSUs] granted to you under this award vest in four equal installments of 25% on each of [\_\_\_\_], [\_\_\_\_], [\_\_\_\_] and [\_\_\_\_] (i.e. the first, second, third and fourth anniversaries of the date the award was granted to you) as long as you remain an active employee.]

[The exercise price of the stock options is \$[\_\_\_\_] per share, the closing price of the Class B Common Stock on the New York Stock Exchange ("NYSE") on [\_\_\_\_] (i.e. the date the stock options were granted to you). The stock options expire on [\_\_\_\_].]

[After your stock options vest, you may exercise them on any NYSE trading day before they expire as specified in the LTMP and any other documents relating to your award, subject to the "Terms and Conditions" posted on the Morgan Stanley Smith Barney website (including any forfeiture and early expiration provisions), and subject to company policies that require preclearance of trading activity and, for certain individuals, trading within specified window periods.]

[Once the RSUs granted to you vest, they will become payable to you in shares of Class B Common Stock and you will also be entitled to receive dividend equivalents at such time as stated in the "Terms and Conditions" posted on the Morgan Stanley Smith Barney website.]

\*The Grant Date Value was calculated by using the Black Scholes value of \$[\_\_\_\_] on the date of grant for your stock options and the Class B Common Stock closing price of \$[\_\_\_\_] on the date of grant for your RSUs.

**Viacom Inc.**  
**2006 Long-Term Management Incentive Plan**  
**(Amended and Restated on April 12, 2007,**  
**December 2, 2008 and effective January 1, 2011)**

**2011 Terms and Conditions to the Stock Option Certificate**

**ARTICLE I**  
**TERMS OF STOCK OPTIONS**

Section 1.1 Grant of Stock Options. The Stock Options have been awarded to the Participant subject to the terms and conditions contained in (A) the confirmation for the May 25, 2011 grant of Stock Options provided to the Participant (the "Stock Option Certificate") and the Terms and Conditions contained herein (collectively with the Stock Option Certificate, the "Certificate") and (B) the Plan, the terms of which are hereby incorporated by reference. A copy of the Plan and the Prospectus dated May 25, 2011 are being provided simultaneously to the Participant on-line or attached hereto. Capitalized terms that are not otherwise defined herein have the meanings assigned to them in the Stock Option Certificate or the Plan. The Stock Options are not intended to be, or qualify as, "Incentive Stock Options" within the meaning of Section 422 of the Code.

Section 1.2 Terms of Stock Options.

(a) Exercisability. The Stock Options shall be exercisable only to the extent the Participant is vested therein. Subject to the other terms and conditions contained in the Certificate and in the Plan, the Stock Options shall vest in four installments of an approximately equal whole number of Stock Options on each of the first, second, third and fourth anniversaries of the Date of Grant.

(b) Option Period. Except as provided in Section 1.2(c) hereof, the period during which the Stock Options may be exercised shall expire on the eighth anniversary of the Date of Grant (the "Expiration Date"). If the Participant remains employed by the Company or any of its Subsidiaries through the Expiration Date, his or her Outstanding Stock Options may be exercised to the extent exercisable until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Class B Common Stock is then listed. Thus, if the Expiration Date is not a trading day, then the last day the Stock Options may be exercised is the last trading day preceding the Expiration Date.

(c) Exercise in the Event of Termination of Employment, Retirement, Death or Permanent Disability.

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(i) Termination other than for Cause, or due to Retirement, Death or Permanent Disability. Except as otherwise provided in this Section 1.2 or as otherwise determined by the Committee (including in any applicable employment agreement), in the event of the Participant's termination of employment other than a termination of employment for Cause or due to the Participant's Retirement, Permanent Disability or death, the Participant's Outstanding Stock Options can be exercised in accordance with the following provisions:

(A) if the Participant ceases to be an employee of the Company or any of its Subsidiaries by reason of the voluntary termination by the Participant or the termination by the Company or any of its Subsidiaries other than a termination of employment for Cause, the Participant may exercise his or her Outstanding Stock Options to the extent exercisable on the date of the Participant's termination of employment until the earlier of six months after such date or the Expiration Date;

(B) if the Participant ceases to be an employee of the Company or any of its Subsidiaries by reason of the Participant's Retirement, the Participant may exercise his or her Outstanding Stock Options to the extent exercisable on the date of Retirement until the earlier of the third anniversary of such date or the Expiration Date;

(C) if a Permanent Disability of the Participant occurs, the Participant's Outstanding Stock Options may be exercised to the extent exercisable on the date of the onset of such Permanent Disability until the earlier of the third anniversary of such date or the Expiration Date; and

(D) if the Participant dies during a period during the Participant could have exercised his or her Stock Options, the Participant's Outstanding Stock Options may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution, permitted transfer or beneficiary designation until the earlier of the second anniversary of the date of death or the Expiration Date.

Except as otherwise provided in this Section 1.2 or as otherwise determined by the Committee, upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 1.2(c)(i), all rights with respect to Stock Options that are not vested as of such event will be forfeited. A "termination of employment" occurs, for purposes of the Stock Options, when a Participant is no longer an employee of the Company or any of its Subsidiaries. Unless the Committee determines otherwise, the employment of a Participant who works for a Subsidiary shall terminate, for purposes of the Stock Options, on the date on which the Participant's employing company ceases to be a Subsidiary.

(ii) Termination for Cause. If the Participant's employment with the

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Company or any of its Subsidiaries ends due to a termination of employment for Cause then, unless the Committee in its discretion determines otherwise, all Outstanding Stock Options, whether or not then vested, shall terminate effective as of the date of such termination.

