Viacom Inc.
Form 10-K
November 13, 2014

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

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2014

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to _______

Commission File Number 001-32686

VIACOM INC.
(Exact name of registrant as specified in its charter)

DELAWARE	20-3515052
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1515 Broadway
New York, NY 10036
(212) 258-6000
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, $0.001 par value	NASDAQ Global Select Market
Class B Common Stock, $0.001 par value	NASDAQ Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act:
None
(Title Of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý

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 ý 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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x 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 Act). Yes ¨ No ý

As of the close of business on March 31, 2014, the last business day of the registrant’s most recently completed second fiscal quarter, there were 50,975,288 shares of the registrant’s Class A common stock, par value $0.001 per share, and 380,363,277 shares of its Class B common stock, par value $0.001 per share, outstanding. The aggregate market value of Class A common stock held by non-affiliates as of March 31, 2014 was approximately $898.8 million (based upon the closing price of $85.26 per share as reported by the NASDAQ Global Select Market on March 31, 2014, the last trading day of the quarter). The aggregate market value of Class B common stock held by non-affiliates as of March 31, 2014 was approximately $32.1 billion (based upon the closing price of $84.99 per share as reported by the NASDAQ Global Select Market on March 31, 2014, the last trading day of the quarter).

As of November 5, 2014, 50,875,550 shares of our Class A common stock and 359,591,362 shares of our Class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc.’s Notice of 2015 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, are incorporated by reference into this Annual Report on Form 10-K (Portion of Item 5; Part III).

TABLE OF CONTENTS

Table of Contents

PART I

Item 1. Business.

OVERVIEW

Viacom is a leading global entertainment content company that connects with audiences in more than 165 countries and territories and creates compelling television programs, motion pictures, short-form video, applications ("apps"), games, brands for consumer products, social media and other entertainment content. We operate through two reporting segments: Media Networks and Filmed Entertainment. References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

Media Networks

Our Media Networks segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. We create, acquire and distribute programming and other content to our audiences across multiple platforms, which allows our audiences to engage and interact with our content in a variety of ways: through traditional cable and satellite distribution, on connected TVs, PCs, tablets and other mobile devices, and using apps, browsers and other interfaces.

Viacom Media Networks operates our media networks businesses through four brand groups: Music, Nickelodeon, Entertainment and BET Networks. Viacom Media Networks and its international operations reach approximately 700 million households in more than 165 countries and territories worldwide via more than 230 locally programmed and operated TV channels which include MTV®, VH1®, CMT®, Logo®, BET®, CENTRIC®, Nickelodeon®, Nick Jr.®, TeenNick®, Nicktoons®, Nick at Nite®, Comedy Central®, TV Land®, SPIKE®, Channel 5® (UK), Tr3s®, Paramount Channel™ and VIVA™, among others. Viacom Media Networks also provides extensive online, mobile and app experiences.

Our Media Networks segment generates revenues from advertising sales, affiliate fees and ancillary revenues. Revenues from the Media Networks segment accounted for 73%, 69% and 65% of our revenues for the fiscal years 2014, 2013 and 2012, respectively, after the elimination of intercompany revenues.

Filmed Entertainment

Our Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Insurge Pictures®, MTV Films®, Nickelodeon Movies™ and Paramount Television™ brands. Paramount Pictures, which celebrated its 100th anniversary in 2012, is a major global producer and distributor of filmed entertainment and has a library consisting of approximately 3,400 motion pictures and a small number of television programs. Paramount distributes motion pictures theatrically and on DVDs and Blu-ray discs, television, digital and other platforms in the United States and internationally for itself and for third parties. Paramount Television™, a new television production division, is focused on developing programming for television and digital platforms.

Our Filmed Entertainment segment generates revenues primarily from the release and/or distribution of motion pictures theatrically, through home entertainment, and through television and digital licensing and ancillary activities. Revenues from the Filmed Entertainment segment accounted for 27%, 31% and 35% of our revenues for fiscal years 2014, 2013 and 2012, respectively, after the elimination of intercompany revenues.

Business Strategy

We develop and distribute television programming, motion pictures and other creative entertainment content to serve diverse audiences worldwide. We manage our global portfolio of brands with creativity, expertise and discipline to produce and distribute entertainment experiences across a wide variety of media platforms and engage consumers in many facets of their lives. With a strategic focus on content, we aim to:

- expand, enhance and evolve our brands worldwide by creating and acquiring popular content and other interactive experiences, building new networks and digital properties and innovating in other forms of entertainment;
- foster a creative, dynamic and diverse corporate culture that reflects the diverse audiences we serve and strengthens our position as a leader in entertainment for consumers around the world;

Table of Contents

- deepen our connection with audiences by investing wisely in content that fits our core businesses and brand portfolios and resonates with targeted audiences, leveraging our proprietary audience research to increase the level of original programming, building our content library, driving multi-platform engagement, and expanding our relationships with our advertising, distribution, licensing and production and talent partners;
- continue to develop and refine innovative ways to distribute our content, capitalizing on and optimizing opportunities for content delivery through authenticated and free models, supported by subscription, transaction-based and/or advertising revenues, via cable, satellite and Internet delivery systems;
- fuel organic growth and expansion of our Media Networks and Filmed Entertainment businesses internationally by developing new brands and properties and launching new channels, connected experiences and consumer products with local, regional and multinational appeal;
- continue our focus on a film slate that emphasizes key branded and franchise films, including animated films, complemented by smaller productions and acquisitions, and that is guided by financial discipline and driven by innovative promotion and marketing while developing television production operations capitalizing on our strong creative relationships and our film properties;
- limit the impact of intellectual property theft by providing compelling, legitimate offerings, as well as through technology solutions, communications, legal enforcement and other activities;
- drive efficiencies, execute strategies and maintain a strong financial position through operational discipline; and
- thereby generate significant long-term value for our stockholders.

Corporate Information

We were organized as a Delaware corporation in 2005 in connection with our separation from CBS Corporation, which was effective January 1, 2006. Our principal offices are located at 1515 Broadway, New York, New York 10036. Our telephone number is (212) 258-6000 and our website is www.viacom.com. Information included on or accessible through our website is not intended to be incorporated into this report.

MEDIA NETWORKS

Viacom Media Networks operates our media networks businesses in the United States and internationally. The Media Networks segment is comprised of four brand groups – Music, Nickelodeon, Entertainment and BET Networks – that operate as Viacom Media Networks.

Media Networks Revenues

Our Media Networks segment generates revenues in three categories: (i) the sale of advertising and marketing services related to our content, (ii) affiliate fees from multichannel television service providers, including cable television operators, direct-to-home satellite television operators and telecommunications operators, subscription and advertising supported video-on-demand services, and other distributors of our programming and program services, and (iii) ancillary revenues, which include consumer products licensing, brand licensing, sale of content on DVDs and Blu-ray discs, licensing of our content for download-to-own and download-to-rent services and television syndication. In fiscal year 2014, advertising revenues, affiliate fees and ancillary revenues were approximately 49%, 46% and 5%, respectively, of total revenues for the Media Networks segment.

Advertising Revenues

The advertising revenues generated by our program services depend on the number of viewers and viewership demographics. For television, ratings and demographic information for advertising purposes are determined by third party research companies such as The Nielsen Company (US), LLC (“Nielsen”). For digital offerings, reach and demographic information for advertising purposes are derived from a combination of third- and first-party data.

Our media networks properties target key audiences attractive to advertisers. For example, MTV targets teen and young adult demographics, Nickelodeon targets kids and their families and BET targets African-American audiences. Demand and pricing for our advertising depend on our ratings and overall market conditions. We also drive additional demand through integrated sales of digital advertising inventory and through our marketing services, providing unique branded entertainment and custom sponsorship opportunities to our advertisers.

Domestically, we sell a certain amount of our advertising inventory in advance each year in the upfront market, and other inventory in the scatter market closer to the time a program airs. Upfront sales and pricing for each new cable broadcast year are largely established in our third fiscal quarter and reflected in advertising revenue principally beginning in the first quarter of our subsequent fiscal year as marketing plans are finalized and orders are fulfilled to deliver advertising across various

Table of Contents

programs and dayparts. Pricing for advertising within our program services is generally established based on projected impression delivery, which may be guaranteed on a fixed price per unit basis. For advertising sold based on impression guarantees, audience deficiency may result in an obligation to deliver additional units, reducing inventory available for scatter sales. Scatter advertising is sold throughout the year at pricing reflecting market conditions at the time of sale. Most scatter advertising is also sold based on impression guarantees. To the extent we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience rating has been satisfied. Internationally, advertising markets vary from jurisdiction to jurisdiction, however we do not typically sell our inventory in advance in an upfront market. The majority of our inventory is sold in the equivalent of the U.S. scatter market, and in a number of markets we are represented by third party sales houses. The terms of these relationships vary.

Our advertising revenues may be affected by the strength of advertising markets and general economic conditions and may fluctuate depending on the success of our programming, as measured by viewership, at any given time. Audience measurement ratings may vary due to the timing of availability of new episodes of popular programming, success of our programming and performance of competing programs and other entertainment alternatives for viewers, as well as variations related to the methods used by third parties to measure ratings. Advertising revenues may also fluctuate due to seasonal variations, the timing of holidays and significant programming events such as awards shows or premieres. Typically, advertising revenues are highest in the first and fourth quarters of our fiscal year.

Affiliate Revenues

Our agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases that provide us with a reasonably stable source of revenues. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of these affiliate agreements are staggered. Certain other distribution agreements include multiple programs made available for distribution on one or more dates and revenue under such arrangements fluctuates depending on the initial availability of the programs licensed. We continue to create ways to build stronger and more expansive multimedia partnerships with the various distributors of our content in order to maximize the value of our content for us, our audience and our affiliate and digital partners, such as customized content offerings for authenticated apps and for subscription video-on-demand services.

Ancillary Revenues

Our ancillary revenues are principally derived from (i) consumer products and brand licensing, including the licensing of popular characters from our programs and digital properties for consumer products (such as toys and apparel), interactive games and publishing across all platforms including mobile and console, and recreation experiences (such as hotels, theme parks, cruises and live entertainment), (ii) distribution of our programming in the home entertainment market through the licensing of content for download-to-own and download-to-rent services and the sale of copies of content on DVDs and Blu-ray discs and (iii) television syndication. Our ancillary revenues vary based on consumer spending, the popularity of our programming, volume of content available for sale during a particular period and acceptance of our or our partners’ products.

Media Networks Properties

Viacom Media Networks operates our media networks businesses through four brand groups based on target audience, similarity of programming and other factors: Music, Nickelodeon, Entertainment and BET Networks. Our core media networks experiences are generally delivered via linear networks, video-on-demand, streaming and other connected experiences delivered over cable, satellite, mobile networks and the Internet by a variety of distribution partners. Worldwide, Viacom Media Networks’ program services reached approximately 700 million households in more than 165 countries and territories via more than 230 locally programmed and operated TV channels and hundreds of online, mobile and app experiences in September 2014. Viacom Media Networks’ online properties collectively averaged approximately 62 million unique visitors per month domestically during the quarter ended September 30, 2014.

