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Viacom Acquires Televisión Federal S.A. (Telefe) in Argentina from Telefónica S.A. for US\$345 Million

Deal to buy leading Spanish-language broadcaster and producer will accelerate Viacom's growth strategy in Argentina and across Spanish-speaking Latin America

Transaction in line with Telefónica's asset portfolio management strategy; Company reaffirms its commitment to Argentina, where it has invested 15Bn euros in infrastructure in the last twenty-six years

BUENOS AIRES, Argentina & MADRID & NEW YORK--(BUSINESS WIRE)-- Viacom Inc. (Nasdaq: VIAB, VIA) and Telefónica S.A. today announced the acquisition of Televisión Federal S.A. (Telefe), one of the main free-to-air channels in Argentina, by Viacom International Media Networks (VIMN). The transaction has been concluded for a total amount of US\$345 million dollars in cash.

The transaction adds one of Argentina's most popular television networks and biggest content producers to Viacom's fast-growing portfolio of international TV networks and digital properties. Telefe reaches 95% of all households in Argentina, a country of 43 million, and has attracted approximately 33% share of viewership year-to-date in 2016. The network produces more than 3,000 hours of Spanish-language video content each year, including seven of the top 10 programs currently airing locally, and has a library of 33,000 hours of local content. By combining Telefe with Viacom's popular pay TV networks, which include MTV, Nickelodeon, Comedy Central and Paramount Channel, this deal further strengthens VIMN's position in Argentina and Latin America.

With this transaction, Telefónica takes one step further in its asset portfolio management, based on value creation and strategic positioning.

Bob Bakish, Acting President and Chief Executive Officer of Viacom Inc., said: "Telefe is an outstanding broadcast and production business, and this acquisition will accelerate our growth strategy in Argentina, one of the most advanced and valuable media markets in Latin America. Viacom has an unrivalled track record of combining free and pay TV networks to deliver strong growth in high-value or high-growth markets, including in the UK and India. Working together with Telefe's highly successful team, we can strengthen Telefe's market-leading status in Argentina and expand its presence around the world using Viacom's extensive global network, potentially reaching hundreds of millions of Spanish speakers across Latin and North America, as well as in other markets."

Antonio Marti, Director of Business Transformation and Planning at Telefónica's Chief Commercial Digital Office said: "Telefe is the market leader which has demonstrated strong operating performance in recent years. This transaction is consistent with Telefónica's asset portfolio management strategy -focused in value creation and strategic positioning- and it allows the Company to concentrate even more on its principal activities in Argentina: the development of the telecommunications sector and the most advanced technologies in connectivity to drive the digital society of the future. Thus, Telefónica ratifies its strong commitment to a connected Argentina, which plays a leading role in the digital revolution."

Since its arrival in Argentina twenty-six years ago, Telefónica, which manages 26.8 million subscribers in the country, has invested approximately 15 billion euros in infrastructure, including spectrum capital expenditures. Between January and September 2016, Telefónica Argentina's investments have increased by almost 35% in comparison with the same period in 2015, with the aim of expanding its communications network and providing its customers with new connectivity and browsing experiences. The above once again confirms the Telefónica Group's firm commitment to a connected Argentina as a key player in the digital revolution, providing support for locally announced future investments exceeding 36,000 million pesos over three years (2016-2018).

Telefe will fall under the direction of Pierluigi Gazzolo, President of VIMN Americas. The acquisition builds on Viacom's long and successful track record of investment in Argentina, beginning with the launch of MTV in 1993. Viacom's portfolio in the market now includes 12 branded pay TV networks, including Nickelodeon, Nick Jr., Comedy Central, Paramount Channel and VH1, among others, reaching audiences from pre-schoolers to adults; a suite of authenticated TV Everywhere mobile apps; multiple on-the-ground events and experiences; and an extensive consumer products catalogue. VIMN has maintained a local office in Buenos Aires since 1995.