(iii) Exercise Periods following Termination of Employment, Retirement, Permanent Disability or Death. For the purposes of determining the dates on which Stock Options may be exercised following the occurrence of an event described in clauses (A), (B), (C) or (D) of Section 1.2(c)(i), the day following the occurrence of such event shall be the first day of the exercise period and the Stock Options may be exercised until the close of trading (generally 4:00 p.m. New York time) on the last trading day falling within the exercise period on the New York Stock Exchange or, if different, the principal stock exchange on which the Class B Common Stock is then listed. Thus, if the last day of the exercise period is not a trading day, then the last date the Stock Options may be exercised is the last trading day preceding the end of the exercise period.

Section 1.3 Exercise of Stock Options.

(a) Whole or Partial Exercise. The Participant may exercise all vested Outstanding Stock Options granted hereunder in whole at one time or in part in increments of 100 Stock Options (or the entire number of Outstanding Stock Options in which the Participant is vested, if such number is not a multiple of 100) by notice to the Director, Global Equity Services, Viacom Inc., 1515 Broadway, New York, New York 10036, or to such agent(s) for the Company ("Agent") as the Company may from time to time specify, in such manner and at such address as may be specified from time to time by the Company. Such notice shall (i) state the number of Stock Options being exercised, and (ii) be signed (or otherwise authorized in a manner acceptable to the Company) by the person or persons so exercising the Stock Options and, in the event the Stock Options are being exercised (pursuant to Section 1.2(c)(i) hereof) by any person or persons other than the Participant accompanied by proof satisfactory to the Company's counsel of the right of such person or persons to exercise the Stock Options. Information concerning any Agent and its address may be obtained by contacting the Director, Global Equity Services.

(b) Payment of Purchase Price Upon Exercise. Full payment of the aggregate Exercise Price (which shall be determined by multiplying the number of Stock Options being exercised by the Exercise Price as set forth on the Stock Option Certificate) shall be made on or before the settlement date for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Options. Unless otherwise provided by the Company, such Exercise Price shall be paid in cash (e.g. personal bank check, certified check or official bank check). In accordance with the rules and procedures established by the Company for this purpose, the Stock Options may be exercised through a procedure, approved by the Company from time to time, involving a broker or dealer, that affords the Participant the opportunity to sell immediately some or all of the shares underlying the exercised portion of the Stock Options in order to generate sufficient cash to pay the

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Exercise Price of the Stock Options. In addition, if the Company so permits, the Exercise Price may be paid in whole or in part using a net share settlement procedure or through the withholding of shares subject to the Stock Options with a value equal to the Exercise Price.

(c) Outstanding Stock Options. The number of shares of Class B Common Stock subject to the Stock Options that is set forth on the Stock Option Certificate may not reflect the number of Outstanding Stock Options due to Stock Option exercises or adjustments pursuant to Article II.

## **ARTICLE II EFFECT OF CERTAIN CORPORATE CHANGES**

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

## **ARTICLE III DEFINITIONS**

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

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

(b) "Cause" shall (i) have the meaning provided in a Company or a Subsidiary employment agreement that is in effect and applicable to the Participant, or (ii) mean, if there is no such employment agreement or if such employment agreement contains no such term, unless the Committee determines otherwise, (A) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to the Participant's employment with the Company or a Subsidiary; (B) conduct constituting a felony, whether or not related to the Participant's employment with the Company or a Subsidiary; (C) conduct constituting a financial crime, material act of dishonesty or material unethical business conduct, involving the Company or a Subsidiary; (D) willful unauthorized disclosure or use of Company or Subsidiary confidential information; (E) the failure to substantially obey a material lawful directive that is appropriate to the Participant's position from a superior in his or her reporting line or the Board; (F) the failure or refusal to substantially perform the Participant's material employment obligations (other than any such failure or refusal resulting from the Participant's disability); (G) the willful failure to cooperate with a bona fide internal investigation or

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an investigation by regulatory or law enforcement authorities, whether or not related to employment with the Company or a Subsidiary, after being instructed by the Company or a Subsidiary to cooperate; (H) the willful destruction of or failure to preserve documents or other material known to be relevant to any investigation referred to in subparagraph (G) above; or (I) the willful inducement of others to engage in the conduct described in subparagraphs (A) – (H).

- (c) “Certificate” shall have the meaning set forth in Section 1.1 hereof.
- (d) “Class B Common Stock” shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (e) “Code” shall mean the U.S. Internal Revenue Code of 1986, as amended, including any successor law thereto and the rules, regulations and guidance promulgated thereunder.
- (f) “Committee” shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board to administer the Plan).
- (g) “Company” shall mean Viacom Inc., a Delaware corporation.
- (h) “Date of Grant” shall be the date set forth on the Stock Option Certificate.
- (i) “Expiration Date” shall be the date set forth on the Stock Option Certificate and in Section 1.2(b) hereof.
- (j) “Exercise Price” shall be the amount set forth on the Stock Option Certificate, which amount shall be equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant.
- (k) “Fair Market Value” of a share of Class B Common Stock on a given date shall be the 4:00 p.m. (New York time) closing price on such date on the New York Stock Exchange or, if different, the principal stock exchange on which the Class B Common Stock is then listed.
- (l) “Outstanding Stock Option” shall mean on a given date a Stock Option granted to the Participant which has not yet been exercised and which has not yet expired or been terminated in accordance with its terms.
- (m) “Participant” shall mean the employee named on the Stock Option Certificate.
- (n) “Permanent Disability” shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a Subsidiary thereof for the Participant and that is in effect on the date of the onset of the

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Participant's Permanent Disability, unless the Committee determines otherwise.