Viacom Media Networks operates the international extensions of our multimedia brands MTV, VH1, Nickelodeon, Comedy Central, BET and SPIKE, as well as certain program services created specifically for international and/or non-English speaking audiences, such as the Paramount Channel and Colors in India through Viacom International Media Networks (“VIMN”). In September 2014, VIMN acquired British public service broadcaster Channel 5, one of

UK broadcasting's premier brands, significantly increasing our investment in the UK content marketplace and benefiting our existing UK pay television channel portfolio.

Our most important media networks properties are discussed below. Unless otherwise indicated, the domestic television household numbers are according to Nielsen and the Internet user and video stream data is according to comScore Media/Video

Table of Contents

Metrix (U.S. data only unless otherwise indicated). International reach statistics are derived from internal data coupled with external sources when available.

Music

The Music group includes our music, youth and young adult-oriented brands, content and services, which generally target varying portions of the 12-34 demographic, and Logo, our property for adult gays, lesbians and their families and friends. Our principal properties in this group include:

MTV

- MTV is a leading global brand, multimedia destination and content producer targeting the millennial generation. MTV offers content built around compelling reality and scripted storytelling, music discovery and activism across television and social media, and connected and second screen experiences, including through the MTV app which features short-form videos and full episodes. In fiscal year 2014, VIMN launched MTV-related channels in several international markets, such as Hungary, Czech Republic and the Philippines.
- Programming highlights in fiscal year 2014 included the premiere of the scripted series Finding Carter and Faking It, new reality series such as Are You the One?, returning hits such as Teen Wolf, Teen Mom 2, Catfish: the TV Show, Awkward and The Real World; and tentpole events such as the 2014 MTV Video Music Awards, which were watched by approximately 13.7 million viewers domestically across all airings, had 6.5 million live video streams, and nearly 63 million social interactions during the night of the show, and the 2014 MTV Movie Awards, which were watched by approximately 4.8 million viewers domestically across all airings the night it premiered.
- MTV reached approximately 95 million domestic television households in September 2014 and approximately 400 million households in more than 160 territories worldwide via over 70 MTV-branded channels. The MTV brand reaches many more households through branded programming blocks on third party broadcasters and through apps, streaming and downloads.
- MTV’s online, mobile and app experiences feature a diverse array of music, entertainment and pop culture content, including exclusive music performances, news, interviews and series. Each digital and mobile platform complements MTV’s television programming and enhances audience engagement, including through social media interactions with cast members and access to exclusive content. MTV also has a number of branded apps, including MTV, MTV News and MTV Artists. In the quarter ended September 30, 2014, MTV.com averaged approximately 20.7 million monthly unique visitors and 61.8 million content video streams each month. As of September 30, 2014, MTV had a social footprint of approximately 202 million followers, with 177 million fans across all MTV Facebook pages and approximately 25 million followers across all MTV accounts on Twitter, Instagram, FourSquare, Tumblr, Vine, Pinterest and Snapchat. MTV-branded apps had been downloaded approximately 6.4 million times.

MTV2

- MTV2, MTV2.com and the MTV2 mobile app offer music and lifestyle destinations and experiences with content targeting male “millennials” aged 12 to 34 and featuring original music, live-action sports and irreverent lifestyle programming.
- Programming highlights included the new weekly series Off the Bat from the MLB Fan Cave, born out of a partnership with Major League Baseball, returning favorites

Guy Code and Nick Cannon Presents: Wild 'N Out, and action sports and lifestyle programming such as Nitro Circus Live.

- MTV2 reached approximately 80.2 million domestic television households in September 2014.
- In the quarter ended September 30, 2014, MTV2.com averaged approximately 400,000 monthly unique visitors and 1.7 million content video streams each month.
- MTV2's social media footprint more than doubled in fiscal year 2014. As of September 30, 2014, MTV2 had approximately 6.6 million Facebook fans and more than 500,000 Twitter followers.

Table of Contents

VH1

- VH1 features music and pop culture-driven content targeting adults aged 18-49, including a variety of original programming primarily focused on music artists, real life stories and celebrities.
- Programming highlights included the premiere of the reality series Dating Naked, the Love & Hip Hop franchise, Basketball Wives LA, Mob Wives, Crazy Sexy Cool: The TLC Story and the scripted series Hit the Floor; tentpoles such as the You Oughta Know Concert; and core music offerings such as VH1 Top 20 Countdown.
- VH1 reached approximately 94.5 million domestic television households in September 2014.
- VH1's online, mobile and app experiences feature a diverse array of content centered on VH1 shows, music, pop culture and celebrities, including original series, exclusive events, music videos, live performances and news, and include VH1.com, VH1Classic.com and m.VH1.com. In fiscal year 2014, VH1 launched a "TV Everywhere" app. In the quarter ended September 30, 2014, VH1.com averaged approximately 6.1 million monthly unique visitors and 5.7 million content video streams each month. As of September 30, 2014, the "TV Everywhere" app had been downloaded approximately 1.5 million times.

VH1 Classic

- Classic-themed network featuring music videos, documentaries, movies and concert footage from the 1960s, 1970s, 1980s and 1990s, as well as other music-themed programs.
- Programming highlights included That Metal Show and Behind the Music: Remastered.
- VH1 Classic reached approximately 58.9 million domestic television households in September 2014.

CMT

- CMT is the leading television and digital destination for country music, culture and related entertainment. CMT and its website, CMT.com, offer an unparalleled mix of music, news, awards, live concerts and series and is the top resource for country music on demand.
- Programming highlights included Party Down South, Dog & Beth: On The Hunt, Steve Austin's Broken Skull Challenge, Dallas Cowboys Cheerleaders: Making the Team, Cops Reloaded, Swamp Pawn and My Big Redneck Family; tentpole events such as the annual CMT Music Awards, CMT Crossroads and CMT Artists of the Year; and CMT's weekly franchise CMT Insider.
- CMT reached approximately 88.8 million domestic television households in September 2014.
- CMT's online, mobile and app experiences include the 24-hour music channel CMT Pure Country, CMT Mobile and CMT VOD, as well as apps such as CMT Ultimate Fan and CMT Insider, and in fiscal year 2014, CMT launched a "TV Everywhere" app. In the quarter ended September 30, 2014, CMT.com averaged approximately 1.8 million monthly unique visitors and 1.6 million content video streams each month. As of September 30, 2014, the "TV Everywhere" app had been downloaded approximately 364,000 times.

Logo TV

- Logo TV is a leading entertainment brand inspired by the LGBT community present across television, digital and social platforms. Logo features one-of-a-kind personalities, shows, specials, and unique stories.
- Programming highlights included original programs such as RuPaul's Drag Race and Secrets to Fabulous, tentpoles such as The Trailblazer Awards, as well as acquired programs such as Will and Grace and Roseanne.
- Logo reached approximately 51.1 million domestic television households in September 2014.
- Logo's online, mobile and app experiences include LogoTV.com, the Backlot.com and NewNowNext.com. The LogoTV app is a 24/7 hub for content that appeals to the LGBT community and their families and friends and includes, among other content, full episodes of Logo programming. In the quarter ended September 30, 2014, Logo's online properties averaged approximately 2.0 million monthly unique visitors and 606,000 content video streams each month. As of September 30, 2014, the app had been downloaded approximately 224,000 times.

Other key Music properties include mtvU, our on-air, online and on-campus network created by and for the college audience; MTV Films, MTV's motion picture brand; and PalladiaHD, a music-centric high definition television channel.

Table of Contents

Nickelodeon

The Nickelodeon group provides high-quality entertainment and educational brands, content and services targeted to kids ages 2-17 and their families. Our principal properties in this group include:

Nickelodeon and Nick at Nite

- Nickelodeon, now in its 35th year, is a diverse, global business and the destination for all things kids. The Nickelodeon cable television network has been the number-one-rated basic cable network for 19 consecutive years, featuring both original and licensed experiences for kids. Nick at Nite, which airs on the same cable channel as the Nickelodeon cable television network in the evening hours, primarily features licensed contemporary family comedies. Nickelodeon produces and distributes television programming worldwide, has a global consumer products licensing business and offers a number of premium apps through the Nickelodeon Games Group (described further below) featuring its popular characters such as Teenage Mutant Ninja Turtles, Dora the Explorer and SpongeBob SquarePants.
- Nickelodeon programming highlights in fiscal year 2014 included hits such as SpongeBob SquarePants, Sam & Cat, Sanjay & Craig, Teenage Mutant Ninja Turtles and Fairly Odd Parents; tentpoles such as The Kids Choice Awards, Worldwide Day of Play and The HALO Awards; Kids' Choice Sports 2014, Nickelodeon's first annual sports awards show celebrating kids' favorites in the sports world; and game shows such as Figure It Out. Nick at Nite programming highlights included Friends, Full House, George Lopez, My Wife and Kids, Yes Dear and The Nanny.
- Nickelodeon and Nick at Nite reached approximately 96.4 million domestic television households in September 2014. Nickelodeon’s brands are seen globally in more than 550 million households across approximately 140 territories, via more than 80 locally programmed channels and branded blocks.
- Nick’s online, mobile and app experiences include, among others, Nick.com, the online destination for all things Nickelodeon, featuring video streaming of Nick content and games. In fiscal year 2013, Nickelodeon launched a "TV Everywhere" app that has won a number of awards, including the Emmy Award in 2013 for "Outstanding Creative Achievement in Interactive Media - User Experience and Visual Design" and "Best App or Website" at the UK's 2014 Broadcast Digital Awards. The Nick App features short-form videos, games and full episodes through “TV Everywhere” authentication, as well as popular interactive features like the “Do Not Touch button.” In the quarter ended September 30, 2014, Nick.com averaged 6.5 million monthly unique visitors and 8.7 million content video streams each month. As of September 30, 2014, the Nick App had been downloaded approximately 11 million times.

Nick Jr. and NickMom

- Nick Jr. seeks to educate and entertain preschoolers, providing kids an opportunity to engage with characters they love while building their imaginations, gaining key cognitive and social-emotional skills and learning about the world around them. Nick Jr. offers parents and their kids entertaining and enriching activities geared toward their interests, ages and developmental levels.
- My Nick Jr., a novel TV-delivery approach launched in fiscal 2014, is a customizable children’s TV channel that combines both scheduled programming and on-demand options that can be programmed according to parents’ tastes. My Nick Jr. provides access to hundreds of episodes of shows in Nick Jr.’s library.

- NickMom is a primetime comedy block for moms on the Nick Jr. channel featuring a mix of original long- and short-form programming, including talk shows, stand-up and sketch comedy and docu-series, delivered via a linear cable television network, video-on-demand, streaming and other connected experiences. NickMom.com is a comedy and entertainment site featuring short-form video, photos, editorial pieces and games just for moms.
- Nick Jr. programming highlights included Bubble Guppies, Dora the Explorer, Team Umizoomi, Peppa Pig and Wallykazam!
- Nick Jr. reached approximately 75.8 million domestic television households in September 2014.
- In the quarter ended September 30, 2014, NickJr.com averaged 3.2 million monthly unique visitors and NickMom.com averaged 2.1 million monthly unique visitors. NickJr.com had an average of 25 million content video streams each month.

