

Viacom Inc.  
Form DEF 14A  
January 27, 2012  
**Table of Contents**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**VIACOM INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: Viacom Inc. - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

January 27, 2012

Dear Viacom Stockholders:

We are pleased to invite you to attend the Viacom Inc. 2012 Annual Meeting of Stockholders. The meeting will be held on Thursday, March 8, 2012 at our corporate headquarters located at 1515 Broadway (enter on 44th St.), New York, New York, beginning at 10:30 a.m., Eastern Daylight Time.

At this year's meeting, we will be electing 11 members of our Board of Directors, selecting our independent public accountants and considering amendments to our management bonus compensation plan.

To help reduce costs and the environmental impact of printing the proxy materials, we encourage you to take advantage of electronic delivery by following the instructions in the proxy statement. Stockholders who do not receive electronically delivered or printed proxy materials will receive a Notice of Internet Availability of Proxy Materials in the mail that tells you how to:

Access the Notice of 2012 Annual Meeting of Stockholders and Proxy Statement, our Stockholder Letter and our Annual Report on Form 10-K for the twelve-month fiscal year ended September 30, 2011 through <http://proxymaterials.viacom.com>; and

Submit your vote if you hold shares of Class A common stock. Class A common stockholders can submit their vote by telephone, the Internet or in person at the Annual Meeting. Class A holders will also find instructions on how to vote their shares on their proxy card or voting instruction card.

We appreciate your continued support of Viacom and look forward to seeing you at the Annual Meeting.

**SUMNER M. REDSTONE**

*Executive Chairman of the Board of Directors and Founder*

**PHILIPPE P. DAUMAN**

*President and Chief Executive Officer*

---

**Table of Contents**

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT**

The Viacom Inc. 2012 Annual Meeting of Stockholders will be held on Thursday, March 8, 2012 at Viacom's corporate headquarters located at 1515 Broadway (enter at 44th St.), New York, New York, beginning at 10:30 a.m., Eastern Daylight Time. At the meeting, we will consider:

1. The election of the 11 director nominees identified in the proxy statement;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2012;
3. The approval of the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012; and
4. Such other business as may properly come before the meeting.

Holders of Class A common stock at the close of business on our record date of January 13, 2012 are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment of the meeting. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open for examination by any stockholder during ordinary business hours at our corporate headquarters located at 1515 Broadway, New York, New York.

Holders of Class B common stock are not entitled to vote at the Annual Meeting, but are invited to attend the meeting and will receive the proxy materials for informational purposes.

National Amusements, Inc., which, as of our record date, beneficially owned approximately 79.5% of the shares of Class A common stock, has advised us that it intends to vote all of its shares of Class A common stock in accordance with the recommendations of the Board of Directors on each of the items of business identified above, which will be sufficient to constitute a quorum and to determine the outcome of each item under consideration.

If you plan to attend the Annual Meeting, you will need to obtain an admission ticket and present photo identification. Instructions on how to obtain an admission ticket are on page 4 of the proxy statement ( *How do I gain admission to the Annual Meeting?* ).

By order of the Board of Directors,

MICHAEL D. FRICKLAS

*Executive Vice President, General Counsel and Secretary*

January 27, 2012

**Table of Contents**

**TABLE OF CONTENTS**

	Page
<b><u>Questions and Answers about the 2012 Annual Meeting of Stockholders</u></b>	1
<b><u>Company Information and Mailing Address</u></b>	5
<b><u>Item 1 Election of Directors</u></b>	6
<b><u>Our Board of Directors</u></b>	11
<b><u>Corporate Governance</u></b>	18
<b><u>Director Compensation</u></b>	21
<b><u>Security Ownership of Certain Beneficial Owners and Management</u></b>	24
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	25
<b><u>Related Person Transactions</u></b>	26
<b><u>Compensation Committee Report</u></b>	28
<b><u>Executive Compensation</u></b>	29
<b><u>Compensation Discussion and Analysis</u></b>	29
<b><u>Fiscal Year 2011 Summary Compensation Table</u></b>	44
<b><u>Fiscal Year 2011 Grants of Plan-Based Awards</u></b>	49
<b><u>Outstanding Equity Awards at Fiscal Year End</u></b>	51
<b><u>Option Exercises and Stock Vested in Fiscal Year 2011</u></b>	53
<b><u>Fiscal Year 2011 Pension Benefits</u></b>	54
<b><u>Fiscal Year 2011 Nonqualified Deferred Compensation</u></b>	57
<b><u>Potential Payments Upon Termination or Change-In-Control</u></b>	60
<b><u>Equity Compensation Plan Information</u></b>	66
<b><u>Report of the Audit Committee</u></b>	67
<b><u>Services Provided by the Independent Auditor and Fees Paid</u></b>	69
<b><u>Item 2 Ratification of the Appointment of the Independent Auditor</u></b>	70
<b><u>Item 3 Approval of the Viacom Inc. Senior Executive Short-Term Incentive Plan, As Amended and Restated Effective January 18, 2012</u></b>	71
<b><u>Other Matters</u></b>	73

**Table of Contents**

**2012 PROXY STATEMENT**

**QUESTIONS AND ANSWERS ABOUT THE 2012 ANNUAL MEETING OF STOCKHOLDERS**

**What is the purpose of this proxy statement?**

The Viacom Board of Directors is soliciting a proxy from stockholders of our Class A common stock to vote on the items to be considered at the 2012 Annual Meeting of Stockholders (the Annual Meeting), which will be held on March 8, 2012.

**What is the Notice of Internet Availability of Proxy Materials?**

The Notice of Internet Availability of Proxy Materials is a document that:

Indicates that our Stockholder Letter, Notice of 2012 Annual Meeting of Stockholders and Proxy Statement, and Annual Report on Form 10-K for the twelve-month fiscal year ended September 30, 2011 are available at <http://proxymaterials.viacom.com>;

Provides instructions on how Class A stockholders may vote their shares; and

Indicates how you may request printed copies of these materials, including, for holders of Class A common stock, the proxy card or voting instruction card.

We will begin distributing the Notice of Internet Availability of Proxy Materials on or about January 27, 2012.

**What items of business will be voted on at the Annual Meeting?**

At the meeting, we will consider:

1. The election of the 11 director nominees identified in this proxy statement;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2012; and
3. The approval of the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012.

**Who is entitled to vote at the Annual Meeting?**

***If you are a holder of Class A common stock:***

Holders of our Class A common stock as of the record date of January 13, 2012 are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment of the meeting.

***If you are a holder of Class B common stock:***

## Edgar Filing: Viacom Inc. - Form DEF 14A

Holders of our non-voting Class B common stock are not entitled to vote at the Annual Meeting, or any postponement or adjournment of the meeting, and will receive this proxy statement and related materials for informational purposes.

## **Table of Contents**

### **How does the Board of Directors recommend holders of Class A common stock vote on the business of the meeting?**

The Board of Directors recommends that Class A stockholders vote their shares:

1. FOR the election of each of the 11 director nominees identified in this proxy statement;
2. FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2012; and
3. FOR the approval of the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012.

### **How many shares can vote at the Annual Meeting?**

At the close of business on January 13, 2012, we had 51,410,599 shares of Class A common stock outstanding, and each of those shares is entitled to one vote. Shares of Class B common stock are not entitled to vote.