(o) "Plan" shall mean the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated on April 12, 2007, December 2, 2008 and effective January 1, 2011, and as may be further amended from time to time.

(p) "Retirement" shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified defined benefit retirement plan maintained by the Company or a Subsidiary in which the Participant participates; provided, however, that no resignation or termination prior to a Participant's 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion; and provided further that the resignation or termination of employment other than a termination of employment for Cause after attainment of age 60 shall be deemed a retirement if the Participant does not participate in a qualified defined benefit retirement plan maintained by the Company or a Subsidiary.

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

(r) "Stock Option" shall mean the contractual right granted to the Participant to purchase shares of Class B Common Stock at such time and price, and subject to such other terms and conditions, as set forth in the Certificate and the Plan.

(s) "Stock Option Certificate" shall have the meaning set forth in Section 1.1 hereof.

(t) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, 50% or more of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

#### **ARTICLE IV MISCELLANEOUS**

Section 4.1 No Rights to Awards or Continued Employment. Neither the Certificate, the Plan nor any action taken in accordance with such documents shall confer upon the Participant any right to be employed by or to continue in the employment of the Company or any Subsidiary, nor to be entitled to any remuneration or benefits not set forth in the Plan or the Certificate, including the right to receive any future awards under the Plan or any other plan of the Company or any Subsidiary or interfere with or limit the right of the Company or any Subsidiary to modify the terms of or terminate the Participant's employment at any time for any reason.

Section 4.2 Restriction on Transfer. The rights of the Participant with respect to the Stock Options shall be exercisable during the Participant's lifetime only by the

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Participant and shall not be transferable by the Participant to whom the Stock Options are granted, except by will, the laws of descent and distribution or beneficiary designation; provided that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 4.3 Taxes. As a condition to the exercise of the Stock Options, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined federal, state, local or other withholding tax obligations which arise in connection with the exercise of such Stock Options and make such payment. In accordance with the rules and procedures established by the Company for this purpose, the Participant may satisfy such withholding obligations through a procedure involving a broker or dealer, that affords the Participant the opportunity to sell immediately some or all of the shares underlying the exercised portion of the Stock Options in order to generate sufficient cash to pay such withholding obligations. In addition, if the Company so permits, the Exercise Price may be paid in whole or in part using a net share settlement procedure or through the withholding of shares subject to the applicable Stock Options with a value equal to the Exercise Price.

Section 4.4 Stockholder Rights. The grant of Stock Options under the Certificate shall not entitle the Participant or a Participant's estate, any permitted transferee or beneficiary to any rights of a holder of shares of Class B Common Stock, unless, and only when, the Participant, the Participant's estate, or the permitted transferee or beneficiary is registered on the books and records of the Company as a stockholder and shares are delivered to such party upon exercise of the Stock Options. Unless otherwise determined by the Committee or specified herein, no adjustment shall be made for dividends or distributions or other rights in respect of any shares of Class B Common Stock for which the record date is prior to the date on which the Participant, a Participant's estate or any permitted transferee or beneficiary shall become the holder of such shares of Class B Common Stock.

Section 4.5 No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor the Certificate shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.6 Section 409A. If any provision of the Certificate contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause the Participant to be required to recognize income for United States federal income tax purposes with respect to any Stock Options before such Stock Options are exercised or to



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be subject to any additional tax or interest under Section 409A, such provision of the Certificate may be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without the imposition of any additional tax or interest under Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Certificate shall not be applicable to Stock Options that are subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

Section 4.7 Amendment. The Committee shall have broad authority to amend the Certificate without approval of the Participant to the extent necessary or desirable (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that the Participant is not required to recognize income for United States federal income tax purposes with respect to any Stock Options before such Stock Options are exercised and is not subject to additional tax and interest under Section 409A with respect to any Stock Options.

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

Section 4.9 Breach of Covenants. In the event that the Committee makes a good faith determination that the Participant committed a material breach of the restrictive covenants relating to non-competition, non-solicitation, confidential information or proprietary property in any employment or other agreement applicable to the Participant during the Participant's employment or the one year period after termination of the Participant's employment with the Company or a Subsidiary for any reason, the Participant shall be required to return any "gain" (as defined below) realized on the Stock Options during the one year period prior to such breach or at any time after such breach occurs. In addition, if the Committee makes such determination, the Participant's Outstanding Stock Options, whether or not vested, will be forfeited. The "gain" on the Stock Options shall mean the difference between the Fair Market Value on the date of exercise and the Exercise Price.

Section 4.10 Limited Purpose Accounts. If the Participant is a Plan participant in the United States, the Company shall be entitled to access the information contained in the Participant's individual limited purpose account maintained by the applicable plan administrator; provided, however, that the Company may not disclose individual account information to third parties (other than the plan administrator).

Section 4.11 Notice. The Certificate and the Plan contain information regarding

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the latest date by which the Stock Options may be exercised, and the Company shall have no obligation to provide any additional information or notice to any holder of Stock Options in advance of the Expiration Date or any earlier expiration date.

Section 4.12 Governmental Regulations. The Stock Options shall be subject to all applicable rules and regulations of governmental or other authorities.