Table of Contents

TeenNick

- TeenNick includes a linear cable television network, video-on-demand, streaming and other connected experiences exclusively for and about teens and tweens, and features original programming and award-winning series, with a focus on presenting an authentic teen experience.
- Programming highlights included series and events such as Degrassi: The Next Generation, Drake & Josh, House of Anubis and Zoey 101, as well as other Nickelodeon original hits like Big Time Rush, iCarly and Victorious.
- TeenNick reached approximately 72.8 million domestic television households in September 2014.
- TeenNick.com features the best episodes and clips of TeenNick shows, as well as games, quizzes and a vibrant user community. In the quarter ended September 30, 2014, TeenNick.com averaged 890,000 monthly unique visitors and had an average of 345,000 content video streams each month.

Nicktoons

- Nicktoons is a leading cartoon destination targeting boys and featuring signature franchises such as Dragon Ball Z Kai and Avatar: The Last Airbender, as well as fan favorites such as The Fairly OddParents and SpongeBob SquarePants.
- Programming highlights included the series premiere of Digimon Fusion and new episode premieres of Yu-Gi-Oh! ZEXAL, as well as returning hits such as NFL Rush Zone and Wild Grinders.
- Nicktoons reached approximately 67.1 million domestic television households in September 2014.

Nickelodeon Games Group

- Nickelodeon develops and publishes mobile apps for its kids and family audiences, including apps distributed on Apple and Android platforms. Nickelodeon apps include top apps for preschoolers, leading the education category with the award-winning Nick Jr. Draw and Play, as well as Umizoomi: Zoom Into Numbers, Dora Appisode: Perrito’s Big Surprise and Bubble Guppies: Animal School Day; hit game apps based on our hit shows like SpongeBob Moves In and TMNT: Rooftop Run; and apps based on original game characters such as Scribble Hero. As of September 30, 2014, Nickelodeon apps had been downloaded approximately 52 million times.

Other Nickelodeon properties include Nickelodeon Movies, Nickelodeon’s motion picture brand, under which Paramount released Teenage Mutant Ninja Turtles in fiscal year 2014, and the Nickelodeon Animation Studio. In addition, Nickelodeon licenses its brands for recreation experiences such as hotels, cruises, theme parks and live tours.

Entertainment

The Entertainment group includes brands, content and services that generally target adult and male audiences. Our principal properties in this group include:

COMEDY CENTRAL

- Comedy Central is the destination for all things comedy, featuring award-winning “fake news” programs, stand-up and sketch comedy, sitcoms and animated programming. Comedy Central also operates a live comedy touring business.
- Programming highlights in fiscal year 2014 included the premiere of @midnight, where top comedians battle for the funniest take on the day's social media and pop culture, Emmy® and Peabody® Award-winning series The Daily Show with Jon Stewart, The Colbert Report, Tosh.0, Workaholics, Inside Amy Schumer, South

- Park, Key & Peele, Futurama, Brickleberry, Drunk History and Nathan For You. Comedy Central reached approximately 95.6 million domestic television households in September 2014.

Table of Contents

- Comedy Central's online, mobile and app experiences include Comedycentral.com, a leading online video platform featuring exclusive Comedy Central content; thedailyshow.com and Colbertnation.com, the official fan sites of The Daily Show with Jon Stewart and The Colbert Report; our interest in the official South Park website southparkstudios.com, which features the latest in South Park news and content; Jokes.com; and a number of apps such as CC: Stand Up. The Comedy Central "TV Everywhere" app, launched in fiscal year 2014, offers full episodes of its shows the day after they air, as well as stand-up specials, among other content. In the quarter ended September 30, 2014, the Comedy Central online properties averaged 10.2 million monthly unique visitors and approximately 23.4 million content video streams each month. As of September 30, 2014, the Comedy Central "TV Everywhere" app had been downloaded approximately 1.7 million times.

SPIKE

- SPIKE is a primarily male-oriented general entertainment brand featuring a mix of original and acquired programming, sports series, specials, live events and movies delivered on a linear cable television network, on demand, online and via other connected experiences.
- SPIKE programming highlights included favorites such as Bar Rescue, Ink Master, Tattoo Nightmares, Catch a Contractor and Bellator MMA; and tentpoles such as Spike's Guys Choice Awards and One Night Only.
- SPIKE reached approximately 95.1 million domestic television households in September 2014.
- SPIKE's online properties include SPIKE.com, the online destination featuring SPIKE content, and apps such as Bellator. In the quarter ended September 30, 2014, Spike.com averaged approximately 1.4 million monthly unique visitors and 2.7 million content video streams each month. As of September 30, 2014, Spike-branded apps had been downloaded approximately 217,000 times.

TV Land

- TV Land features a mix of original programming, classic and contemporary TV shows, specials and iconic movies designed to appeal to the entertainment needs and attitudes of adults in their 40s and 50s.
- Programming highlights included returning original favorites such as Emmy-nominated Hot in Cleveland and The Exes, Jennifer Falls, Candid Camera and The Soul Man, as well as acquisition favorites such as Everybody Loves Raymond and The King of Queens.
- TV Land reached approximately 94.3 million domestic television households in September 2014.
- TV Land's online properties include TVLand.com, TV Land's premiere destination for consumers in their 40s and 50s. In the quarter ended September 30, 2014, TVLand.com averaged approximately 260,000 monthly unique visitors and, according to internal data, 1.8 million content video streams each month.

Other Entertainment properties include a variety of additional apps and online services.

BET Networks

BET Networks is a leading provider of entertainment brands, content and services targeted to African-American audiences and consumers of Black culture worldwide. Our principal properties in this group include the flagship BET channel, CENTRIC, BET Gospel and BET Hip Hop.

Table of Contents

BET

- BET is the nation's leading television network providing entertainment, music, news and public affairs programming to African-American audiences. BET is a leading consumer brand in the urban marketplace with a diverse group of branded businesses, including BET, its core channel which focuses on young Black adults; BET Gospel, which features gospel music and spiritual programming; and BET Hip Hop, which spotlights hip hop music programming and performances.
- BET programming highlights in fiscal year 2014 included the premiere of Being Mary Jane; returning favorites such as Real Husbands of Hollywood, The Game, 106 & Park and Sunday Best; and tentpoles such as the BET Awards '14, which was part of the second annual BET Experience, BET's three-day weekend celebration of music, entertainment and Black culture, which was attended by more than 150,000 people, BET Honors Awards, Black Girls Rock, BET Hip Hop Awards, Soul Train Awards and the Celebration of Gospel.
- BET reached approximately 89.5 million domestic television households in September 2014. According to internal data, BET Gospel and BET Hip Hop reached approximately 24.5 million and 2.9 domestic television households, respectively.
- BET.com is a leading online destination for African-American audiences and offers users content and interactive features for news, music, community, culture and other areas tailored to the unique interests and issues of African-Americans. BET.com also provides interactive entertainment content for BET Networks' program services. In the quarter ended September 30, 2014, BET.com averaged approximately 8.3 million monthly unique visitors.
- The BET Now app, launched in fiscal year 2014, provides fans access to a library of full episodes of current BET shows and classics. As of September 30, 2014, BET-branded apps had been downloaded approximately 3.5 million times.

CENTRIC

- CENTRIC is the first network designed for black women, reflecting the lifestyle of today's African-American and multicultural adult viewer and delivering a variety of music artists, along with culturally relevant movies, series, live performances, specials and reality programming.
- CENTRIC programming highlights in fiscal year 2014 included the Soul Train Awards, Being and the Centric Live Concert series.
- CENTRIC reached approximately 50.7 million domestic television households in September 2014.

Other BET Networks properties include BET Mobile, which delivers music, gaming and video content to its target audiences on mobile devices and digital services across all major service providers.

International

Viacom Media Networks operates the international extensions of our multimedia brands, as well as certain program services created specifically for international and/or non-English speaking audiences, through Viacom International Media Networks.

Paramount Channel

- Paramount Channel is a free-to-air, 24-hour movie channel available in Spain, France, Hungary, Russia and Romania. VIMN continues to manage Paramount Channel's ongoing international expansion.
- Programming highlights in fiscal year 2014 included Star Trek, Paranormal Activity, American Beauty, A Beautiful Mind, Zoolander, Ferris Bueller's Day

Off and The Godfather.

Channel 5

- Channel 5, a UK public service broadcaster, and its sister channels air a broad mix of popular content, including factual programming, entertainment, reality, sports, acquired and original drama, and preschool programming through its award-winning Milkshake brand.
- Programming highlights will include a new animated series, Nella the Knight, a co-production of Nickelodeon and Milkshake, and a new entertainment series, 10,000 BC, a co-production of Channel 5 and MTV UK.

Table of Contents

Colors and Rishtey

- Colors is a highly-rated Hindi-language general entertainment channel operated by our Viacom 18 joint venture. Colors is available in India, the UK and Ireland, as well as in Canada and the U.S. as Aapka Colors. In fiscal year 2014, Viacom 18 launched Rishtey, its second general entertainment channel, in India.
- Colors programming highlights included scripted series such as Balika Vadhu, Uttaran and Madhubala and other programs such as Comedy Nights with Kapil, Bigg Boss and Jhalak Dikhhla Jaa. Rishtey programming highlights included 24, Bani and The Anupam Kher Show.

J-One

- In October 2013, VIMN launched J-One, a new channel broadcasting the best in Japanese animated programming, in France, one of the world's biggest consumers of manga animation.
- Programming highlights included the Shibuhara Girls, J-Pop and K-Pop music videos, Japanese MTV Unplugged concerts and award ceremonies such as the VMAJs, in partnership with MTV Asia.

Media Networks Competition

Our media networks generally compete with other widely distributed cable networks, the broadcast television networks and digital programming services and platforms. Our media networks compete for advertising revenue with other cable and broadcast television networks, connected outlets such as websites, apps, social media and other online experiences, radio programming and print media. Each programming service also competes for audience share with competitors' programming services that target or include the same audience. For example, Nickelodeon's programming and services compete with other entertainment services and platforms for younger viewers; and BET competes with African-American oriented content on cable and broadcast networks, content delivered by digital distributors and other content and platforms that include African-Americans in their audiences. We also compete with other cable networks for affiliate fees and distribution. Our networks compete with other content creators for directors, actors, writers, producers and other creative talent and for new program ideas and the acquisition of popular programming. Competition from these sources, other entertainment offerings and/or audience leisure time may affect our revenues.

FILMED ENTERTAINMENT

Our Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programing and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Insurge Pictures, MTV Films, Nickelodeon Movies and Paramount Television brands. Motion pictures produced, acquired and/or distributed by the Filmed Entertainment segment are exhibited theatrically domestically and internationally, followed by their release in various windows, through download-to-own, DVDs and Blu-ray discs, transactional video-on-demand, pay television and subscription video-on-demand, basic cable television, broadcast television, and syndicated television and, in some cases, by other exhibitors such as airlines and hotels (the "distribution windows").