### **How many shares must be present or represented at the Annual Meeting to conduct business?**

Under our Amended and Restated Bylaws, the holders of a majority of the aggregate voting power of the Class A common stock outstanding on the record date, present in person or by proxy at the Annual Meeting, constitute a quorum to conduct business at the Annual Meeting. Abstentions will be treated as present for purposes of determining a quorum. The shares of our Class A common stock held by National Amusements, Inc. ( NAI ) will be voted at the Annual Meeting and will constitute a quorum.

### **What vote is required to approve each of the items of business?**

The affirmative vote of the holders of a majority of the aggregate voting power of the Class A common stock outstanding at the close of business on our record date of January 13, 2012, present in person or by proxy at the Annual Meeting, is required to approve each of the items of business listed above.

At the close of business on our record date, NAI beneficially owned, directly and through its wholly-owned subsidiary, NAI Entertainment Holdings LLC ( NAI EH ), approximately 79.5% of our outstanding Class A common stock. Sumner M. Redstone, the controlling stockholder of NAI, is our Executive Chairman of the Board of Directors and Founder. NAI has advised us that it intends to vote all of the shares of Class A common stock held by it and NAI EH in accordance with the recommendations of the Board of Directors on each of the items listed above.

### **How can I vote my shares at the Annual Meeting?**

#### ***Voting by Proxy***

Holders of Class A common stock may submit a proxy by:

following the instructions on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card to vote by telephone or the Internet. These instructions can also be found at <http://proxymaterials.viacom.com>. Your telephone or Internet proxy must be received no later than 11:59 p.m., Eastern Daylight Time, on March 7, 2012; or

completing, signing, dating and returning the proxy card or voting instruction card so that it is received prior to the Annual Meeting.





## **Table of Contents**

Philippe P. Dauman and Michael D. Fricklas (the proxy holders ) have been designated by our Board of Directors to vote the shares represented by proxy at the Annual Meeting. Messrs. Dauman and Fricklas are executive officers of Viacom, and Mr. Dauman is also a director nominee.

The proxy holders will vote the shares represented by your valid and timely received proxy in accordance with your instructions.

If you do not specify instructions on your proxy when you submit it, the proxy holders will vote the shares represented by the proxy in accordance with the recommendations of the Board of Directors on each item of business listed above.

If any other matter properly comes before the Annual Meeting, the proxy holders will vote the shares represented by proxy on that matter in their discretion.

### ***Voting Shares Held in the Viacom 401(k) Plan***

Voting instructions for shares of Class A common stock held in the Viacom 401(k) plan must be received by 11:59 p.m., Eastern Daylight Time, on March 6, 2012 so that the trustee of the plan (who votes the shares on behalf of plan participants) has adequate time to tabulate the voting instructions. Shares held in the Viacom 401(k) plan that are not voted, or for which the trustee does not receive timely voting instructions, will be voted by the trustee in the same proportion as the shares held in the plan that are timely voted, except as otherwise required by law.

### ***Voting other than by Proxy***

While we encourage voting in advance by proxy, holders of Class A common stock (other than shares held in the Viacom 401(k) plan) also have the option of voting their shares in person at the Annual Meeting.

### **Can I change my vote or revoke my proxy after I return my proxy card?**

#### ***Shares Held other than in the Viacom 401(k) Plan***

You may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting by:

sending written notice to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794, so long as it is received by 11:59 p.m., Eastern Daylight Time, on March 7, 2012;

submitting a proxy bearing a later date than the proxy being revoked to Broadridge, P.O. Box 9111, Farmingdale, NY 11735, so long as it is received by 11:59 p.m., Eastern Daylight Time, on March 7, 2012;

voting again by telephone or the Internet by 11:59 p.m., Eastern Daylight Time, on March 7, 2012; or

attending the Annual Meeting and voting in person.

#### ***Shares Held in the Viacom 401(k) Plan***

Voting instructions relating to shares of Class A common stock held in the 401(k) plan may be revoked prior to 11:59 p.m., Eastern Daylight Time, on March 6, 2012 by:

Edgar Filing: Viacom Inc. - Form DEF 14A

sending written notice to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794;

**Table of Contents**

submitting voting instructions bearing a later date than the voting instructions being revoked to Broadridge, P.O. Box 9111, Farmingdale, NY 11735; or

voting again by telephone or the Internet.

**What effect do abstentions and broker non-votes have on the items of business?**

An abstention on any of the items listed above will have the effect of a vote against that item.

If you hold shares of our Class A common stock beneficially in street name and do not provide your broker or other nominee specific voting instructions, your shares may constitute broker non-votes. Broker non-votes occur when (i) a broker is not permitted, under applicable stock exchange rules, to vote on a matter without instructions from the beneficial owner and (ii) instructions are not given. Brokers are not permitted to vote on items 1 and 3 above without receiving specific voting instructions from the beneficial holder of the shares. Therefore, if you are a beneficial holder of our Class A common stock and do not give your broker/nominee specific voting instructions on items 1 or 3, your shares will not be voted on those items, as applicable, and a broker non-vote will occur. Broker non-votes will have no effect on the voting results for such items.

**How do I gain admission to the Annual Meeting?**

***If you are a registered holder of Class A common stock:***

Please mark the appropriate box on the proxy card, or indicate that you plan to attend the meeting when you vote by telephone or the Internet, and an admission ticket will be sent to you. Please bring photo identification with you for admittance to the meeting.

***If you are a registered holder of Class B common stock or hold Class A or Class B common stock beneficially in a brokerage account or otherwise:***

You must obtain an admission ticket in advance by sending a written request along with proof of ownership (such as your brokerage firm account statement or statement of holdings from our transfer agent) to Director, Shareholder Relations, Viacom Inc., 1515 Broadway, 52<sup>nd</sup> Floor, New York, New York 10036-5794. Please bring photo identification with you for admittance to the meeting.

**Who pays the cost of soliciting votes for the Annual Meeting?**

We will pay the cost of the solicitation of proxies, including the preparation, website posting, printing and delivery of the proxy materials. We will furnish copies of these materials to banks, brokers, fiduciaries, custodians and other nominees that hold shares on behalf of beneficial owners so that they may forward the materials to beneficial owners.

**Who will count the votes?**

We have retained IVS Associates, Inc. to tabulate the votes and serve as the independent inspector of election for the Annual Meeting.

**Where can I find the voting results of the Annual Meeting?**

We will publish the final results of the voting in a Current Report on Form 8-K within four business days of the Annual Meeting.

**Table of Contents**

**How can I elect to receive future shareholder communications such as proxy materials electronically?**

We highly recommend that you receive electronic delivery of Viacom proxy statements, annual reports and other stockholder communications. This helps reduce the use of paper and lowers our printing, postage and other costs. If you have not previously enrolled in electronic delivery of such materials, you can elect to participate when you vote on the Internet. You can also enroll at [www.icsdelivery.com/viacom](http://www.icsdelivery.com/viacom).

Stockholders who have not enrolled in electronic delivery will receive by mail the Notice of Internet Availability of Proxy Materials indicating that our proxy materials are available at <http://proxymaterials.viacom.com>, unless you have advised us that you prefer to receive a printed copy.