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

Section 4.14 Governing Law. The Certificate and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

**Viacom Inc.**  
**2006 Long-Term Management Incentive Plan**  
**(Amended and Restated on April 12, 2007,**  
**December 2, 2008 and effective January 1, 2011)**

**2011 Terms and Conditions to the Restricted Share Units Certificate**

**ARTICLE I**  
**TERMS OF RESTRICTED SHARE UNITS**

Section 1.1 Grant of Restricted Share Units. The Restricted Share Units (the "Restricted Share Units") have been awarded to the Participant subject to the terms and conditions contained in (A) the confirmation for the May 25, 2011 grant of Restricted Share Units provided to the Participant (the "Restricted Share Units Certificate") and the Terms and Conditions contained herein (collectively with the Restricted Share Units Certificate, the "Certificate") and (B) the Plan, the terms of which are hereby incorporated by reference. A copy of the Plan and the Prospectus dated May 25, 2011 are being provided simultaneously to the Participant on-line or attached hereto. Capitalized terms that are not otherwise defined herein have the meanings assigned to them in the Restricted Share Units Certificate or the Plan. Each Restricted Share Unit shall entitle the Participant to receive one share of Class B Common Stock, subject to the terms and conditions set forth in the Certificate and the Plan.

Section 1.2 Terms of Restricted Share Units.

(a) Vesting. Subject to the other terms and conditions contained in the Certificate and in the Plan, the Restricted Share Units shall vest in four installments of an approximately equal whole number of Restricted Share Units on each of the first, second, third and fourth anniversaries of the Date of Grant.

(b) Settlement. On the date each portion of the Restricted Share Units vests, that portion of the Restricted Share Units that has vested shall be payable in shares of Class B Common Stock, which may be evidenced in such manner as the Committee in its discretion shall deem appropriate, including, without limitation, book-entry registration. Settlement of vested Restricted Share Units shall be made as soon as practicable, and in any event within 60 days, after the vesting dates.

(c) Dividend Equivalents. Until the Restricted Shares Units are settled, Dividend Equivalents shall accrue on the Restricted Share Units if the Company pays regular cash dividends on Class B Common Stock. The Company will credit such Dividend Equivalents when it pays the corresponding dividend on the Class B Common Stock. Accrued Dividend Equivalents will vest and be paid in cash through payroll at the later of (i) the date on which the corresponding Restricted Share Units vest and (ii) the date on which such dividends are paid with respect to the Class B Common Stock. The decision to pay a dividend and, if so, the

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amount of any such dividend, is determined by the Company in its sole discretion. Accrued Dividend Equivalents will not be paid with respect to any Restricted Share Units that do not vest and are cancelled.

(d) Termination of Employment, Retirement, Death or Permanent Disability. In the event that the Participant's employment with the Company or any of its Subsidiaries ends prior to the date or dates on which the Restricted Share Units vest in accordance with Section 1.2(a) hereof, the Participant shall forfeit all unvested Restricted Share Units as of the date of such event, unless (i) otherwise provided in the Participant's employment agreement or (ii) the Committee determines otherwise and provides that some or all of such Participant's unvested Restricted Share Units shall vest as of the date of such event, in which case shares of Class B Common Stock shall be delivered in accordance with Section 1.2(b) hereof to the Participant or, in the case of the Participant's death, to the person or persons who acquired the right to receive such certificates by will, the laws of descent and distribution or beneficiary designation. A "termination of employment" occurs, for purposes of the Restricted Share Units, when a Participant experiences a "separation from service" with the Company and its Subsidiaries for purposes of Section 409A determined using the default provisions thereunder. Unless the Committee determines otherwise, the employment of a Participant who works for a Subsidiary shall terminate, for purposes of the Restricted Share Units, on the date on which the Participant's employing company ceases to be a Subsidiary.

## **ARTICLE II EFFECT OF CERTAIN CORPORATE CHANGES**

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

## **ARTICLE III DEFINITIONS**

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

- (a) "Board" shall mean the Board of Directors of the Company.
- (b) "Cause" shall (i) have the meaning provided in a Company or a Subsidiary employment agreement that is in effect and applicable to the Participant, or (ii) mean, if there is no such employment agreement or if such employment agreement contains no such term, unless the Committee determines otherwise, (A) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to the Participant's employment with the

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Company or a Subsidiary; (B) conduct constituting a felony, whether or not related to the Participant's employment with the Company or a Subsidiary; (C) conduct constituting a financial crime, material act of dishonesty or material unethical business conduct, involving the Company or a Subsidiary; (D) willful unauthorized disclosure or use of Company or Subsidiary confidential information; (E) the failure to substantially obey a material lawful directive that is appropriate to the Participant's position from a superior in his or her reporting line or the Board; (F) the failure or refusal to substantially perform the Participant's material employment obligations (other than any such failure or refusal resulting from the Participant's disability); (G) the willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to employment with the Company or a Subsidiary, after being instructed by the Company or a Subsidiary to cooperate; (H) the willful destruction of or failure to preserve documents or other material known to be relevant to any investigation referred to in subparagraph (G) above; or (I) the willful inducement of others to engage in the conduct described in subparagraphs (A) – (H).

- (c) "Certificate" shall have the meaning set forth in Section 1.1 hereof.
- (d) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (e) "Code" shall mean the U.S. Internal Revenue Code of 1986, as amended, including any successor law thereto and the rules, regulations and guidance promulgated thereunder.
- (f) "Committee" shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board to administer the Plan).
- (g) "Company" shall mean Viacom Inc., a Delaware corporation.
- (h) "Date of Grant" shall be the date set forth on the Restricted Share Units Certificate.
- (i) "Dividend Equivalent" shall mean an amount in cash equal to the regular cash dividend, if any, that would have been paid on the number of shares of Class B Common Stock underlying the Restricted Share Units.
- (j) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the 4:00 p.m. (New York time) closing price on such date on the New York Stock Exchange or, if different, the principal stock exchange on which the Class B Common Stock is then listed.
- (k) "Participant" shall mean the employee named on the Restricted Share Units Certificate.
- (l) "Permanent Disability" shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a Subsidiary thereof for the Participant and that is in effect on the date of the onset of the Participant's Permanent Disability unless the Committee determines otherwise.