In fiscal year 2014, the Filmed Entertainment segment released 11 films in the domestic theatrical market. Paramount's film strategy focuses on releases that represent a mix of key branded and franchise films and smaller productions, acquired films and distribution arrangements. Paramount releases certain of its films, including library product, in 3D format. Paramount's film slate is designed to represent a variety of genres, styles and levels of investment and risk – with the goal of creating entertainment for both worldwide appeal and niche audiences. Paramount's in-house animation division is focused on producing high quality animated films and expects to release its first two theatrical films in fiscal year 2015 and one or two theatrical films per year thereafter. Paramount Television™, Paramount's new television production division, draws on Paramount's extensive library of film franchises as well as develops original programming for television and digital platforms. Paramount also focuses on developing innovative promotion and marketing approaches for its releases.

Filmed Entertainment 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 and Blu-ray discs relating to the motion pictures we release theatrically and direct-to-DVD, as well as content we distribute on behalf of Viacom and third parties, (iii) licensing of film exhibition rights to television services, including transactional video-on-demand, pay and basic cable television, broadcast television and syndicated television and (iv) ancillary revenues from licensing of film exhibition rights to digital platforms through download-to-own, digital transactional video-on-demand, subscription video-on-demand, providing production services to third parties, primarily at Paramount's studio lot, licensing of its brands for consumer products and theme parks, and distribution of content specifically developed for digital platforms and game distribution. In fiscal year 2014, theatrical

Table of Contents

revenues, home entertainment revenues, television license fees and ancillary revenues were approximately 32%, 23%, 29% and 15%, respectively, of total revenues for the Filmed Entertainment segment.

Theatrical

Paramount releases films theatrically in domestic and international markets and generates revenues from audience ticket sales. In addition to the traditional 2D format, certain of Paramount's theatrical releases are made available in 3D and/or formatted for viewing on IMAX screens, tickets for which are generally sold at premium pricing. Each motion picture is a separate and distinct product with its revenues, and ultimate profitability, dependent upon many factors, among which audience response is of fundamental importance. Theatrical revenues may be also affected by the number, timing and mix of competitive releases in any given period, consumer tastes and consumption habits, and overall economic conditions, including trends in discretionary spending. The theatrical success of a motion picture is a significant factor in determining the revenues it is likely to generate in home entertainment sales and licensing fees during the various other distribution windows. Revenues from motion picture theatrical releases tend to be cyclical with increases around the holidays that fall during the first quarter of our fiscal year, and in the summer months during our fourth quarter.

Home Entertainment

Home entertainment revenues are derived from the worldwide sales, marketing and distribution of DVDs and Blu-ray discs for filmed entertainment produced by Paramount and other Viacom brands, as well as content we distribute on behalf of third parties. Our home entertainment revenues may be affected by the number, timing and mix of home entertainment releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and overall economic conditions, including consumer preference for rental or purchase and trends in discretionary spending. The mix of our revenues from home entertainment is shifting away from physical home entertainment toward digital forms of consumption.

Television License Fees

Films produced, acquired or distributed by Paramount or our subsidiary DW Studios L.L.C. ("DW Studios") are licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to transactional video-on-demand, subscription video-on-demand, pay and basic cable television, broadcast television and syndicated television. Our joint venture with Metro-Goldwyn-Mayer Studios Inc. ("MGM Studios") and Lions Gate Films, Inc. ("Lionsgate") provides a multi-platform premium entertainment service named EPIX™ that offers Paramount, Lionsgate, MGM Studios and certain third party films, as well as original content, to cable, satellite, subscription video-on-demand and other subscribers through a premium pay television channel and television and digital subscription video-on-demand services.

Revenue from the licensing of films for exhibition in television markets is recognized upon availability for airing by the licensee. Revenue for video-on-demand and similar arrangements are recognized as the films are exhibited based on end-customer purchases as reported by the distributor.

Ancillary

Films produced, acquired or distributed by Paramount or DW Studios are also licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to download-to-own and digital transactional video-on-demand, subscription video-on-demand and other digital platforms, including Amazon, Netflix, iTunes and Google Play. Revenue from digital license fees is recognized upon program availability and will fluctuate depending on the number and mix of available titles in any given territory.

Paramount provides production services to third parties, primarily at Paramount's studio lot. Paramount also licenses its brands for consumer products, themed restaurants, hotels and resorts, live stage plays, film clips and theme parks. Licensing revenues are typically derived from royalties based on the licensee's revenues, with an advance and/or guarantee against future expected royalties, and may vary based on the popularity of the brand or licensed product with consumers.

Paramount also develops original content for launch on digital distribution platforms worldwide, including made-for-digital content offered for sale and rent through third party online destinations and apps.

Table of Contents

Motion Picture Production and Distribution

Paramount produces many of the motion pictures it releases. It also acquires films for distribution from third parties and distributes films on behalf of third parties. In some cases, Paramount co-finances or co-distributes certain motion pictures with third parties, including other studios. Paramount distributes some motion pictures worldwide, and for others, a third party may distribute a picture in certain territories. Paramount also enters into film financing arrangements from time to time under which third parties participate in the financing of the production costs of a film or slate of films, typically in exchange for a partial copyright interest.

For domestic distribution, Paramount generally performs its own marketing and distribution services for theatrical releases, and its own sales and marketing services for home entertainment releases. Warner Home Video, a division of Warner Bros. Home Entertainment Inc. ("WHV"), distributes certain physical DVD and Blu-ray discs relating to certain Paramount catalog titles and an affiliate of Universal Studios, Inc. ("Universal") handles certain back-office and distribution services of physical DVD and Blu-ray discs. In the first domestic pay television distribution window, Paramount's feature films initially theatrically released in the United States are generally exhibited on EPIX. Paramount also distributes films domestically in the other distribution windows and on various digital platforms.

In international markets, Paramount, through its international affiliates, generally distributes its motion pictures for theatrical release through its own distribution operations or, in some countries, through United International Pictures, a company that we and an affiliate of Universal own jointly. Paramount, through its international affiliates, generally distributes its home entertainment product through its own distribution operations or, in some territories, though licensees. Paramount distributes its home entertainment product in four territories through a joint venture with Twentieth Century Fox. Paramount's home entertainment group continues to assess other possibilities for further efficiencies in international markets.

Producing, marketing and distributing a motion picture can involve significant costs, and can also cause our financial results to vary depending on the timing of a motion picture's release. For example, marketing costs are generally incurred before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows, and are expensed as incurred. Therefore, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition, and profitability for the film may not be realized until well after its theatrical release. Therefore, the results of the Filmed Entertainment segment can be volatile as films work their way through the various distribution windows.

Paramount's key 2014 releases are discussed below:

- Theatrical Releases. In fiscal year 2014, the Filmed Entertainment segment theatrically released in domestic and/or international markets Transformers: Age of Extinction, Teenage Mutant Ninja Turtles, The Wolf of Wall Street, Noah, Hercules, Anchorman 2: The Legend Continues, Jackass Presents: Bad Grandpa, Jack Ryan: Shadow Recruit and Paranormal Activity: The Marked Ones, among others. Paramount's fiscal year 2015 slate is expected to include Interstellar, SpongeBob: Sponge Out of Water, Monster Trucks, Project Almanac, and Paranormal Activity 5, among others.

- Film Library. Paramount has an extensive library consisting of approximately 1,200 motion picture titles produced by Paramount and acquired rights to approximately 2,200 additional motion pictures and a small number of television programs. The library includes many Academy Award winners such as Titanic, Braveheart, Forrest Gump, An Inconvenient Truth and There Will Be Blood and such classics as The Ten Commandments, Breakfast at Tiffany's and Sunset Boulevard, as well as successful franchises such as Transformers, Star Trek, Mission: Impossible, Indiana Jones, Paranormal Activity and The Godfather.

- Home Entertainment Releases. Key home entertainment releases in fiscal year 2014 included Transformers: Age of Extinction, Noah, The Wolf of Wall Street, Jackass Presents: Bad Grandpa, Anchorman 2: The Legend Continues, Jack Ryan: Shadow Recruit and Paranormal Activity: The Marked Ones, among others. Paramount also distributes home entertainment products for Nickelodeon, MTV, Comedy Central, BET and CBS.

- Television Licensing. Key titles in fiscal year 2014 included G.I. Joe: Retaliation, Pain & Gain, Star Trek Into Darkness, World War Z, Guilt Trip, Footloose, Mission: Impossible - Ghost Protocol and Transformers: Dark of the Moon.

- Digital Licensing and Entertainment. Paramount licenses its films worldwide to digital platforms such as Netflix, Amazon, iTunes and Google Play. Paramount also develops and distributes original content for launch on digital distribution platforms worldwide.

Table of Contents

Key Agreements

In April 2013, Paramount and CBS extended the agreement under which Paramount distributes CBS's library of television and other content on DVD and Blu-ray disc on a worldwide basis until June 2015. The parties have the option to further extend the term under certain circumstances.

Effective January 1, 2013, Paramount entered into an agreement with WHV for exclusive rights to physical DVD and Blu-ray disc distribution in North America of approximately 700 catalog titles from the Paramount film library, for which Paramount receives guaranteed and performance-based compensation. The initial term of the agreement is three years with extensions obtainable under certain circumstances. In addition, the agreement makes Paramount's UltraViolet film offerings available on a non-exclusive basis through Flixster, the Warner Brothers movie streaming and discovery service. Paramount retains all digital rights for its titles, including electronic sell-through, video-on-demand and subscription video-on-demand.

In December 2012, the six-year output term under the agreements among Paramount, DreamWorks Animation, and certain of their affiliates, pursuant to which Paramount obtained certain exclusive distribution and home video fulfillment servicing rights to the animated films produced by DreamWorks Animation, expired. Paramount theatrically released a total of 14 DreamWorks Animation films under the applicable distribution agreement. In June 2014, Paramount sold to DreamWorks Animation the theatrical, non-theatrical, home video fulfillment and transactional digital rights to those films licensed to Paramount. Generally, Paramount continues to retain subscription and television licensing rights to those films.

Filmed Entertainment Competition

Our Filmed Entertainment segment competes for audiences for its motion pictures and other entertainment content with the motion pictures and content released by other major motion picture studios and independent film producers, as well as with other forms of entertainment and consumer spending outlets. Our competitive position primarily depends on the number and quality of the films produced, their distribution and marketing success and public response. We also compete for creative talent, including producers, actors, directors and writers, and scripts for motion pictures, all of which are essential to our success. Our motion picture brands also compete with these studios and other producers of entertainment content for distribution of motion pictures through the various distribution windows (such as television and home video) and on digital platforms.

SOCIAL RESPONSIBILITY

Viacom is deeply committed to leveraging its global stage and audience connections to improve its communities and positively impact the people the Company serves. Our social responsibility is an integral part of our day-to-day operations and is inextricably linked to our core business. Through volunteerism, philanthropic investments, initiatives and strategic partners, we drive action on the issues that are most important to our partners, employees, audiences, shareholders and communities. Viacom's social responsibility initiatives are overseen by Viacommunity, Viacom's social action umbrella. Community efforts are driven by the Viacom Corporate Responsibility Council (VCRC), comprised of leaders across every brand and business who shape the Company's social efforts and numerous pro-social partnerships around the globe.