**COMPANY INFORMATION AND MAILING ADDRESS**

We were organized as a Delaware corporation in 2005 in connection with our separation from former Viacom Inc. ( Former Viacom ), which is now known as CBS Corporation, which was effective January 1, 2006. Our mailing address is Viacom Inc., 1515 Broadway, New York, NY 10036-5794, and our telephone number is (212) 846-6000. Our website address is [www.viacom.com](http://www.viacom.com). References in this proxy statement to Viacom, company, we, us and our refer to Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise. Information on our website is not intended to be incorporated into this proxy statement.

***Fiscal Year End Change***

In 2010, we changed our fiscal year end to September 30 from December 31. This proxy statement reports information for the twelve-month fiscal year ended September 30, 2011 (our first full fiscal year since the change), which we refer to as fiscal year 2011. Our fiscal year 2010 results reflect our results for the nine-month transition period ended September 30, 2010, our fiscal year 2009 results reflect our results for the twelve months ended December 31, 2009 and our fiscal year 2008 results reflect our results for the twelve months ended December 31, 2008.

**Table of Contents**

**ITEM 1 ELECTION OF DIRECTORS**

The election of 11 directors is proposed by the Board of Directors. In accordance with our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each director will hold office for a term of one year and until his or her successor is duly elected and qualified.

**Our Director Nominees**

The Governance and Nominating Committee is responsible for reviewing the composition of our Board annually after considering the Board's anticipated needs for the upcoming year. In recommending director nominees to our Board, the members of the Governance and Nominating Committee consider information on the experience and qualifications of each director nominee, including each nominee's independence, each incumbent director's performance as a Viacom Board member, and an overall assessment of the Board's functioning.

All of our director nominees are current members of our Board of Directors who were last elected at our 2011 Annual Meeting. The Governance and Nominating Committee unanimously recommended to the Board that the director nominees be invited to stand for re-election at the Annual Meeting.

***Director Qualifications and Biographies***

The Governance and Nominating Committee, consistent with the desires of the full Board and our controlling stockholder, seeks to achieve a Board that represents a diverse mix of skills, perspectives, talents, backgrounds and education that will enhance our decision-making process, oversee management's execution of strategic objectives and represent the interests of all of our stockholders. Independence is a key factor when considering the director nominees, as are critical thinking skills, practical wisdom and mature judgment in the decision-making process. Our Board composition reflects our commitment to include individuals from diverse backgrounds and with diverse experience, and the members of our Governance and Nominating Committee are mindful of that objective when they nominate directors for election. Our Board composition also reflects the Committee's determination as to the appropriate size of the board to facilitate effective communication and cooperation.

The information that follows includes each director nominee's:

independence status as determined by the Board of Directors for purposes of, and in accordance with, the standards set forth in our Corporate Governance Guidelines and the listing standards of the NASDAQ Global Select Market (NASDAQ), as discussed under Our Board of Directors ;

tenure on our Board and the Board of Former Viacom, as applicable;

experience, qualifications, attributes and skills that the Governance and Nominating Committee and the Board considered in concluding that each director nominee should serve on Viacom's Board; and

service on the boards of directors of other public companies and investment companies during the past five years.

Important information about Viacom's corporate governance practices, the responsibilities and functioning of the Board and its committees, director compensation and related person transactions is found elsewhere in this proxy statement. We encourage you to review this information in connection with your decisions on the election of the 11 director nominees.

**Table of Contents**

<b>George S. Abrams</b>	<b>Age 79</b>	<b>Not Independent</b>
Mr. Abrams has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1987. Mr. Abrams is being re-nominated to our Board because of his extensive knowledge of and history with Viacom, his skills as an attorney and advisor, familiarity with issues facing media and entertainment companies, and his involvement with NAI, our controlling stockholder. Mr. Abrams is an attorney associated with the law firm of Winer and Abrams in Boston since 1969. Prior to that, Mr. Abrams served for three years as General Counsel and Staff Director of the United States Senate Judiciary Committee for Refugees. Mr. Abrams is a Trustee of the Boston Museum of Fine Arts and a Fellow and/or Director of a number of other arts and education related boards and foundations. He is also a director of NAI and has been a director of Sonesta International Hotels Corporation since 1995.		
<b>Philippe P. Dauman</b>	<b>Age 57</b>	<b>Not Independent</b>
Mr. Dauman has been our President and Chief Executive Officer since September 2006 and a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1987. Mr. Dauman is being re-nominated to our Board due to his role as our President and CEO, extensive knowledge of and history with Viacom, his strategic and operational experience, his in-depth understanding of our industry and his connections in the business community. 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 NAI and has served as a director of Lafarge S.A. since 2007.		
<b>Thomas E. Dooley</b>	<b>Age 55</b>	<b>Not Independent</b>
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 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 is being re-nominated to our Board due to his position as Chief Operating Officer, prior experience as our Chief Administrative Officer and Chief Financial Officer, extensive knowledge of and history with Viacom, his financial expertise and operational experience, and his in-depth understanding of our industry. 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 and LaBranche & Co Inc. from 2000 to 2007.		
<b>Alan C. Greenberg</b>	<b>Age 84</b>	<b>Independent</b>
Mr. Greenberg has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 2003. Mr. Greenberg is being re-nominated to our Board because of his independence, his broad business knowledge and demonstrated skills, his experience leading a large, multinational corporation in the financial industry and his connections in the business community. Mr. Greenberg is Vice Chairman Emeritus of JPMorgan Chase & Co., having previously served as Chairman of the Executive Committee of The Bear Stearns Companies Inc. from June 2001 until Bear Stearns was acquired by JPMorgan in May 2008. Mr. Greenberg also served as Chairman of the Board of Bear Stearns from 1985 to 2001, and as its Chief Executive Officer from 1978 to 1993.		

**Table of Contents**

**Robert K. Kraft** **Age 70** **Independent**  
 Mr. Kraft has been a member of our Board since January 1, 2006. Mr. Kraft is being re-nominated to our Board because of his independence, his experience and talent leading a large, multinational corporation, including strategic and operational experience, and his connections in the business community. Mr. Kraft is Chairman and Chief Executive Officer of The Kraft Group, which includes the New England Patriots, New England Revolution, Gillette Stadium, Rand-Whitney Group and International Forest Products Corporation. He is also a director of the Dana Farber Cancer Institute and The New England Patriots Charitable Foundation.

**Blythe J. McGarvie** **Age 55** **Independent**  
 Ms. McGarvie has been a member of our Board since April 12, 2007. Ms. McGarvie is being re-nominated to our Board because of her independence, her financial expertise and critical thinking, her experience and talent as a consultant and her international experience. Ms. McGarvie is the Chief Executive Officer of Leadership for International Finance, LLC, a firm focusing on improving clients' financial positions and providing leadership seminars for corporate and academic groups, having previously served as President since January 2003. From 1999 through 2002, Ms. McGarvie was the Executive Vice President and Chief Financial Officer of BIC Group. Prior to that, Ms. McGarvie served as Senior Vice President and Chief Financial Officer of Hannaford Bros. Co. from 1994 to 1999. Ms. McGarvie has served as a director of Accenture Ltd. since 2001. She also served as a director of The Travelers Companies, Inc. from 2004 to 2011 and The Pepsi Bottling Group, Inc. from 2002 to 2010.