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(m) “Plan” shall mean the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated on April 12, 2007, December 2, 2008 and effective January 1, 2011, and as may be further amended from time to time.

(n) “Restricted Share Units” shall mean the contractual right granted to the Participant to receive shares of Class B Common Stock, subject to the terms and conditions set forth in the Certificate and the Plan.

(o) “Restricted Share Units Certificate” shall have the meaning set forth in Section 1.1 hereof.

(p) “Retirement” shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified defined benefit retirement plan maintained by the Company or a Subsidiary in which the Participant participates; provided, however, that no resignation or termination prior to a Participant’s 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion; and provided further that the resignation or termination of employment other than a termination of employment for Cause after attainment of age 60 shall be deemed a retirement if the Participant does not participate in a qualified defined benefit retirement plan maintained by the Company or a Subsidiary.

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

(r) “Subsidiary” shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, 50% or more of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

#### **ARTICLE IV MISCELLANEOUS**

Section 4.1 No Rights to Awards or Continued Employment. Neither the Certificate, the Plan nor any action taken in accordance with such documents shall confer upon the Participant any right to be employed by or to continue in the employment of the Company or any Subsidiary, nor to be entitled to any remuneration or benefits not set forth in the Plan or the Certificate, including the right to receive any future awards under the Plan or any other plan of the Company or any Subsidiary or interfere with or limit the right of the Company or any Subsidiary to modify the terms of or terminate the Participant’s employment at any time for any reason.

Section 4.2 Restriction on Transfer. The rights of the Participant with respect to the Restricted Share Units shall not be transferable, except by will, the laws of descent and distribution or beneficiary designation; provided that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose. During a Participant’s lifetime, the Participant’s rights with respect to any Restricted Share Units

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may be exercised only by the Participant or by any transferee to whom the Restricted Share Units has been transferred in accordance with the preceding sentence.

Section 4.3 Taxes. The Company or a Subsidiary, as appropriate, shall be entitled to withhold from any payment made to the Participant, a Participant's estate or any permitted transferee or beneficiary an amount sufficient to satisfy any federal, state, local and/or other tax withholding requirement. The Company, in its discretion, may, as a condition to the settlement of the Restricted Share Units, payment of the Dividend Equivalents or delivery of any shares of Class B Common Stock, require that an additional amount be paid in cash equal to the amount of any federal, state, local and/or other tax withholding requirement or, alternatively, satisfy such tax withholding requirement by withholding shares of Class B Common Stock subject to the applicable Restricted Share Units and/or Dividend Equivalents.

Section 4.4 Stockholder Rights. The grant of Restricted Share Units under the Certificate shall not entitle the Participant or a Participant's estate, any permitted transferee or beneficiary to any rights of a holder of shares of Class B Common Stock, unless, and only when, the Participant, the Participant's estate, or the permitted transferee or beneficiary is registered on the books and records of the Company as a stockholder and shares are delivered to such party upon settlement of the Restricted Share Units or payment of the Dividend Equivalents. Unless otherwise determined by the Committee or specified herein, no adjustment shall be made for dividends or distributions or other rights in respect of any shares of Class B Common Stock for which the record date is prior to the date on which the Participant, a Participant's estate or any permitted transferee or beneficiary shall become the holder of such shares of Class B Common Stock.

Section 4.5 No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor the Certificate shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.6 Section 409A. If any provision of the Certificate contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause the Participant to be required to recognize income for United States federal income tax purposes with respect to any Restricted Share Units before such Restricted Share Units are settled or to be subject to any additional tax or interest under Section 409A, such provision of the Certificate may be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without the imposition of any additional tax or interest under Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Certificate shall not be applicable to Restricted Share Units that are subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

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Section 4.7 Amendment. The Committee shall have broad authority to amend the Certificate without approval of the Participant to the extent necessary or desirable (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that the Participant is not required to recognize income for United States federal income tax purposes with respect to any Restricted Share Units before such Restricted Share Units are settled and is not subject to additional tax and interest under Section 409A with respect to any Restricted Share Units.

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

Section 4.9 Breach of Covenants. In the event that the Committee makes a good faith determination that the Participant committed a material breach of the restrictive covenants relating to non-competition, non-solicitation, confidential information or proprietary property in any employment or other agreement applicable to the Participant during the Participant's employment or the one year period after termination of the Participant's employment with the Company or a Subsidiary for any reason, (i) the Participant shall be required to return the shares of Class B Common Stock received by him or her in settlement of the Restricted Share Units and the cash payment of the Dividend Equivalents during the one year period prior to such breach or any time after such breach occurs, or, if the shares of Class B Common Stock received in settlement of the Restricted Share Units within the one year period prior to such breach were sold by the Participant, return any proceeds realized on the sale of such shares of Class B Common Stock prior to such breach or any time after such breach occurs and (ii) any Restricted Share Units that have not been settled shall be forfeited.

Section 4.10 Limited Purpose Accounts. If the Participant is a Plan participant in the United States, the Company shall be entitled to access the information contained in the Participant's individual limited purpose account maintained by the applicable plan administrator; provided, however, that the Company may not disclose individual account information to third parties (other than the plan administrator).

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

Section 4.12 Headings. The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Certificate.