Terms of the agreement

Under the terms of the agreement, Viacom will acquire all of Telefe's brands and assets, including:

- ▮ **Telefe** in Buenos Aires Capital and Gran Buenos Aires, one of the country's leading free-to-air networks, initially launched as Tele Once in 1961. The network's diverse range of programming includes *Educando a Nina*, *Loco x Vos*, *Susana Giménez*, *Pesadilla en la Cocina* and *Telefe Noticias*.
- ▮ **Eight wholly-owned channels in the interior of the country**, including Canal Cinco in Rosario, Canal Siete in Neuquén, Teleocho in Córdoba, Canal Ocho in Mar del Plata, Canal Ocho in Tucumán, Canal Nueve in Bahía Blanca, Canal Once in Salta and Canal Trece in Santa Fe
- ▮ **Telefe Internacional**, a pay TV channel seen throughout the Americas and distributed globally to ten million subscribers across 17 countries
- ▮ Significant multiplatform presence through applications such as **Mi Telefe (My Telefe)** and **Telefe Noticias (Telefe News)**, a multi-channel network called **UPlay** founded by Telefe and an e-commerce partnership with Mercado Libre
- ▮ **Twelve production studios** which have a combined total of 12,000 m² of production space
- ▮ **A library of over 33,000 hours of content** currently distributed in more than 100 countries in 35 languages

The acquisition was financed from Viacom's existing cash balances. The transaction is expected to be accretive to Viacom's fiscal year 2017 earnings. The transaction is subject to customary regulatory approvals.

UBS Investment Bank served as financial advisor to Viacom Inc., while M.& M. Bomchil and Shearman & Sterling served as its legal advisors. Citigroup served as financial advisor to Telefónica, while DLA Piper and A & F Allende Ferrante served as its legal advisors.

About Viacom

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, apps, games, consumer products, social media experiences, and other entertainment content for audiences in more than 180 countries. Viacom's media networks, including Nickelodeon, Comedy Central, MTV, VH1, Spike, BET, CMT, TV Land, Nick at Nite, Nick Jr., Channel 5 (UK), Logo, Nicktoons, TeenNick and Paramount Channel, reach over 3.9 billion cumulative television subscribers worldwide. Paramount Pictures is a major global producer and distributor of filmed entertainment.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers with a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. As a growing company it prides itself on providing a differential experience based both on its corporate values and a public position that defends customer interests. The company has a significant presence in 21 countries and almost 350 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy. Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4,900,571,209 ordinary shares traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.

About Telefe

Telefe is a leader in the production, distribution and sale of content and multiplatform services in Argentina. It holds nine broadcast TV licenses and two channels; one national and one International with more than 10 million subscribers. For 26 years, Telefe has maintained its leadership position with high quality content. With more than 12,000 m² of production space, it produces its own content as well as produces for third parties, both nationally and internationally. It is present on all continents as one of the most recognized producers of Spanish-language content, currently distributed in more than 100 countries.

Viacom Cautionary Statement Concerning Forward-Looking Statements

This news release contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties

and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: the effect of uncertainty stemming from ongoing transitions involving our board of directors and management and related changes in strategy, including a potential business combination with CBS Corporation; the public acceptance of our brands, programs, motion pictures and other entertainment content on the various platforms on which they are distributed; the impact of inadequate audience measurement on our program ratings and advertising and affiliate revenues; technological developments and their effect in our markets and on consumer behavior; competition for content, audiences, advertising and distribution; the impact of piracy; economic fluctuations in advertising and retail markets, and economic conditions generally; fluctuations in our results due to the timing, mix, number and availability of our motion pictures and other programming; the potential for loss of carriage or other reduction in the distribution of our content; changes in the Federal communications or other laws and regulations; evolving cybersecurity and similar risks; other domestic and global economic, business, competitive and/or regulatory factors affecting our businesses generally; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2016 Annual Report on 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. If applicable, reconciliations for any non-GAAP financial information contained in this news release are included in this news release or available on our website at <http://www.viacom.com>.

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