**Charles E. Phillips, Jr.** **Age 52** **Independent**  
 Mr. Phillips has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 2004. Mr. Phillips is being re-nominated to our Board because of his independence, his experience as a senior executive in a large, multinational corporation, his financial industry background and financial and analytical expertise, and his familiarity with issues facing media, new media and intellectual property-driven companies. Mr. Phillips has been CEO of Infor Global Solutions since December 1, 2010. He was a President of Oracle Corporation from May 2003 to September 2010 and served as a member of its Board of Directors and Executive Management Committee from January 2004 to September 2010. Mr. Phillips also served as a director of Morgan Stanley from 2006 to 2010.

**Shari Redstone** **Age 57** **Not Independent**  
 Ms. Redstone has been the Non-Executive Vice Chair of our Board since January 1, 2006. She also serves as Non-Executive Vice Chair of the Board of CBS Corporation. Ms. Redstone has served on the Board of Former Viacom since 1994, becoming Vice Chairman in June 2005. Ms. Redstone is being re-nominated to our Board because of her extensive experience in and understanding of the entertainment industry, her experience and talent managing a large business, and her position with NAI, including as one of its significant stockholders. Ms. Redstone has been President of NAI since January 2000, and prior to that, served as Executive Vice President of NAI since 1994. Ms. Redstone is also Founder and Managing Partner of Legacy Ventures. An attorney, Ms. Redstone is a member of the Board of Directors and Executive Committee for the National Association of Theatre Owners and Co-Chairman of MovieTickets.com, Inc. She is also a member of the board of several charitable organizations, including the Dana Farber Cancer Institute, Combined Jewish Philanthropies, the John F. Kennedy Library Foundation and Build. Ms. Redstone is also a director of NAI. She also served as a director of Midway Games Inc. from 2004 until 2008. She is the daughter of Sumner Redstone.



**Table of Contents**

**Sumner M. Redstone** **Age 88** **Not Independent**

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 beginning in 1987. Mr. Redstone is being re-nominated to our Board because of his position as our controlling stockholder, role in founding Viacom, including managing it for many years, his extensive experience in and understanding of the media and entertainment industry and his connections in the business community. Mr. Redstone was Chief Executive Officer of Former Viacom from 1996 to 2005. He has been Chairman of the Board of NAI 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.

**Frederic V. Salerno** **Age 68** **Independent**

Mr. Salerno has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1994. Mr. Salerno is being re-nominated to our Board because of his independence, his financial expertise and experience as a chief financial officer in large, multinational corporations, and his extensive knowledge of and history with Viacom. Mr. Salerno is a retired Vice Chairman and Chief Financial Officer of Verizon Communications Inc., a position he held from June 2000 to October 2002. Prior to that, Mr. Salerno served as Vice Chairman and Chief Financial Officer of Bell Atlantic (Verizon's predecessor) beginning in August 1997. Prior to the merger of Bell Atlantic and NYNEX Corporation, Mr. Salerno served as Vice Chairman, Finance and Business Development, of NYNEX from 1994 to 1997. Mr. Salerno was Vice Chairman of the Board of NYNEX and President of the NYNEX Worldwide Services Group from 1991 to 1994. Mr. Salerno has served as a director of Akamai Technologies, Inc. since 2002, IntercontinentalExchange, Inc. since 2002, CBS Corporation since 2007 and National Fuel Gas Company since 2008. Mr. Salerno also served as a director of The Bear Stearns Companies Inc. from 1992 to 2008, Consolidated Edison Inc. from 2002 to 2007 and Popular Inc. from 2003 to 2011.

**William Schwartz** **Age 78** **Independent**

Mr. Schwartz has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1987. Mr. Schwartz is being re-nominated to our Board because of his independence, his extensive knowledge of and history with Viacom, his experience in governance matters, his skills as an attorney and advisor and his background in academics. He is counsel to the law firm of Cadwalader, Wickersham & Taft, a position he has held since 1988. Mr. Schwartz served as Vice President for Academic Affairs (the chief academic officer) of Yeshiva University from 1993 to 1998, and has been University Professor of Law at Yeshiva University and the Cardozo School of Law since 1991. Mr. Schwartz was Dean of the Boston University School of Law from 1980 to 1988, and a professor of law at Boston University from 1955 to 1991. Mr. Schwartz is an honorary member of the National College of Probate Judges. Mr. Schwartz formerly served as chairman of UST Corp., and was chairman of the Boston Mayor's Special Commission on Police Procedures and a member of the Legal Advisory Board of the New York Stock Exchange.

**Table of Contents**

In accordance with the Board's recommendation, the proxy holders will vote the shares of Class A common stock covered by valid and timely received proxies FOR the election of each of the 11 director nominees set forth above, unless the stockholder gives instructions to the contrary. If, for any reason, any of the director nominees becomes unavailable for election, the proxy holders may exercise discretion to vote for substitute nominees proposed by the Board. Each of the director nominees has indicated that he or she will be able to serve if elected and has agreed to do so.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors recommends a vote FOR the election of each of the director nominees named above.

**Table of Contents**

**OUR BOARD OF DIRECTORS**

Our Board of Directors is comprised of 11 members, 6 of whom are independent under the standards discussed below. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee, each of which consists solely of independent directors. Our Board met 5 times in fiscal year 2011, and each of our directors attended more than 75% of the meetings of the Board and Committees on which the director served. In addition to our Board and Committee meetings, all directors are expected to attend the Annual Meeting and all of our directors attended our 2011 Annual Meeting, except for Mr. Kraft.

**Board Structure**

Our Board of Directors is comprised of the following members:

an Executive Chairman;

a non-executive Vice Chair;

our President and Chief Executive Officer;

our Senior Executive Vice President and Chief Operating Officer; and

seven other directors, six of whom are independent.

Mr. Redstone is the controlling stockholder of NAI, which has voting control of Viacom. Mr. Redstone founded Viacom in 1987 and has led our development over the years into the company we are today. The Board of Directors believes it is appropriate for Mr. Redstone to be Chairman of the Board, in an executive capacity, as he continues to actively participate in the development of the strategic direction of our company. The Board also appointed Mr. Redstone's daughter, Shari Redstone, as non-executive Vice Chair of the Board, to increase her involvement with our company in a non-executive capacity. Ms. Redstone also has a significant ownership interest in NAI.

Mr. Dauman has been a member of Viacom's Board since 1987, and Mr. Dooley rejoined Viacom's Board in 2006 after serving on the Board for four years prior to the merger with CBS in 2000. In September 2006, Mr. Dauman was elected President and Chief Executive Officer and Mr. Dooley was elected Senior Executive Vice President and Chief Administrative Officer. In January 2007, Mr. Dooley was elected to the additional role of Chief Financial Officer, and in May 2010, he was promoted to Chief Operating Officer. The Board has determined that their continued participation on the Board would be beneficial because of their experience, talent and knowledge of the business, as well as their day-to-day management of Viacom.