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Section 4.13 Governing Law. The Certificate and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

**Viacom Inc.**  
**2006 Long-Term Management Incentive Plan**  
**(Amended and Restated on April 12, 2007,**  
**December 2, 2008 and effective January 1, 2011)**

**2011 Terms and Conditions to the Performance Share Units**

**ARTICLE I**  
**TERMS OF PERFORMANCE SHARE UNITS**

Section 1.1 Grant of Performance Share Units. The Performance Share Units (the "Performance Share Units") have been awarded to the Participant subject to the terms and conditions contained in (A) the confirmation for the January 1, 2011 grant of Performance Share Units provided to the Participant (the "Performance Share Units Certificate") and the Terms and Conditions contained herein (collectively with the Performance Share Units Certificate, the "Certificate") and (B) the Plan, the terms of which are hereby incorporated by reference. A copy of the Plan and, the Prospectus dated June 8, 2010 are being provided simultaneously to the Participant on-line or attached hereto. Capitalized terms that are not otherwise defined herein have the meanings assigned to them in the Performance Share Units Certificate or the Plan. Performance Share Units are notional units of measurement and represent the right to receive a number of shares of Class B Common Stock determined on the basis of the performance of the Class B Common Stock in comparison to the performance of the common stock of companies comprising the Reference Group, on the terms and conditions set forth in the Certificate.

Section 1.2 Terms of Performance Share Units.

(a) Valuation. As of the Determination Date, the TSR of the Class B Common Stock over the Measurement Period will be measured against the TSR of the common stock of the companies comprising the Reference Group over the same Measurement Period. Subject to Section 1.2(b), 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 of Class B Common Stock that the Participant will receive, in accordance with the following schedule (the "Schedule"):

<b>Schedule</b>
<ul style="list-style-type: none"> <li>• If the Company achieves less than the 25<sup>th</sup> percentile TSR, the award of Performance Share Units will be forfeited</li> </ul>
<ul style="list-style-type: none"> <li>• If the Company achieves the 25<sup>th</sup> percentile TSR, the number of shares to be delivered under the award will be 25% of the Target Award</li> </ul>
<ul style="list-style-type: none"> <li>• If the Company achieves the 50<sup>th</sup> percentile TSR, the number of shares to be delivered under the award will be 100% of the Target Award</li> </ul>
<ul style="list-style-type: none"> <li>• If the Company achieves the 100<sup>th</sup> 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</li> </ul>

For Company achievement at intermediate points between the 25<sup>th</sup> and 50<sup>th</sup> percentile, or between the 50<sup>th</sup> percentile and the 100<sup>th</sup> percentile, the number of shares of Class B Common Stock to be delivered will be interpolated between the respective number of shares delivered at such percentiles. For example, if the Company were to achieve the 70<sup>th</sup> percentile TSR, the number of Shares to be delivered would be 180% of the Target Award.

(b) EPS Valuation Rule. Notwithstanding the valuation principles set forth in Section 1.2(a), if for the Measurement Period (I) the Company achieves less than the 50<sup>th</sup> percentile TSR, and (II) its earnings per share (“EPS”) exceed a hurdle which has been specified by the Committee, then the number of shares of Class B Common Stock 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.

(c) Settlement and Delivery of Shares. Shares delivered in settlement of the Performance Share Units will be delivered, net of any Shares withheld to satisfy taxes, as follows:

(i) The number of shares of Class B Common Stock determined in pursuant to the Schedule will be delivered no later than four (4) weeks following the Determination Date; and

(ii) If the Company does not achieve at least the 50<sup>th</sup> percentile TSR, any incremental shares of Class B Common Stock in excess of the number of shares determined pursuant to the Schedule to which the Participant is entitled by virtue of Section 1.2(b), if any, will be delivered on the second business day following the delivery of the Company’s audited financial statements in respect of the last year of the applicable Measurement Period (so that it can be determined whether or not the Company attained the EPS hurdle in respect of such award) and

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in any event no later than March 15 of the year following the last year of the Measurement Period.

(d) Dividend Equivalents. If the Company pays a regular cash dividend on the Class B Common Stock, the Participant will be credited with Dividend Equivalents in an amount equal to the amount of the dividend that would have been paid on the number of shares of Class B Common Stock included in the Target Award. The Company will credit such Dividend Equivalents when it pays the corresponding dividend on the Class B Common Stock. Dividend Equivalents will vest and be paid at the same time as the Performance Share Units, and the amount paid to the Participant will be based on the number of shares of Class B Common Stock that are delivered to the Participant in accordance with the foregoing provisions of this Section 1.2, provided that such Dividend Equivalents will be canceled to the extent that application of this Section 1.2 results in the Participant earning less than the Target Award and will be increased to the extent that the application of this Section 1.2 results in the Participant earning more than the Target Award. (For example, if the Participant earns 80% of the Target Award, 20% of the Dividend Equivalents previously credited will be canceled.) The decision to pay a dividend and, if so, the amount of any such dividend, is determined by the Company in its sole discretion. No Dividend Equivalents will be paid to the Participant on any canceled Performance Share Units.

(e) Termination of Employment.

(i) In the event the Participant's employment with the Company or a Subsidiary terminates in a Qualifying Termination prior to December 31, 2013, the number of shares of Class B Common Stock that the Participant will receive for the applicable Measurement Period will be determined by multiplying the shares of Class B Common Stock determined under the applicable valuation criteria under Section 1.2(a) or (b) by a fraction, the numerator of which is the number of days starting with and inclusive of January 1, 2011 and ending on the applicable Determination Date and the denominator of which is the number of days starting with and inclusive of January 1, 2011 and ending on December 31, 2013.