Viacom educates, engages and empowers audiences with a vast array of programs in the areas of education, health and wellness, the environment and citizenship. A full list of and detailed information about each of our social responsibility initiatives is available at www.viacommunity.com. Following are just a few examples:

Get Schooled

- In partnership with Viacom, Get Schooled leverages the power of pop culture to inspire and empower students to graduate from high school and succeed in college.

MTV Staying Alive Foundation

- Viacom International Media Networks' Emmy Award-winning MTV Staying Alive Foundation engages in fighting the stigma, spread and threat of the HIV and AIDS epidemic through inspiring grantee projects around the world.

MTV Look Different

- MTV’s “Look Different” campaign helps America’s youth better recognize and challenge hidden racial, gender and anti-LGBT biases, empowering them to create a more equal future.

VH1 Save The Music Foundation

- The VH1 Save the Music Foundation is a non-profit organization dedicated to restoring instrumental music education in America's public schools, and raising awareness about the importance of music as part of each child's complete education.

Table of Contents

CMT One Country

- CMT One Country harnesses the collective power of individual actions, promoting civic partnership and inspiring CMT viewers to bring about important change in their communities.

CMT Empowering Education

- CMT Empowering Education provides viewers with a multitude of tools to aid them in tackling and overcoming the most common perceived obstacles to education.

Nickelodeon’s The Big Help

- Nickelodeon’s The Big Help engages kids to make a difference in the world by moving their bodies and minds to impact their communities and planet, through events such as its annual Worldwide Day of Play.

Veterans Operation Wellness (VOW)

- VOW is a campaign driven by Spike to inspire veterans to make the same commitment to their health and wellness that they have made to their country. VOW will use the multi-platform resources of Spike to positively impact the lives of veterans with the goal of inspiring veterans - and the larger public that wants to support them - to make VOWs: commitments to lead a healthier life through physical fitness, healthier diet and veteran community activities.

Rap-It-Up

- BET’s Emmy Award-winning Rap-It-Up informs, educates and empowers African-American men and women about HIV/AIDS.

Green. It’s Paramount to Us.

- Paramount’s Green. It’s Paramount to Us. encourages eco-friendly behavior and business practices in the workplace.

Paramount’s Kindergarten to Cap & Gown

- Paramount Pictures’ signature program supports students through their educational experience, targeting three partner schools in Paramount's Los Angeles neighborhood.

REGULATION AND PROTECTION OF OUR INTELLECTUAL PROPERTY

We are fundamentally a media content company, so the trademark, copyright, patent and other intellectual property laws that protect our brands and entertainment content are of paramount importance to us. See the section entitled “INTELLECTUAL PROPERTY” below for more information on our brands. Our businesses and the intellectual property they create or acquire are subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities, and our international rights and operations are subject to laws and regulations of local countries and pan-national bodies such as the European Union (“EU”). The laws and regulations affecting our businesses are constantly subject to change as are the protections that those laws and regulations afford us. The discussion below does not describe all present and proposed laws and regulations affecting our businesses and other factors could arise or increase in importance.

Certain Regulations Affecting Our Business

Net Neutrality

In May 2014, the Federal Communications Commission (the “FCC”) proposed “net neutrality” rules that, subject to certain exceptions, would prohibit broadband Internet Service Providers (“ISPs”) from blocking lawful content, applications, services and devices as well as certain kinds of commercially unreasonable practices, including some discriminatory behavior. The FCC also proposed "transparency" rules that would require ISPs to disclose their network management practices. However, the FCC tentatively concluded that ISPs would not be prohibited from taking action to address unlawful activity such as copyright theft (see more on copyright theft below). The proposed rules follow a January 2014 decision by the United States Court of Appeals for the District of Columbia Circuit largely invalidating similar rules promulgated by the FCC in 2010. The failure to prohibit all forms of broadband discrimination could affect the market for streaming content to consumers, as cable programmers and other "last mile" ISPs could increase the cost for the use of bandwidth.

Children’s Programming

Since 1990, federal legislation and FCC rules have limited the amount and content of commercial matter that may be shown on cable channels during programming designed for children 12 years of age and younger. In 2006, the FCC amended its rules to limit the display of certain commercial website addresses during children’s programming. Some U.S. policymakers have sought

14

Table of Contents

limitations on food and beverage marketing in media popular with children and teens. In April 2011, the federal Interagency Working Group on Food Marketed to Children requested comment on proposed nutritional restrictions for food and beverage marketing directed to children and teens. The proposed guidelines were not finalized. In 2013, the White House hosted a summit to encourage voluntary efforts to limit food marketing to children. If these or other similar guidelines are implemented by food and beverage marketers, they could have a negative impact on our Media Networks advertising revenues, particularly for our networks with programming targeted to children and teens. OFCOM, the independent regulator and competition authority for the United Kingdom (UK) communications industries, has restricted television advertising for foods and drinks high in fat, salt and sugar in and around programming of significant appeal to children and teens ages 15 years and under. Other governments are considering or have already implemented restrictions similar to those in the UK, including Ireland, Peru, Chile, Brazil, Mexico, Singapore and Australia.

Children's Privacy

Various other laws and regulations intended to protect the interests of children are applicable to our businesses, including measures designed to protect the privacy of minors online. The U.S. Children's Online Privacy Protection Act ("COPPA") limits the collection of personal information online from children under 13 years of age by operators of websites or online services. Effective July 1, 2013, the Federal Trade Commission adopted revisions to regulations under COPPA to further expand the scope of the regulations. We have been required to limit some functionality on our websites and apps as a result of these regulations. Such regulations also limit the types of advertising we are able to sell on these sites and apps and impose strict liability for certain actions of advertisers, which could affect advertising demand and pricing. State and federal policymakers are also considering regulatory and legislative methods to protect consumer privacy on the Internet, and these efforts have focused particular attention on children and teens.

Program Access

Under the U.S. Communications Act of 1934, as amended (the "Communications Act"), vertically integrated cable programmers are generally prohibited from entering into exclusive distribution arrangements or offering different prices, terms or conditions to competing multichannel video programming distributors unless the differential is justified by certain permissible factors set forth in the regulations promulgated by the FCC. Our wholly-owned program services are not currently subject to the program access rules. Because we and CBS Corporation are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of the program access rules, and therefore the businesses and conduct of CBS Corporation could have the effect of making us subject to the rules. If we were to become subject to the program access rules, our flexibility to negotiate the most favorable terms available for our content and our ability to offer cable television operators exclusive programming could be adversely affected.

Territorial Licensing in the European Union, and Consultation on EU Copyright Directive Review

In October 2011, the Court of Justice of the European Union ("CJEU") found that the UK Football Association Premier League's exclusive territorial licenses granted to broadcasters were contrary to EU law (including the EU competition rules) because they contained clauses that partitioned national markets by conferring absolute territorial protection. While the decision was limited to the live broadcast of sports programming (soccer games), which the CJEU held not to be copyrightable matter, the case has led European regulators to examine European territorial copyright licensing practices in greater detail. In that regard, the European Commission announced on January 13, 2014 that it had opened a formal antitrust investigation to examine certain clauses in the pay-TV licensing agreements between several major U.S. film studios, including Paramount, and the largest European pay-TV broadcasters, namely BSkyB, Canal Plus, Sky Italia, Sky Deutschland and DTS Distribuidora de Television Digital. The investigation focuses on clauses that may prevent the broadcasters from providing their services across borders within the European Economic Area (EEA). The investigation remains at an early stage but could ultimately impact the way our Filmed Entertainment and Media Networks segments license content in the EU.

Separately, in February 2013, the European Commission began a review of licensing practices among the media and telecommunications industries – known as the "Licences for Europe Consultation" – in an effort to stimulate discussion and proposed alternatives in several areas, including cross-border access and the portability of services. Viacom participated in these discussions. The European Commission's review concluded at the end of 2013, but specific legislative proposals have been held back until the new team of European Commissioners under Commission President Juncker is confirmed by the EU Parliament later this year. These legislative proposals could ultimately affect our European businesses.

UK Private Copying Exception

In April 2014, the UK published its new private copying exception, which went into effect October 1, 2014. Under this new exception, individuals may make copies of copyrighted works for personal use without permission from copyright owners. To qualify, the copier must be an individual, must have lawfully acquired on a permanent basis the copy from which further copies are made, and the copy must be made for the individual's private use rather than for commercial ends. The regulation permits the use of technical protection measures by copyright owners and does not generally authorize the circumvention of technical protection measures. It is not yet clear what impact this regulation will have on the audio-visual industry in the UK, but both our Media Networks and Filmed Entertainment segments could be affected by this change in law.

UK Regulations Affecting Channel 5 Business

As a public service broadcaster ("PSB") in the UK, Channel 5 is subject to certain OFCOM broadcasting regulations that impose detailed obligations including the proportion of total programming and programming during peak hours that must be original productions; the hours devoted to news and current affairs; and the proportion of commissioned programming that must be made by independent producers. Channel 5 has also undertaken to air a minimum amount of UK-originated children's programming. Like all UK broadcasters, Channel 5 has to abide by the OFCOM Broadcasting Code, which contains content and scheduling regulations surrounding such issues as harm and offense, protection of individuals under the age of 18, privacy, fairness and product placement; and by OFCOM's Code on the Scheduling of Television Advertising, which contains regulations surrounding the amount and scheduling of advertising. In addition, as a PSB, Channel 5 has faced threats related to the unauthorized internet re-transmission of linear programming, but the applicable law in this area remains unsettled.

Restrictions on Film Distribution

In addition to the regulations regarding territorial licensing in the EU discussed above, numerous countries around the world impose restrictions on the number and nature of films that may be distributed in that country. Such regulations in China have the greatest impact, as only 34 foreign films can be distributed annually on a revenue share basis based on box office performance. Those films are selected by relevant authorities in China (the quota was raised in 2012 from 20 films to 34 films as part of a settlement ruling by the World Trade Organization).

Protecting our Content from Copyright Theft

The unauthorized reproduction, distribution or exhibition of copyrighted material interferes with the market for copyrighted works and disrupts our ability to create, distribute and monetize our content. The theft of motion pictures, television and other entertainment content presents a significant challenge to our industry, and we take a number of steps to address this concern. Where possible, we make use of technological protection tools, such as encryption, to protect our content. We are actively engaged in enforcement and other activities to protect our intellectual property, including monitoring online destinations that distribute our content and sending takedown notices in appropriate circumstances; using filtering technologies employed by some user-generated content sites; and pursuing litigation and referrals to law enforcement against websites and online services that distribute or facilitate the distribution of our content without authorization. We also are actively engaged in educational outreach to the creative community, labor unions, state and federal government officials and other stake holders in an effort to marshal greater resources to combat copyright theft. Additionally, we participate in various industry-wide enforcement initiatives, public relations programs and legislative activity on a worldwide basis.

Notwithstanding these efforts and the many legal protections that exist to combat piracy, the proliferation of content theft and technological tools with which to carry it out continue to escalate. The failure to obtain enhanced legal protections and enforcement tools could make it more difficult for us to adequately protect our intellectual property, which could negatively impact its value and further increase the costs of enforcing our rights as we continue to expend substantial resources to protect our content.