We do not have a formal lead independent director. Mr. Schwartz, the Chair of our Governance and Nominating Committee, leads executive sessions of non-management and independent directors and approves Board agendas. He and our other Committee Chairs play leading roles with respect to various other matters that are appropriate for consideration by independent directors, such as executive compensation, matters involving related parties and potential conflicts of interest.

In keeping with good corporate governance practices, we maintain a majority of independent directors and our Board committees are comprised solely of independent directors. Independent directors have the ability to propose agenda items, including for executive sessions, to the Chair of the Governance and Nominating Committee. We believe our Board leadership structure provides the appropriate balance of independent directors, directors affiliated with our controlling stockholder and management directors to work together to represent the interests of our entire stockholder base.

---

## **Table of Contents**

### **Board Role in Risk Oversight**

Our Board receives regular reports from our CEO, COO, CFO, General Counsel and other members of senior management regarding areas of significant risk to us, including operational, strategic, legal and regulatory, financial and reputational risks. Certain risks that are under the purview of a particular Committee are monitored by that Committee, which then reports to the full Board as appropriate. For example, our Internal Audit and Strategic Business Practices group, which identifies and manages a wide range of risks companywide, reports to the Audit Committee, which in turn reports significant developments to the full Board of Directors. In addition, under their respective Charters, the Audit Committee reviews our risk assessment and risk management processes, and the Compensation Committee oversees periodic risk assessments of our compensation programs.

### **Director Independence**

Our Corporate Governance Guidelines (the Guidelines) provide that a majority of our directors must be independent of Viacom, as independence is defined in the NASDAQ listing standards and in the Guidelines.

#### *NASDAQ Listing Standards*

The NASDAQ listing standards provide six bright-line tests to determine independence. If a director fails any of the six tests, the director must be found to be not independent. In addition, the NASDAQ listing standards provide that a director is not independent unless the Board affirmatively determines that the director has no relationship that would impair his or her independence, which we refer to as a material relationship.

#### *Our Corporate Governance Guidelines*

Our Guidelines provide categorical standards to assist the Board in determining what constitutes a material relationship with Viacom for purposes of the NASDAQ listing standards. These categorical standards are summarized below and can be found in their entirety in our Guidelines, which are posted in the Investor Relations/Corporate Governance section of our website [at www.viacom.com](http://www.viacom.com).

Under the categorical standards in our Guidelines, the following relationships are generally deemed not to be material:

the types of relationships identified by the NASDAQ listing standard's bright-line tests, if they occurred more than five years ago (the Board will review any such relationship if it occurred more than three but less than five years ago);

a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, \$120,000 or less in direct compensation from us during any twelve-month period within the last three years; and

a relationship in which the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:

- Ø a company that made payments to or received payments from us for property or services in an amount that, in any of the last three fiscal years, is less than 1% of that company's annual consolidated gross revenues;
- Ø a company that is either indebted to us or a creditor of ours in an amount that is less than 1% of that company's total consolidated assets; and
- Ø a tax-exempt organization that received contributions from us in the prior fiscal year in an amount less than the greater of \$500,000 or 1% of that organization's consolidated gross revenues.



---

## **Table of Contents**

For relationships that exceed these thresholds, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, is made by the directors who are independent. In addition, the Guidelines state that, generally, the types of relationships not addressed by the NASDAQ listing standards or the categorical standards described in the Guidelines will not, by themselves, cause a director to be considered not independent. The Board may, after considering relevant facts and circumstances, determine that a director is not independent for any reason it deems appropriate.

### ***Independence of Our Directors***

When considering whether a director is independent, we believe it is important for our Board to have a range of information about the director so that it can make an informed independence determination. Our Governance and Nominating Committee and the full Board review information about:

the director's employment;

any relationships required to be disclosed as related person transactions in this proxy statement;

certain other relationships not required to be disclosed in this proxy statement because they do not meet materiality thresholds;

any relationship of which we are aware between the director or a director's family member and Viacom or any other Viacom director or executive officer (for example, overlapping directorships); and

other public company board and committee memberships and affiliations with not-for-profit organizations.

In addition, as discussed under Related Person Transactions, the Governance and Nominating Committee receives reports on all transactions between related persons and us, regardless of whether such transaction is determined to involve a material interest by a related person.

Since our 2011 Annual Meeting, 6 of our 11 directors have been independent: Messrs. Greenberg, Kraft, Phillips, Salerno and Schwartz and Ms. McGarvie. In January 2012, the Board conducted its annual review of the independence of the director nominees and confirmed that these directors continue to be independent.

With respect to specific companies affiliated with an independent director, the Governance and Nominating Committee and the Board considered that Mr. Greenberg is non-executive Vice Chairman Emeritus at JPMorgan Chase & Co. (having previously served as Chairman of the Executive Committee of Bear Stearns prior to JPMorgan Chase's acquisition of Bear Stearns). JPMorgan provides banking and other services to us from time to time, including acting as trustee for our tax-qualified retirement plans. Financial amounts involved in our transactions with JPMorgan, in the aggregate, were well below 1% of JPMorgan's revenues, which is the threshold under our Guidelines below which transactions are presumed not to affect independence. The transactions between Viacom and JPMorgan were negotiated on an arm's length basis. The Board determined that these transactions did not affect Mr. Greenberg's independence.

### **Board Committees**

#### ***Committee Membership***

The Board reviews and determines the membership of our Board committees at least annually, with input from the Governance and Nominating Committee. The following discusses the membership of the committees in fiscal year 2011, including the number of meetings held in fiscal year 2011, as well as information about the

**Table of Contents**

committees, their respective roles and responsibilities and their charters. Each of our committees has a written charter, which is posted in the Investor Relations/Corporate Governance section of our website at [www.viacom.com](http://www.viacom.com).

Name	Compensation		Governance and
	Audit Committee	Committee	Nominating Committee
Blythe J. McGarvie	Chair	Member	Member
Charles E. Phillips, Jr.	Member	Member(1)	
Frederic V. Salerno	Member	Chair	Member
William Schwartz		Member	Chair
<b>FY 2011 Meetings</b>	<b>8</b>	<b>5</b>	<b>3</b>

(1) Mr. Phillips was appointed by the Board to the Compensation Committee on November 10, 2010.

**Audit Committee**

Under its Charter, the Audit Committee is responsible for the following, among other things:

the appointment, compensation, retention, termination and oversight of our independent auditor, including reviewing with the independent auditor the scope of the audit plan and audit fees;

reviewing our financial statements and related SEC filings and financial disclosures;

overseeing our compliance with the requirements of Section 404 of the Sarbanes-Oxley Act with respect to internal control over financial reporting;

reviewing our risk assessment and risk management processes;

oversight of our internal audit function; and

oversight of our compliance with legal and regulatory requirements.

For additional information on the Committee's role and its oversight of the independent auditor during fiscal year 2011, see Report of the Audit Committee.

The Audit Committee Charter also provides that:

the Committee will be comprised of at least three independent directors, each of whom also meets the separate standards for Audit Committee independence set forth in the NASDAQ listing standards;

all Committee members must be financially literate and the Committee must have at least one audit committee financial expert ;

the Committee will hold at least six regular meetings each calendar year;

the Committee will meet separately with the independent auditor at least four times each year;

the Committee will meet regularly in executive session with members of our senior management team; and

the Committee is empowered to hire outside advisors as it deems appropriate.