(ii) Unless otherwise specified in the Participant's employment agreement with the Company, in the event the Participant's employment with the Company or a Subsidiary terminates for any reason other than a Qualifying Termination, the Participant shall forfeit all unvested Performance Share Units as of the date of such event.

## **ARTICLE II EFFECT OF CERTAIN CORPORATE CHANGES**

In the event of a merger, consolidation, stock split, reverse stock split, dividend, distribution, combination, reclassification, reorganization, split-up, spin-off or recapitalization that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Committee shall make such adjustments, if any, to the number and kind of

securities subject to the Performance Share Units, as it deems appropriate. The Committee may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve the benefits or potential benefits intended to be made available hereunder. Such determinations by the Committee shall be conclusive and binding on all persons for all purposes.

### ARTICLE III DEFINITIONS

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

(a) “Board” shall mean the Board of Directors of the Company.

(b) “Cause” shall (i) have the meaning provided in a Company or a Subsidiary employment agreement that is in effect and applicable to the Participant, or (ii) mean, if there is no such employment agreement or if such employment agreement contains no such term, unless the Committee determines otherwise, (A) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to the Participant’s employment with the Company or a Subsidiary; (B) conduct constituting a felony, whether or not related to the Participant’s employment with the Company or a Subsidiary; (C) conduct constituting a financial crime, material act of dishonesty or material unethical business conduct, involving the Company or a Subsidiary; (D) willful unauthorized disclosure or use of Company or Subsidiary confidential information; (E) the failure to substantially obey a material lawful directive that is appropriate to the Participant’s position from a superior in his or her reporting line or the Board; (F) the failure or refusal to substantially perform the Participant’s material employment obligations (other than any such failure or refusal resulting from the Participant’s disability); (G) the willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to employment with the Company or a Subsidiary, after being instructed by the Company or a Subsidiary to cooperate; (H) the willful destruction of or failure to preserve documents or other material known to be relevant to any investigation referred to in subparagraph (G) above; or (I) the willful inducement of others to engage in the conduct described in subparagraphs (A) – (H).

(c) “Certificate” shall have the meaning set forth in Section 1.1 hereof.

(d) “Class B Common Stock” shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.

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

(f) “Committee” shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board to administer the Plan).

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- (g) “Company” shall mean Viacom Inc., a Delaware corporation.
- (h) “Date of Grant” shall be the date set forth on the Performance Share Units Certificate.
- (i) “Determination Date” means the December 31 immediately preceding the third anniversary of the Date of Grant; provided, however, that in the event the Participant’s employment with the Company terminates in a Qualifying Termination prior to the third anniversary of the Date of Grant, the Determination Date will be the effective date of the Participant’s termination of employment.
- (j) “Dividend Equivalent” shall mean an amount in cash equal to the regular cash dividend, if any, that would have been paid on the number of shares of Class B Common Stock underlying the Performance Share Units.
- (k) “Fair Market Value” of a share of Class B Common Stock on a given date shall be the 4:00 p.m. (New York time) closing price on such date on the New York Stock Exchange or, if different, the principal stock exchange on which the Class B Common Stock is then listed.
- (l) “Good Reason” has the meaning assigned to such term in the Participant’s employment agreement with the Company or a Subsidiary.
- (m) “Measurement Period” means the period beginning on the starting date and ending on the end date specified in the Participant’s Performance Share Units Certificate; provided, however, that if the Participant’s employment with the Company terminates in a Qualifying Termination, the Measurement Period will be the period beginning on the starting date specified in the Participant’s Performance Share Units Certificate and ending on the effective date of the Participant’s Qualifying Termination.
- (n) “Participant” shall mean the employee named on the Performance Share Units Certificate.
- (o) “Performance Share Units” shall mean notional units of measurement representing the contractual right granted to the Participant to receive shares of Class B Common Stock based on the performance of the Class B Common Stock in comparison with the performance of the common stock of the Reference Group over the Measurement Period, on the terms and conditions forth in the Certificate.
- (p) “Performance Share Units Certificate” shall have the meaning set forth in Section 1.1 hereof.
- (q) “Permanent Disability” shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a Subsidiary thereof for the Participant and that is in effect on the date of the onset of the Participant’s Permanent Disability unless the Committee determines otherwise.

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(r) “Plan” shall mean the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated on April 12, 2007, December 2, 2008 and effective January 1, 2011, and as may be further amended from time to time.

(s) “Qualifying Termination” shall have the meaning set forth for such term in the Participant’s employment agreement with the Company or, if the Participant does not have such an employment agreement, or the employment agreement does not include a definition of such term, means (I) the termination of the Participant’s employment by the Company or a Subsidiary other than in a termination of employment for Cause; (II) in the event the Participant has an employment agreement with the Company or a Subsidiary that contains a Good Reason provision, such Participant’s resignation of employment for Good Reason; (III) the termination of the Participant’s employment with the Company or a Subsidiary by reason of the Participant’s death or Permanent Disability; (IV) the termination of the Participant’s employment with the Company or a Subsidiary by reason of the Participant’s Retirement; or (V) in the event the Participant has an employment agreement with the Company or a Subsidiary, the non-renewal of such employment agreement at the Company’s or Subsidiary’s election followed by termination of the Participant’s employment with the Company and any Subsidiary within six months of such contract expiration for any reason other than for Cause.

(t) “Reference Group” means all companies whose common stock is included in the S&P 500 at the start of the Measurement Period (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 fundamentally 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).