INTELLECTUAL PROPERTY

We create, own and distribute intellectual property worldwide. It is our practice to protect our motion pictures, programs, content, brands, characters, games, publications and other original and acquired works, and ancillary goods and services. The following brands, logos, trade names, trademarks and related trademark families are a few of those strongly identified with the product lines they represent and are significant assets of the Company: Viacom®, MTV®, MTV2®, mtvU®, VH1®, VH1 Classic™, CMT®, Palladia®, Logo®, Nickelodeon®, Nick Jr.®, TeenNick®, Nicktoons®, Nick at Nite®, NickMom®, Comedy Central®, TV Land®, SPIKE®, Channel 5® (UK), BET Networks®, BET®, CENTRIC®, BET Gospel®, BET Hip Hop®, BET.com®, BET Mobile®, Tr3s®, VIVA™, Paramount Channel™, Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Insurge Pictures®, MTV Films®, Nickelodeon Movies™, Paramount Animation™, Paramount Television™ and other domestic and international program services and digital properties.

EMPLOYEES AND LABOR MATTERS

As of September 30, 2014, we employed approximately 9,900 full-time and part-time employees worldwide, and had approximately 480 additional project-based staff on our payroll. We also use many other temporary employees in the ordinary course of our business.

Through in-house, affiliated and third-party production services companies, we engage the services of writers, directors, performers, various crew members and musicians who are subject to certain industry-wide and/or specially negotiated collective bargaining agreements. The Alliance of Motion Picture and Television Producers (the "AMPTP"), which represents hundreds of motion picture and television producers, including Paramount Pictures, has agreements with the American guilds and unions representing writers, performers and directors and other guild-covered classifications, all of which expire in 2017. Negotiations have been scheduled with the American unions representing crew members for the agreements that expire in July 2015, as well as with the Canadian unions representing writers, performers, directors and crew, for agreements that all expire in March 2015. The AMPTP’s contract with the union that represents musicians expired in February 2013, and the parties are expected to resume negotiations in January 2015. Certain collective bargaining agreements that apply to specific companies will be negotiated in the coming years. Any labor dispute with the organizations that represent these parties could disrupt our operations and reduce our revenues.

FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by reporting segment and revenues by geographic area for fiscal years 2014, 2013 and 2012 are set forth in Note 21 to our Consolidated Financial Statements.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission (the “SEC”). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the SEC pursuant to the Securities Exchange Act of 1934, as amended, will be available free of charge on our website at www.viacom.com (under “Investor Relations”) as soon as reasonably practicable after the reports are filed with the SEC. These documents are also available on the SEC’s website at www.sec.gov.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition,” contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors are discussed in “Item 1A. Risk Factors” below. Other risks, or updates to the risks discussed below, may be described in our news releases and filings with the SEC, including but not limited to our reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 1A. Risk Factors.

A wide range of risks may affect our business and financial condition and results of operations, now and in the future. We consider the risks described below 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.

Our Success is Dependent upon Measured Audience Acceptance of our Brands, Programming, Motion Pictures and Other Entertainment Content, which is Difficult to Predict

Consumer acceptance of our brands, entertainment content and retail offerings is key to the success of our business and our ability to generate revenues. The production and distribution of programming, motion pictures and other entertainment content is inherently risky because the revenues we derive from various sources primarily depend on our content’s acceptance by the public, which is difficult to predict. Audience tastes change frequently and it is a challenge to anticipate what offerings will be successful at a certain point in time. Consumer acceptance of our content is affected by the quality and acceptance of competing entertainment content, and the availability of alternative forms of entertainment and leisure time activities, including online, mobile and other app offerings. In addition, piracy and general economic conditions affect the audience for our content.

In our Media Networks business, our advertising revenues typically are a product of measured audience size and pricing, which reflect market conditions and measurement difficulties. Depending on the success of our programming at any given time, one or more of our cable networks can experience ratings fluctuations that negatively affect our advertising revenues. Low audience ratings can also negatively affect the affiliate fees we receive and/or limit a network's distribution potential. In addition, consumer acceptance of our brands and programming has a significant impact on the revenues we are able to generate from consumer products, home entertainment and other licensing activities. Similarly, the acceptance of our brands and programs internationally impacts our success, including our ability to expand our presence abroad.

Table of Contents

In our Filmed Entertainment business, the theatrical performance of a motion picture affects not only the theatrical revenues we receive but also those from other distribution channels, such as home entertainment, television, digital and licensed consumer products.

Changes in Consumer Behavior Resulting from New Technologies and Distribution Platforms May Affect Our Viewership and Profitability in Unpredictable Ways

Technology and business models in our industry continue to evolve rapidly. Consumer behavior related to changes in content distribution and technological innovation affect our economic model and viewership in ways that are not entirely predictable.

Consumers are increasingly viewing content on a time-delayed or on-demand basis from traditional distributors, and from connected apps and websites and on a wide variety of screens, such as televisions, tablets, mobile phones and other devices. There is increased demand for short-form, user-generated and interactive content, which have different economic models than our traditional content offerings. Digital downloads, rights lockers, rentals and subscription services are competing for consumer preferences with each other and with traditional physical distribution of DVDs and Blu-ray discs. Each distribution model has different risks and economic consequences for us so the rapid evolution of consumer preferences may have an economic impact that is not completely predictable. Distribution windows are also evolving, potentially affecting revenues from other windows.

New technologies and distribution platforms are having other effects on the marketplace. For example, some of our largest distributors are combining and have gained, or may gain, market power, which could affect our ability to maximize the value of our content through those platforms. Some distributors have taken steps to limit our direct access to consumers or taken positions that they have more expansive rights than we believe we have granted, which, if they prevail, could limit our revenue opportunities and our ability to control distribution to maximize our revenue and profitability. All of these factors create uncertainty in the marketplace, and there can be no assurance that the strategies we develop to address them will be effective.

Our Businesses Operate in Highly Competitive Industries

Companies in the cable network, motion picture and digital industries depend on audience acceptance of content, appeal to advertisers and solid distribution relationships. Competition for content, audiences, advertising and distribution is intense and comes from broadcast television, other cable networks (including our own), online and mobile properties, movie studios and independent film producers and distributors, other entertainment outlets and platforms, as well as from search, social networks, program guides and “second screen” applications. Competition also comes from pirated content.

Our ability to compete successfully depends on a number of factors, including our ability to create or acquire high quality and popular programs and films, adapt to new technologies and distribution platforms, and achieve widespread distribution for our content. More content consumption options increase competition for viewers as well as for programming and creative talent which can decrease our audience ratings, and therefore potentially our advertising revenues, as well as increase our costs. In addition, our competitors include market participants with interests in multiple media businesses which are often vertically integrated, whereas our Media Networks businesses generally rely on distribution relationships with third parties. As more cable and satellite operators, ISPs, other content distributors, aggregators and search providers create or acquire their own content, they may have significant competitive advantages, which could adversely affect our ability to negotiate favorable terms or otherwise compete effectively in the delivery marketplace. Our competitors could also have preferential access to important technologies, customer data or other competitive information. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

Theft of Our Content, Including Digital Copyright Theft and Other Unauthorized Exhibitions of Our Content, May Decrease Revenue Received from Our Programming, Motion Pictures and Other Entertainment Content and Adversely Affect Our Businesses and Profitability

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights to our entertainment content. We are fundamentally a content company and theft of our brands, motion pictures and home entertainment product, television programming, digital content and other intellectual property affects us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the United States and Europe and/or that lack effective enforcement of such measures. The interpretation of copyright, piracy and other laws as applied to our content, and our piracy detection and enforcement efforts, remain in flux, and some methods of copyright enforcement have encountered political opposition. The

Table of Contents

failure to strengthen and/or the weakening of existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

Content theft is made easier by the wide availability of higher bandwidth and reduced storage costs, as well as tools that undermine encryption and other security features and enable infringers to cloak their identities online. In addition, we and our numerous production and distribution partners operate various technology systems in connection with the production and distribution of our programming and motion pictures, and intentional or unintentional acts could result in unauthorized access to our content. The increasing use of digital formats and technologies heightens this risk. Unauthorized access to our content could result in the premature release of motion pictures or television shows as well as a reduction in legitimate audiences, which would likely have significant adverse effects on the value of the affected programming.

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels, reduces the public's perceived value of our content and inhibits our ability to recoup or profit from the costs incurred to create such works. We are actively engaged in enforcement and other activities to protect our intellectual property, and it is likely that we will continue to expend substantial resources in connection with these efforts. Efforts to prevent the unauthorized reproduction, distribution and exhibition of our content may affect our profitability and may not be successful in preventing harm to our business.

Advertising Market Conditions Could Cause Our Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' current spending priorities and the economy in general, and this may adversely affect our advertising revenues. In addition, the pricing and volume of advertising may be affected by shifts in spending toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

Advertising sales are dependent on audience measurement, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including variations in the employed statistical sampling methods. While Nielsen's statistical sampling method is the primary measurement technique used in our television advertising sales, we measure and monetize our campaign reach and frequency on and across digital platforms based on other third-party data using a variety of methods including the number of impressions served and demographics, as well as upon Nielsen information. In addition, multi-platform campaign verification is in its infancy, and viewership on tablets and smartphones, which is growing rapidly, is presently not measured by any one consistently applied method. These variations and changes could have a significant effect on advertising revenues.

Advertising expenditures may also be affected by political, social or technological change. For example, Federal legislators and regulators have proposed voluntary guidelines on advertising to children in an effort to combat unhealthy eating and childhood obesity, and have considered imposing limitations on the marketing of certain movies and regulating product placement and other program sponsorship arrangements. In addition, privacy regulations make it difficult to measure viewership by children. The threat of regulatory action or increased scrutiny that deters certain advertisers from advertising could adversely affect advertising sales and revenue.

Global Economic Conditions May Have an Adverse Effect on Our Businesses

Economic conditions affect a number of aspects of our businesses worldwide, in particular revenues in both domestic and international markets derived from advertising sales, theatrical releases, home entertainment sales, television licensing and sales of consumer products. Economic conditions can impact the businesses of our partners who purchase advertising on our networks and reduce their spending on advertising. They can also negatively affect the ability of those with whom we do business to satisfy their obligations to us. In addition, increased unemployment and declines in consumer spending can reduce sales of our retail products. General worsening of global economic conditions could adversely affect our business, financial condition or results of operations, and worsening of economic conditions in certain parts of the world, specifically, could impact the expansion and success of our businesses in such areas.

Table of Contents

Increased Costs for Programming, Motion Pictures and Other Rights, as Well as Judgments We Make on the Potential Performance of our Content, May Adversely Affect Our Profits and Balance Sheet

In our Media Networks segment, we have historically produced a significant amount of original programming and other content and continue to increase our investment in this area. The Filmed Entertainment segment's core business involves the production, marketing and distribution of motion pictures, the costs of which are significant. We also acquire programming, motion pictures and television series, as well as a variety of digital content and other ancillary rights such as consumer and home entertainment product offerings from other companies, and we pay license fees, royalties or contingent compensation in connection with these acquired rights. Our investments in original and acquired programming are significant and involve complex negotiations with numerous third parties. These costs may not be recouped when the content is broadcast or distributed and higher costs may lead to decreased profitability or potential write-downs. Further, rapid changes in consumer behavior have increased the risk associated with all kinds of programming. In addition, increased competition from new entrants into the market for development and production of new content and for acquisitions is making these markets more competitive and could increase costs.