## **Table of Contents**

### *Audit Committee Financial Experts*

The Board of Directors has determined that all of the members of the Audit Committee are financially sophisticated. In addition, the Board has determined that all three members, Ms. McGarvie (Chair), Mr. Phillips and Mr. Salerno, are independent directors and qualify as audit committee financial experts, as that term is defined in the regulations promulgated under the Securities Act of 1933, as amended (the Securities Act ).

### *Service on the Audit Committees of Other Public Companies*

We do not restrict the number of other audit committees on which members of our Audit Committee may serve; however, in recommending director candidates to the Board and directors to serve on committees of the Board, the Governance and Nominating Committee considers the other demands on each director's time, including those arising from such service.

### ***Compensation Committee***

Under its Charter, the Compensation Committee is responsible for the following, among other things:

establishing and regularly reviewing our general compensation philosophy, strategy, principles and policies, including conducting periodic risk assessments of our compensation programs;

reviewing and approving the total compensation packages for, and key terms of any agreements with, our Executive Chairman and Founder, our President and Chief Executive Officer, our other executive officers, the divisional executives who report to the CEO, and certain other executives;

reviewing and making recommendations to the Board on compensation plans and overseeing the administration of those plans;

determining the appropriate design for awards made under our annual cash bonus and equity compensation plans and setting related performance targets;

approving all equity awards we grant; and

evaluating the performance of our Executive Chairman and Founder and our President and Chief Executive Officer, and reviewing the evaluations of other executives by the Executive Chairman and Founder and/or the President and CEO, as appropriate, including in the context of succession planning.

For additional information on the Committee's role, its processes for the consideration and determination of executive compensation and its use of outside advisors, see Compensation Discussion and Analysis.

The Compensation Committee Charter also provides that:

the Committee will be comprised of at least three independent directors, each of whom must be an outside director as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ) and a non-employee director as defined in Rule 16b-3 of the Securities and Exchange Act of 1934 (the Exchange Act );

## Edgar Filing: Viacom Inc. - Form DEF 14A

the Committee will hold at least four regular meetings each calendar year;

the Committee will meet periodically in executive session, which sessions typically include its independent outside advisors; and

the Committee is empowered to hire outside advisors as it deems appropriate.

## **Table of Contents**

### *Compensation Committee's Relationship with its Independent Compensation Consultant*

The Committee's independent compensation consultant during fiscal year 2011 was Pay Governance LLC ( "Pay Governance" ). Pay Governance is engaged by, and reports directly to, the Committee, which has the sole authority to hire or fire Pay Governance and to approve fee arrangements for work performed. Pay Governance assists the Committee in fulfilling its responsibilities under its Charter, including advising on proposed compensation packages for top executives, compensation program design and market practices generally. The Committee has authorized Pay Governance to interact with management on behalf of the Committee, as needed in connection with advising the Committee, and Pay Governance is included in discussions with management and the Committee's outside legal counsel on matters being brought to the Committee for consideration.

It is the Committee's policy that the Chair of the Committee or the full Committee pre-approve any additional services provided to management by our independent compensation consultant. In fiscal year 2011, Pay Governance only did work for the Committee.

### *Governance and Nominating Committee*

Under its Charter, the Governance and Nominating Committee is responsible for the following, among other things:

identifying and recommending to the Board potential director candidates and reviewing the composition of the Board as part of this process;

overseeing all aspects of our corporate governance initiatives, including periodic assessments of our principal governance documents, and making recommendations to the Board as appropriate;

establishing policy on and overseeing our entry into related person transactions;

establishing criteria for the annual self-assessments of the Board and its Committees;

reviewing and making recommendations to the Board on director compensation matters; and

monitoring developments in the law and practice of corporate governance.

The Governance and Nominating Committee Charter also provides that:

the Committee will be comprised of at least three independent directors, which the Board believes should include a Chair with experience in governance matters plus the Chairs of the Audit and Compensation Committees in accordance with good governance practice;

the Committee will hold at least three regular meetings each calendar year;

the Committee will meet regularly in executive session; and

## Edgar Filing: Viacom Inc. - Form DEF 14A

the Committee is empowered to hire outside advisors as it deems appropriate.

The Governance and Nominating Committee uses the Compensation Committee's independent compensation consultant for advice on director compensation. For additional information on the Committee's oversight of director compensation and related person transactions, see the sections Director Compensation and Related Person Transactions.

### *Executive Sessions of the Board*

Mr. Schwartz, the Chair of the Governance and Nominating Committee, leads the executive sessions of non-management and independent directors.

## **Table of Contents**

### *Director Nomination Process and Consideration of Diversity*

Our Corporate Governance Guidelines and the Governance and Nominating Committee Charter set forth certain criteria for director qualifications and Board composition. These criteria include an expectation that directors have substantial accomplishments in their professional backgrounds, are able to make independent, analytical inquiries and exhibit practical wisdom and mature judgment. The Governance and Nominating Committee seeks to achieve a Board that represents a diverse mix of skills, perspectives, talents, backgrounds and education that will enhance our decision-making process, oversee management's execution of strategic objectives and represent the interests of all of our stockholders. Director candidates should meet our standards for independence, be free of potential conflicts of interest, possess the highest personal and professional ethics, integrity and values, be committed to promoting the long-term interests of our stockholders and be able and willing to devote the necessary time to carrying out their duties and responsibilities as members of the Board. These criteria are described more fully in our Guidelines and the Governance and Nominating Committee Charter. The Governance and Nominating Committee considers these criteria, including diversity, in connection with its annual review of the composition, qualifications and independence of our Board.

For additional discussion of how the Committee determines the director nominees, see [Item 1 Election of Directors](#) and [Our Board of Directors Director Independence](#).

### *Stockholder Recommendations for Director Candidates*

The Committee will consider potential director candidates recommended by our stockholders. When making a recommendation, stockholders should consider our criteria for director qualifications and Board composition set forth above and in our Guidelines and the Governance and Nominating Committee Charter. Director candidates recommended by stockholders who meet these qualifications will be considered by the Chair of the Committee, who will present the information on the candidate to the entire Committee. All director candidates recommended by stockholders will be considered by the Committee in the same manner as any other candidate and may or may not be selected by the Committee.

All recommendations by stockholders for potential director candidates must include written materials on the potential candidate's qualifications and be sent to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794.

## **Communications with Directors**

Stockholders and other interested parties who would like to contact our non-management directors may send an email to: [nonmanagementdirectors@viacom.com](mailto:nonmanagementdirectors@viacom.com) or write to Non-Management Directors, Viacom Inc., 1515 Broadway, 52<sup>nd</sup> Floor, New York, NY 10036-5794. The non-management directors' contact information is also available on our website at [www.viacom.com](http://www.viacom.com). The non-management directors have approved the process for handling communications received in this manner.

Stockholders should also use the email and mailing address for the non-management directors to send communications to the Board. The process for handling stockholder communications to the Board received in this manner has been approved by the independent directors of the Board. Correspondence relating to accounting or auditing matters will be handled in accordance with procedures established by the Audit Committee for such matters.