(u) “Retirement” shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified defined benefit retirement plan maintained by the Company or a Subsidiary in which the Participant participates; provided, however, that no resignation or termination prior to a Participant’s 62nd birthday shall be deemed a retirement unless the Committee so determines in its sole discretion; and provided further that the resignation or termination of employment other than a termination of employment for Cause after attainment of age 62 shall be deemed a retirement if the Participant does not participate in a qualified defined benefit retirement plan maintained by the Company or a Subsidiary.

(v) “S&P 500” means the Standard & Poor’s 500 Composite Index.

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

(x) “Subsidiary” shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, 50% or more of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

(y) “Target Award” means the number of shares of Class B Common Stock indicated as the “Target Award” on the Participant’s Performance Share Units Certificate.

(z) “TSR” means for the Class B Common Stock and for the common stock of each company in the Reference Group, the percentage change in value (positive or negative) over the 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 based on the closing price on first day of the Measurement Period and the average closing prices over the 20-day trading period immediately prior to the last day of the Measurement Period, in each case, as reported by Bloomberg L.P. (or such other reporting service that the Committee may designate from time to time); by (II) the common stock price on the first day of the 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 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.

#### **ARTICLE IV MISCELLANEOUS**

Section 4.1 No Rights to Awards or Continued Employment. Neither the Certificate, the Plan nor any action taken in accordance with such documents shall confer upon the Participant any right to be employed by or to continue in the employment of the Company or any Subsidiary, nor to be entitled to any remuneration or benefits not set forth in the Plan or the Certificate, including the right to receive any future awards under the Plan or any other plan of the Company or any Subsidiary or interfere with or limit the right of the Company or any Subsidiary to modify the terms of or terminate the Participant’s employment at any time for any reason.

Section 4.2 Restriction on Transfer. The rights of the Participant with respect to the Performance Share Units shall not be transferable by the Participant, except by will, the laws of descent and distribution or beneficiary designation; provided that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose.



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Section 4.3 Taxes. The Company or a Subsidiary, as appropriate, shall be entitled to withhold from any payment made to the Participant, a Participant's estate or any permitted transferee or beneficiary an amount sufficient to satisfy any federal, state, local and/or other tax withholding requirement or satisfy required tax withholding in respect of the delivery of shares of Class B Common Stock upon settlement of Performance Shares Units by having the Company withhold from such delivery shares of Class B Common Stock having a Fair Market Value equal to the amount of such required withholding.

Section 4.4 Stockholder Rights. The grant of Performance Share Units under the Certificate shall not entitle the Participant or a Participant's estate, any permitted transferee or beneficiary to any rights of a holder of shares of Class B Common Stock, unless, and only when, the Participant, the Participant's estate, or the permitted transferee or beneficiary is registered on the books and records of the Company as a stockholder and shares are delivered to such party upon settlement of the Performance Share Units. Unless otherwise determined by the Committee in its discretion or specified herein, no adjustment shall be made for dividends or distributions or other rights in respect of any shares of Class B Common Stock for which the record date is prior to the date on which the Participant, a Participant's estate or any permitted transferee or beneficiary shall become the holder of such shares of Class B Common Stock.

Section 4.5 No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor the Certificate shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.6 Section 409A. If any provision of the Certificate contravenes any regulations or Treasury guidance promulgated under Section 409A or could cause the Participant to be required to recognize income for United States federal income tax purposes with respect to any Performance Share Units before such Performance Share Units are settled or to be subject to any additional tax or interest under Section 409A, such provision of the Certificate may be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without the imposition of any additional tax or interest under Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Certificate shall not be applicable to Performance Share Units that are subject to Section 409A to the extent such discretionary authority will contravene Section 409A.

Section 4.7 Amendment. The Committee shall have broad authority to amend the Certificate without approval of the Participant to the extent necessary or desirable (i) to comply with, or take into account changes in, applicable tax laws, securities

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laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that the Participant is not required to recognize income for United States federal income tax purposes with respect to any Performance Share Units before such Performance Share Units are settled and is not subject to additional tax and interest under Section 409A with respect to any Performance Share Units.

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

Section 4.9 Breach of Covenants. In the event that the Committee makes a good faith determination that the Participant committed a material breach of the restrictive covenants relating to non-competition, non-solicitation, confidential information or proprietary property in any employment or other agreement applicable to the Participant during the Participant's employment or the one year period after termination of the Participant's employment with the Company or a Subsidiary for any reason, (i) the Participant shall be required to return the shares of Class B Common Stock received by him or her in settlement of the Performance Share Units during the one year period prior to such breach or any time after such breach occurs, or, if the shares of Class B Common Stock received in settlement of the Performance Share Units within the one year period prior to such breach were sold by the Participant, return any proceeds realized on the sale of such shares of Class B Common Stock prior to such breach or any time after such breach occurs and (ii) any Performance Share Units that have not been settled shall be forfeited.

Section 4.10 Repayments. If any shares of Class B Common Stock had been delivered for exceeding the EPS hurdle and Company earnings are restated, the Committee may require the Participant to return any amount he or she received to which he or she would not have been entitled based on such restated earnings.

Section 4.11 Limited Purpose Accounts. If the Participant is a Plan participant in the United States, the Company shall be entitled to access the information contained in the Participant's individual limited purpose account maintained by the applicable plan administrator; provided, however, that the Company may not disclose individual account information to third parties (other than the plan administrator).

Section 4.12 Governmental Regulations. The Performance Share Units shall be subject to all applicable rules and regulations of governmental or other authorities.

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

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Section 4.14 Governing Law. The Certificate and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

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: August 5, 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: August 5, 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 June 30, 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

August 5, 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 June 30, 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

August 5, 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.