The accounting for the expenses we incur in connection with our programming, motion pictures and other content requires that we make judgments about the potential success and useful life of the program or motion picture. If our estimates prove to be incorrect, we may be forced to accelerate our recognition of the expense and/or write down the value of the asset. For example, we estimate the ultimate revenues of a motion picture before it is released based on a number of factors. Upon a film's initial domestic theatrical release and performance, we update our estimate of ultimate revenues based on actual results. If a film is not received favorably, we may reduce our estimate of ultimate revenues, thereby accelerating the amortization of capitalized film costs. Similarly, if we determine it is no longer advantageous for us to air a program on our networks, we would accelerate our amortization of the program costs.

An increase in content acquisition costs could also affect our profits. For example, we license various music rights from the major record companies and music publishers, performing rights organizations and others. Some of these sources of music are highly consolidated and certain music costs are subject to adjudicatory procedures in courts or administrative agencies. There can be no assurance that our cost-containment efforts will be as effective as we would like or that we will recoup our investments in programming or motion pictures, which may negatively affect our profitability.

Our Revenues, Expenses and Operating Results May Vary Based on the Timing, Mix, Number and Availability of Our Motion Pictures and Other Programming and on Seasonal Factors

Our revenues, expenses and operating results fluctuate due to the timing, mix, number and availability of our theatrical motion pictures, home entertainment releases and programs for licensing. For example, our operating results may increase or decrease during a particular period due to differences in the number and/or mix of films released compared to the corresponding period in the prior year and the timing of delivery of programming to television and digital distributors. Our operating results also fluctuate due to the timing of the recognition of marketing expenses, which are typically largely incurred prior to the release of motion pictures and home entertainment product, with the recognition of related revenues in later periods.

Our business also has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on audiences' viewing habits and attendance. Typically, our revenue from advertising increases in the first quarter of our fiscal year due to the holiday season, among other factors, and revenue from motion pictures increases in the summer and around holidays. The effects of these variances make it difficult to estimate future operating results based on the results of any specific quarter.

The Loss of Affiliation Agreements, Renewal on Less Favorable Terms or Adverse Interpretations Could Cause Our Revenues to Decline in Any Given Period or in Specific Markets

We are dependent upon our agreements with cable television, direct-to-home satellite television and telecommunications operators, subscription and advertising supported video-on-demand services, and other distributors of our programming and program services. We have agreements in place with the major cable and satellite distributors and several online content distributors, but there can be no assurance that these agreements will be renewed in the future on terms, including pricing, acceptable to us. While many consumers have a choice of distributors from which to access our content, the loss of carriage on the most widely available cable and satellite programming tiers could reduce the distribution of our programming and program services and decrease the potential audience for our programs, thereby negatively affecting our growth prospects and revenues from advertising and affiliate fees. In addition, as these affiliate agreements have grown in complexity, the number of disputes regarding the interpretation, and even validity, of the agreements has grown, resulting in greater uncertainty and, from time to time, litigation seeking to circumscribe enforcement of our rights or to seek damages under competition and other laws. For more information about one such lawsuit, see “Item 3. Legal Proceedings.”

Changes in U.S. or Foreign Communications Laws, Laws Affecting Intellectual Property Rights or Other Regulations May Have an Adverse Effect on Our Business

Our program services and online, mobile and app properties are subject to a variety of laws and regulations, including those relating to intellectual property, content regulation, user privacy, data protection and consumer protection, among others. For example, there are various laws and regulations intended to protect the interests of children, including limits on the amount and content of advertising that may be shown during children’s programming and measures designed to protect the privacy of minors, which affect our Nickelodeon businesses in particular. In addition, the U.S. Congress, the FCC and foreign governments currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could directly or indirectly affect the operations or ownership of our media properties. For example, Canada is considering "pick-and-pay" regulations. If the U.S. were to demand that our programming services be offered on an “á la carte” or tiered basis, we could experience high costs, reduced distribution of our program services, perhaps significantly, and loss of viewers on some or all of our channels. Further, Congress has initiated hearings to consider significant changes in copyright law. Our businesses could be adversely affected by any such new laws and regulations, or the threat that additional laws or regulations may be forthcoming.

In addition, the interpretation of existing laws by courts and regulators can have a significant effect on our business. Our businesses are also impacted by the laws and regulations of the foreign jurisdictions in which we, or our partners, operate, including quotas, tax regimes and currency restrictions. We could incur substantial costs to comply with new laws and regulations or substantial penalties or other liabilities if we fail to comply. We could also be required to change or limit certain of our business practices, which could impact our ability to generate revenues. Laws in some non-U.S. jurisdictions differ in significant respects from those in the United States, and the enforcement of such laws can be inconsistent and unpredictable. This could impact our ability to expand our operations and undertake activities that we believe are beneficial to our business.

We Could Be Adversely Affected by Strikes and Other Union Activity

We and our suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. Any labor disputes may disrupt our operations and reduce our revenues, and we may not be able to negotiate favorable terms for a renewal, which could increase our costs.

The Loss of Key Talent Could Disrupt Our Business and Adversely Affect Our Revenues

Our business depends upon the continued efforts, abilities and expertise of not only our corporate and divisional executive teams, but also the various creative talent and entertainment personalities we engage. For example, we employ or contract with several entertainment personalities with loyal audiences and we produce motion pictures with highly regarded directors, producers, writers, actors and other talent. These individuals are important to achieving the success of our programs, motion pictures and other content. There can be no assurance that these individuals will remain with us or will retain their current appeal, or that the costs associated with retaining talent will be reasonable. If we fail to retain these individuals on current terms or if our entertainment personalities lose their current appeal, our revenues and profitability could be adversely affected.

We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in the Disclosure of Confidential Information, Disruption of Our Programming and Motion Picture Services, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses

Our online, mobile and app offerings, as well as our internal and certain partners’ systems, involve the storage and transmission of our and our users’ proprietary and personal information, and we and our partners rely on various technology systems in connection with the production and distribution of our programming and motion pictures. Although we monitor our security measures regularly, they may be breached due to employee error, computer malware, viruses, hacking and phishing attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to our data or our users’ data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in a loss of our or our users' proprietary information, a disruption of our services or a reduction of the revenues we are able to generate from such services, damage to our brands and reputation, a loss of confidence in the security of our offerings and services, and significant legal and financial exposure, including from

Table of Contents

regulatory or consumer actions related to consumer data collection and other data privacy concerns, each of which could potentially have an adverse effect on our business.

International Political and Economic Risks Could Harm Our Financial Condition

Our businesses operate and have customers and partners worldwide, and we are focused on expanding our international operations in key markets, some of which are emerging markets. Inherent risks of doing business in international markets include, among other risks, changes in the economic and regulatory environment, export and market access restrictions, censorship, restrictions on foreign ownership or investment, currency exchange controls and/or fluctuations, regulations regarding repatriation of profits, taxation rules and procedures, tariffs or other trade barriers, permit requirements, longer payment cycles, corruption and, in some markets, increased risk of political instability, conflict and sanctions preventing us from accessing those markets. In particular, foreign currency fluctuations against the U.S. Dollar affect our results both positively and negatively, which may cause results to fluctuate. Furthermore, some foreign markets where we and our partners operate may have weaker economic conditions than the United States. For example, certain European countries have experienced significant economic downturns and related political turmoil in recent years and our operations in those regions could be significantly impacted by, among other things, reduced sales of our retail products and sharp foreign exchange movements. We also may incur substantial costs as a result of changes in the existing economic or political environment in the regions where we do business, including the imposition of new restrictions and sanctions. In addition, acts of terrorism or other hostilities, or other financial, political, economic or other uncertainties, could lead to a reduction in revenue or loss of investment, which could adversely affect our business, financial condition or results of operations.

The Failure, Destruction and/or Breach of Satellites and Facilities that We Depend Upon to Distribute Our Programming Could Adversely Affect Our Business and Results of Operations

We use satellite systems to transmit our program services to cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Notwithstanding certain back-up and redundant systems, transmissions may be disrupted as a result of local events, such as extreme weather, that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. Failure to do so could have a material adverse effect on our business and results of operations. There can be no assurance that such failure or breach would not have an adverse effect on our financial condition.

Our Obligations Related to Guarantees, Litigation and Joint Ventures Could Adversely Impact Our Financial Condition

We have both recorded and potential liabilities and costs related to discontinued operations and former businesses, including, among other things, potential liabilities to landlords if Famous Players Inc. defaults on certain theater leases. We have also made certain investments in joint ventures and have future funding obligations, which may not be recouped until well after our initial investment, if at all. We are also involved in pending and threatened legal proceedings from time to time, the outcome of which is inherently uncertain and difficult to predict. It is uncertain at what point any of these or new liabilities may affect us, and there can be no assurance that our reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due. Therefore, there can be no assurance that these liabilities will not have an adverse effect on our financial condition.

Through NAI’s Voting Control of Viacom and CBS Corporation, Certain Members of Management, Directors and Stockholders May Face Actual or Potential Conflicts of Interest, and NAI is in a Position to Control Actions that Require Stockholder Approval

Mr. Redstone, the controlling stockholder, Chairman and Chief Executive Officer of NAI, serves as our Executive Chairman and Founder. Shari Redstone, Mr. Redstone’s daughter, is the President and a director of NAI and serves as the non-executive Vice Chair of our Board of Directors. Philippe Dauman, our President and Chief Executive Officer, is a director of NAI, and George Abrams, one of our directors, is a director of NAI. NAI also controls CBS Corporation, with Mr. Redstone serving as its Executive Chairman and Founder and Ms. Redstone serving as its non-executive Vice Chair. Frederic Salerno, one of our directors, is also a director of CBS Corporation.

The NAI ownership structure and the common directors could create, or appear to create, potential conflicts of interest when the management, directors and controlling stockholder of the commonly controlled entities face decisions that could have different implications for each entity. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and CBS Corporation. Potential conflicts of interest, or the appearance thereof, could also arise when we and CBS Corporation enter into any commercial arrangements with each other, despite review by our directors not affiliated

Table of Contents

with CBS Corporation. Our certificate of incorporation and the CBS Corporation certificate of incorporation both contain provisions related to corporate opportunities that may be of interest to us and to CBS Corporation, and these provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

In addition, NAI's voting control of us allows it to control the outcome of corporate actions that require stockholder approval, including the election of directors and transactions involving a change in control. For so long as NAI retains voting control of us, our stockholders other than NAI will be unable to affect the outcome of our corporate actions. The interests of NAI may not be the same as the interests of our other stockholders, who must rely on our independent directors to represent their interests.