**Table of Contents**

**CORPORATE GOVERNANCE**

Our corporate governance practices are established, monitored and regularly assessed by our Board of Directors with assistance from the Governance and Nominating Committee. The Board considers current and proposed legal requirements and governance best practices in connection with its decisions on our governance practices, including ensuring that a majority of our Board is independent and that all of our Board committees are comprised solely of independent directors.

Our principal governance documents are our Corporate Governance Guidelines, Board Committee Charters, Global Business Practices Statement and Supplemental Code of Ethics for Senior Financial Officers. These documents are available in the Investor Relations/Corporate Governance section of our website at [www.viacom.com](http://www.viacom.com), and copies of these documents may be requested by writing to Investor Relations, Viacom Inc., 1515 Broadway, New York, NY 10036-5794.

Certain aspects of our governance documents are summarized below. We encourage our stockholders to read our governance documents, as we believe they illustrate our commitment to good governance practices and ethical business conduct.

**Corporate Governance Guidelines**

Our Corporate Governance Guidelines establish our corporate governance principles and practices on a variety of topics, including the responsibilities, composition and functioning of the Board. The Governance and Nominating Committee assesses the Guidelines periodically and makes recommendations to the Board on any changes to implement. Our Guidelines address, among other things:

director qualifications, including our director independence standards;

the requirement to hold separate executive sessions of the non-management directors and of the independent directors and their frequency;

how stockholders and interested parties may communicate with the non-management directors;

stock ownership guidelines for directors and the Board's policies for setting director compensation;

director orientation and continuing education;

policies regarding director access to management, employees and independent advisors;

the role of the non-management directors in executive succession planning; and

the annual self-assessment of the Board to evaluate its effectiveness.

**Board Committee Charters**

As discussed in more detail in the descriptions of our Board committees under Our Board of Directors Board Committees, each of our Board committees operates under a written charter adopted by the Board. The charters set forth the purpose, objectives and responsibilities of the respective committee and discuss matters such as committee membership requirements, number of meetings and the setting of meeting agendas. The charters are assessed periodically by the Governance and Nominating Committee and the respective committee and are updated by the Board as needed.



## Table of Contents

### **Viacom Global Business Practices Statement**

Our Global Business Practices Statement (the GBPS ) discusses our standards for ethical conduct that are expected of all directors and employees of Viacom and its subsidiaries. The GBPS has been distributed to our directors and employees worldwide. As part of our compliance and ethics programs, directors and employees receive regular training on the contents of the GBPS and, where permitted, are required to certify as to compliance with it. They are also required to disclose any conflicts or potential conflicts of interest on an ongoing basis and appropriately report on suspected violations of the GBPS. The GBPS addresses, among other things, topics such as:

compliance with laws, rules and regulations;

conflicts of interest, including the disclosure of actual or potential conflicts;

confidentiality, insider information and fair disclosure;

financial accounting and improper payments;

our commitment to being an equal opportunity employer and providing a workplace environment free of harassment and improper bias;

fair dealing and relations with competitors, customers and suppliers;

privacy and data security, including protection and proper use of company assets, electronic systems and communications;

anti-corruption laws such as the Foreign Corrupt Practices Act and the UK Anti-Bribery Act;

export control and anti-boycott laws;

health, safety and the environment; and

political contributions and payments.

The GBPS also identifies numerous avenues for employees to report violations of the GBPS, matters of alleged financial impropriety and any other matters of concern, anonymously or with attribution, to the appropriate officers of Viacom and/or the Audit Committee. These avenues include telephone hotlines (in the United States and for numerous international locations), email contacts and reporting through various internal websites at Viacom and its business divisions. The GBPS makes clear that retaliation against an employee who makes a report in good faith will not be tolerated.

Our Senior Vice President, Internal Audit and Strategic Business Practices, has day-to-day responsibility for our compliance and ethics programs. He reports to the Audit Committee and administratively to the Chief Operating Officer; he also reports administratively to the General Counsel as to compliance matters. These individuals, together with senior executives of various disciplines from Viacom and its business divisions, regularly review and update the GBPS policies, and generate more detailed policies and training for those officers and employees engaged in activities that warrant additional focus, such as conducting business internationally. We also require that our suppliers comply with



## Edgar Filing: Viacom Inc. - Form DEF 14A

pertinent elements of our business conduct policies.

Waivers of the GBPS for our executive officers and directors will be disclosed on our website at [www.viacom.com](http://www.viacom.com) or by Form 8-K filed with the SEC.

**Table of Contents**

**Supplemental Code of Ethics for Senior Financial Officers**

The Supplemental Code of Ethics for Senior Financial Officers is applicable to our Executive Chairman and Founder, President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Accounting Officer. The Supplemental Code of Ethics addresses matters specific to those senior financial positions at Viacom, including responsibility for the disclosures made in our filings with the SEC, reporting obligations with respect to certain matters and a general obligation to promote honest and ethical conduct within Viacom. As with all employees, the Senior Financial Officers are also required to comply with the GBPS.

Amendments to or waivers of the Supplemental Code of Ethics for these officers will be disclosed on our website at [www.viacom.com](http://www.viacom.com) or by Form 8-K filed with the SEC.

**Table of Contents**

**DIRECTOR COMPENSATION**

Directors who are not employees of Viacom or any of its subsidiaries (the "Outside Directors") are entitled to receive compensation for their service on the Board and are eligible to participate in certain director plans, as discussed below. Messrs. Abrams, Greenberg, Kraft, Phillips, Salerno and Schwartz, Ms. McGarvie and Ms. Redstone are Outside Directors.

Our director compensation programs are overseen by our Governance and Nominating Committee, which makes recommendations annually to the Board on the appropriate amount and structure of director compensation in light of then current competitive practice and other factors. The Governance and Nominating Committee receives advice from Pay Governance, the Compensation Committee's independent compensation consultant, on director compensation matters.

In March 2011, the Governance and Nominating Committee reviewed a report on director compensation prepared by Pay Governance. The report concluded that our director compensation levels continued to be in line with market practice compared to our peers and broader market data. In light of the independent compensation consultant's report and the changes to our director compensation programs approved by the Board in 2010, the Committee determined not to propose any changes to the Board in 2011.

**Elements of Outside Director Compensation**

***Cash Compensation***

We pay cash compensation to our Outside Directors as follows:

Our Outside Directors receive an annual Board retainer of \$75,000, payable in equal installments quarterly in advance, except for our Vice Chair, who receives an annual retainer of \$200,000.

The Chairs of the Audit and Compensation Committees each receive an annual retainer of \$20,000, payable in equal installments quarterly in advance, and the members of those committees receive a per meeting attendance fee of \$2,000.

The Chair of the Governance and Nominating Committee receives an annual retainer of \$15,000, payable in equal installments quarterly in advance, and the members of that committee receive a per meeting attendance fee of \$1,500.

Outside Directors may elect to defer their cash compensation under the Viacom Inc. Deferred Compensation Plan for Outside Directors discussed below.

***Equity Compensation***

***Stock Options***

Under the Viacom Inc. 2011 Stock Option Plan for Outside Directors, Outside Directors automatically receive an annual grant on January 31 of each year of options to purchase a number of shares of Class B common stock equal in value to \$70,000, which grant vests in three equal annual installments on the anniversaries of the date of grant. The exercise price of the stock options is the closing price of our Class B common stock on NASDAQ on the date of grant. The options are valued using the Black-Sholes valuation method.