We, NAI and CBS Corporation, and our Respective Businesses, Are Attributable to Each Other for Certain Regulatory Purposes Which May Limit Business Opportunities or Impose Additional Costs

So long as we, NAI and CBS Corporation are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, may be attributable to the other companies for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, certain rules under the Employee Retirement Income Security Act of 1974 and certain rules regarding political campaign contributions in the United States, among others. The businesses of each company may continue to be attributable to the other companies for FCC and other purposes even after the companies cease to be commonly controlled, if the companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of any of these other companies may have the effect of limiting the activities or strategic business alternatives available to us, including limitations to which we contractually agreed in connection with our separation from CBS Corporation, or may impose additional costs on us.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

In addition to the properties described below, we own and lease office, studio, production and warehouse space and broadcast, antenna and satellite transmission facilities throughout the United States and around the world for our businesses. We consider our properties adequate for our present needs.

Viacom

- Our world headquarters is located at 1515 Broadway, New York, New York, where we lease approximately 1.4 million square feet for executive, administrative and business offices for the Company and certain of our operating divisions. The lease runs through June 2031, with two renewal options based on market rates at the time of renewal for ten years each thereafter.

Viacom Media Networks

- In addition to occupying space at 1515 Broadway in New York, we lease the following major office facilities: (a) approximately 400,000 square feet at 345 Hudson Street, New York, New York, through 2022, (b) approximately 175,000 square feet at two facilities in Santa Monica, California, under leases that expire between 2016 and 2017 and (c) approximately 278,000 square feet at 1540 Broadway, New York, New York, through 2021. Viacom Media Networks' Network Operations Center in Hauppauge, New York contains approximately 65,000 square feet of floor space on approximately 9 acres of land, and its Global Business Services Center in Franklin, Tennessee contains approximately 23,000 square feet of office space under a lease that expires in 2017.
- The Nickelodeon Animation Studio in Burbank, California contains approximately 140,000 square feet of studio and office space, under leases that expire between 2015 and 2018.
- CMT's headquarters in Nashville, Tennessee occupies approximately 86,000 square feet of space for its executive, administrative and business offices and its studios, under leases expiring in 2020.
- BET's headquarters at One BET Plaza in Washington, D.C. contains approximately 192,000 square feet of office and studio space, the majority of which is leased pursuant to ground leases which we expect will be extended through 2024 (with renewal options for an additional 35 years), and the balance of which is owned.
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Internationally, VIMN (i) leases approximately 84,000 square feet of space in Berlin through a lease expiring in 2017 and (ii) occupies approximately 115,000 square feet of space at its owned and leased Hawley Crescent facilities in London.

Table of Contents

Filmed Entertainment

- Paramount owns the Paramount Pictures Studio situated at 5555 Melrose Avenue, Los Angeles, California, located on approximately 62 acres of land, and containing approximately 1.85 million square feet of floor space used for executive, administrative and business offices, sound stages, production facilities, theatres, equipment facilities and other ancillary uses. Paramount has embarked on a planned 25-year expansion and revitalization project for its studio.
- Paramount Pictures International has offices in Chiswick, West London, where it leases approximately 45,000 square feet of space used for executive, administrative and business offices and a viewing cinema through 2017.

Item 3. Legal Proceedings.

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

In February 2013, Cablevision Systems Corporation filed a lawsuit in the United States District Court for the Southern District of New York alleging that Viacom's industry standard practice of offering discounts for additional network distribution constituted a "tying" arrangement in violation of federal and New York state antitrust laws. Similar arrangements have been upheld by numerous federal and state courts, including in a federal case in which Cablevision itself advocated for the legality of such arrangements. We believe the lawsuit is without merit. In July 2014, Viacom answered the amended complaint and asserted counterclaims against Cablevision for having fraudulently induced Viacom to renew their affiliate agreement at the end of 2012 on terms which Cablevision intended to challenge in the courts. Cablevision answered the counterclaims in September 2014.

In August 2012, a complaint was filed in the United States District Court for the District of Delaware by a Viacom Class B stockholder against us and each member of our Board of Directors. The complaint purported to be a derivative action alleging that, between 2008 and 2011, we violated the terms of our 2007 Senior Executive Short-Term Incentive Plan (the "2007 Plan") by improperly using subjective criteria to increase the bonuses paid to Messrs. Redstone, Dauman and Dooley in each of those years. The plaintiff alleged that during this period Messrs. Redstone, Dauman and Dooley were paid more than the 2007 Plan permitted and the plaintiff sought to recover the amount of the claimed overpayment, plus interest, for the Company. The plaintiff also alleged that adoption of the Viacom 2012 Senior Executive Short-Term Incentive Plan (the "2012 Plan") required the vote of all Viacom stockholders and not just holders of our voting Class A common stock. Accordingly, the plaintiff sought to enjoin any payment under the 2012 Plan until a new vote on that plan that included Class B stockholders occurred. In July 2013, the District Court granted our motion to dismiss the complaint. In June 2014, the United States Court of Appeals for the Third Circuit affirmed the decision of the District Court to dismiss the case, and the matter is now fully resolved.

Item 4. Mine Safety Disclosures.

Not applicable.

OUR EXECUTIVE OFFICERS

The following table sets forth the name, age and position of each person who serves as a Viacom executive officer.

Name	Age	Position
Sumner M. Redstone	91	Executive Chairman of the Board and Founder
Philippe P. Dauman	60	President and Chief Executive Officer; Director
Wade Davis	42	Executive Vice President, Chief Financial Officer
Thomas E. Dooley	58	Senior Executive Vice President and Chief Operating Officer; Director
Carl D. Folta	57	Executive Vice President, Corporate Communications
Michael D. Fricklas	54	Executive Vice President, General Counsel and Secretary
Katherine Gill-Charest	50	Senior Vice President, Controller
DeDe Lea	50	Executive Vice President, Government Relations
Scott Mills	46	Executive Vice President, Human Resources and Administration

Table of Contents

Information about each of our executive officers is set forth below.

Sumner M. Redstone	Mr. Redstone has been our Executive Chairman of the Board of Directors and Founder since January 1, 2006. He has also served as Executive Chairman and Founder of CBS Corporation since January 1, 2006. He was Chairman of the Board of former Viacom Inc. ("Former Viacom"), which is now known as CBS Corporation, beginning in 1987 and Chief Executive Officer of Former Viacom from 1996 to 2005. He has been Chairman of the Board of National Amusements, Inc., our controlling stockholder, since 1986, its Chief Executive Officer since 1967 and also served as its President from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. He has been a frequent lecturer at universities, including Harvard Law School, Boston University Law School and Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received an LL.B. from Harvard University School of Law in 1947. Upon graduation, he served as law secretary with the U.S. Court of Appeals and then as a special assistant to the U.S. Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty, and the Army Commendation Award.
Philippe P. Dauman	Mr. Dauman has been our President and Chief Executive Officer since September 2006 and a member of our Board of Directors since January 1, 2006, having previously served as a director of Former Viacom since 1987. Mr. Dauman was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dooley, from May 2000 until September 2006. Prior to that, Mr. Dauman held several positions at Former Viacom, which he first joined in 1993, including Deputy Chairman and member of its Executive Committee. Mr. Dauman is also a director of National Amusements, Inc. and has served as a director of Lafarge S.A. since 2007.
Wade Davis	Mr. Davis has been our Executive Vice President, Chief Financial Officer since November 27, 2012. Prior to that, he served as Executive Vice President, Strategy and Corporate Development beginning in August 2009, as Senior Vice President, Mergers & Acquisitions and Strategic Planning from January 2007 to August 2009 and as Senior Vice President of Mergers & Acquisitions beginning January 1, 2006. Prior to joining Viacom, Mr. Davis was an investment banker in the technology and media sectors for more than a decade.
Thomas E. Dooley	Mr. Dooley has been our Senior Executive Vice President since September 2006, our Chief Operating Officer since May 2010 and a member of our Board of Directors since January 1, 2006. He served as our Chief Administrative Officer from September 2006 to May 2010 and as our Chief Financial Officer from January 2007 to September 2010. Mr. Dooley was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dauman, from May 2000 until September 2006. Before that, Mr. Dooley held various corporate and

divisional positions at Former Viacom, which he first joined in 1980, including Deputy Chairman and member of its Executive Committee. Mr. Dooley served as a director of Sapphire Industrials Corp. from 2007 to 2010.

Table of Contents

Carl D. Folta	Mr. Folta has been our Executive Vice President, Corporate Communications since November 2006. Prior to that, he served as Executive Vice President, Office of the Chairman beginning January 1, 2006. He has served in senior communications positions with the Company since April 1994 and was appointed Executive Vice President, Corporate Relations, of Former Viacom in November 2004. Mr. Folta held various communications positions at Paramount Communications Inc., a predecessor, from 1984 to 1994.
Michael D. Fricklas	Mr. Fricklas has been our Executive Vice President, General Counsel and Secretary since January 1, 2006. Prior to that, he was Executive Vice President, General Counsel and Secretary of Former Viacom beginning in May 2000 and Senior Vice President, General Counsel and Secretary from October 1998 to May 2000. He first joined Former Viacom in July 1993, serving as Vice President and Deputy General Counsel and assuming the title of Senior Vice President in July 1994.
Katherine Gill-Charest	Ms. Gill-Charest has been our Senior Vice President, Controller and Chief Accounting Officer since October 1, 2010. Prior to that, she was Senior Vice President, Deputy Controller beginning in April 2010 and Vice President, Deputy Controller from May 2007 to April 2010. Prior to joining Viacom, Ms. Gill-Charest served as Chief Accounting Officer of WPP Group USA from November 2005 to May 2007 and as its Vice President, Group Reporting from February 2001 to November 2005.
DeDe Lea	Ms. Lea has been our Executive Vice President, Government Relations since January 1, 2006. Previously, she was Senior Vice President, Government Relations of Former Viacom beginning in September 2005. Prior to that, she served as Vice President of Government Affairs at Belo Corp. from 2004 to 2005 and as Vice President, Government Affairs of Former Viacom from 1997 to 2004.
Scott Mills	Mr. Mills has been our Executive Vice President, Human Resources and Administration since October 1, 2012. Previously, he was President and Chief Operating Officer of BET Networks beginning in July 2007. Prior to that, he served as President of Digital Media for BET Networks from August 2006 to July 2007 and as Chief Financial Officer of BET Networks beginning in 2003. He first joined BET Networks in 1997, serving as Senior Vice President of Strategy & Business Development, and served as Executive Vice President and Chief Operating Officer of BET Interactive from 1999 to 2003.

Table of Contents

PART II

Item 5. Market for Viacom Inc.'s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our voting Class A common stock and non-voting Class B common stock are listed and traded on The NASDAQ Global Select Market under the symbols "VIA" and "VIAB", respectively.

The table below shows, for the periods indicated, the high and low sales prices per share of our Class A and Class B common stock as reported in Thomson Financial markets services.

	Sales Price	
	Low	High
Class A common stock – Fiscal 2014		
4th Quarter	$76.65	$89.64
3rd Quarter	$81.35	$88.47
2nd Quarter	$78.70	$89.30
1st Quarter	$79.01	$88.20
Class A common stock – Fiscal 2013		
4th Quarter	$67.44	$85.44
3rd Quarter	$62.10	$71.58
2nd Quarter	$	