***Restricted Share Units***

Under the Viacom Inc. 2011 RSU Plan for Outside Directors, Outside Directors receive an annual grant of restricted share units ("RSUs") on January 31 of each year equal in value to \$70,000 based on the closing price of our Class B common stock on NASDAQ on the date of grant. The RSUs vest one year from the date of grant.



**Table of Contents**

RSUs are payable in shares of Class B common stock upon vesting unless the Outside Director elects to defer settlement of the RSUs to a future date. Dividend equivalents are credited on the RSUs each time we pay a regular cash dividend on our Class B common stock until the RSUs are settled.

See Fiscal Year 2011 Director Compensation below for detail on the compensation our Outside Directors received for fiscal year 2011.

**Deferred Compensation Plan**

Under the Viacom Inc. Deferred Compensation Plan for Outside Directors, Outside Directors may elect to defer their Board and Committee retainers and meeting fees for the upcoming calendar year. Deferred amounts are credited during a calendar quarter to an interest-bearing income account or a stock unit account in accordance with the director's prior election. Amounts credited to an income account bear interest at the prime rate in effect at the beginning of each calendar quarter. Amounts credited to a stock unit account are deemed invested in a number of phantom stock units equal to the number of shares of Class A common stock and Class B common stock that the deferred amounts, if invested as equally as possible in the Class A and Class B common stock, would have purchased based on their respective closing market prices on the first day of the next calendar quarter. Amounts credited to a stock unit account bear interest at the prime rate in effect at the beginning of the relevant calendar quarter until they are converted to phantom stock units.

Upon a director's retirement from the Board, the amounts deferred under the Deferred Compensation Plan for Outside Directors are paid in cash in a lump sum or in three or five annual installments, based on the director's prior election, with the lump sum or initial annual installment becoming payable on the later of six months after the director leaves the Board or on January 15 of the following year. The value of a stock unit account is determined by reference to the average of the closing market prices of Class A common stock and Class B common stock on NASDAQ on each trading date during the four-week period ending five business days prior to the payment date. Amounts credited to the interest account and paid in installments accrue interest until the final installment is paid.

For more information on the phantom stock units held by certain of our directors as of January 18, 2012, see footnote (1) to the Security Ownership of Certain Beneficial Owners and Management table.

**Fiscal Year 2011 Director Compensation**

The following table presents information on compensation for services as an Outside Director for fiscal year 2011.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(2)	All Other Compensation (\$)	Total (\$)
George S. Abrams(3)	\$ 75,000	\$70,012	\$69,998	\$ 153	\$120,000	\$335,163
Philippe P. Dauman(4)				\$6,961		\$ 6,961
Alan C. Greenberg(5)	\$ 75,000	\$70,012	\$69,998			\$215,010
Robert K. Kraft(6)	\$ 75,000	\$70,012	\$69,998	\$ 89		\$215,099
Blythe J. McGarvie(7)	\$125,500	\$70,012	\$69,998	\$ 9		\$265,519
Charles E. Phillips, Jr.(8)	\$ 97,000	\$70,012	\$69,998	\$2,842		\$239,852
Shari Redstone(9)						
<i>Vice Chair</i>	\$200,000	\$70,012	\$69,998	\$ 164		\$340,174
Frederic V. Salerno(10)	\$125,500	\$70,012	\$69,998	\$ 401		\$265,911
William Schwartz(11)	\$104,500	\$70,012	\$69,998	\$ 256		\$244,766

**Table of Contents**

- (1) Reflects the grant date fair value of the awards calculated in accordance with FASB ASC Topic 718 – Stock Compensation. Grant date fair value assumptions are consistent with those disclosed in the *Equity-Based Compensation* Note to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.
- (2) Reflects nonqualified deferred compensation only. Interest accrues on the amounts deferred under our Deferred Compensation Plan for Outside Directors at the prime rate in effect at Citibank N.A. at the beginning of each calendar quarter. The prime rate generally represents an interest rate that is more than 120% of the long-term applicable federal rate published by the Internal Revenue Service and therefore is deemed to be preferential for purposes of this table. Accordingly, we have indicated above the difference in the amount of interest accrued for each director in fiscal year 2011 compared to the interest that would have been accrued at the long-term applicable federal rate.
- (3) Mr. Abrams did not defer receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Abrams held a total of 32,535 stock options for shares of Class B common stock and 1,685 RSUs for shares of Class B common stock. The amount under All Other Compensation reflects amounts paid in connection with Mr. Abrams consulting agreement discussed under Related Person Transactions.
- (4) Mr. Dauman was compensated as an Outside Director prior to becoming our President and Chief Executive Officer on September 5, 2006. The amount presented in this table relates to compensation previously deferred by Mr. Dauman when he was an Outside Director.
- (5) Mr. Greenberg did not defer receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Greenberg held a total of 23,023 stock options for shares of Class B common stock and 1,685 RSUs for shares of Class B common stock.
- (6) Mr. Kraft deferred receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Kraft held a total of 29,365 stock options for shares of Class B common stock and 1,685 RSUs for shares of Class B common stock.
- (7) Ms. McGarvie did not defer receipt of her cash director fees in fiscal year 2011. As of September 30, 2011, Ms. McGarvie held a total of 23,023 stock options for shares of Class B common stock and 1,685 RSUs for shares of Class B common stock.
- (8) Mr. Phillips deferred receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Phillips held a total of 32,536 stock options for shares of Class B common stock and 8,568 RSUs (including deferred RSUs) for shares of Class B common stock.
- (9) Ms. Redstone deferred receipt of her cash director fees in fiscal year 2011. As of September 30, 2011, Ms. Redstone held a total of 26,323 stock options for shares of Class B common stock and 11,418 RSUs (including deferred RSUs) for shares of Class B common stock.
- (10) Mr. Salerno deferred receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Salerno held a total of 32,535 stock options for shares of Class B common stock and 12,666 RSUs (including deferred RSUs) for shares of Class B common stock.
- (11) Mr. Schwartz did not defer receipt of his cash director fees in fiscal year 2011. As of September 30, 2011, Mr. Schwartz held a total of 32,535 stock options for shares of Class B common stock and 12,666 RSUs (including deferred RSUs) for shares of Class B common stock.

**Director Perquisites**

We generally do not provide perquisites to our directors. Occasionally, a director’s spouse may accompany him or her to Viacom events at our request. For example, spouses are invited to some of the Board dinners we hold from time to time in connection with Board meetings. This policy involves a de minimis or no incremental cost to us, and we believe it serves a legitimate business purpose.

***Director Attendance at Certain Viacom Events***

We believe it is in our best interest for directors to participate in certain events throughout the year, and the Board has established a policy under which directors are allocated tickets without charge to attend specific events that have been designated as having a business purpose. Travel expenses to such events are reimbursed by us in accordance with our normal travel policies. The Governance and Nominating Committee is responsible for oversight of this policy.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The table below presents as of January 18, 2012, unless otherwise indicated, information concerning the beneficial ownership of our Class A and Class B common stock by (i) each director and director nominee, (ii) each NEO and (iii) our directors, NEOs and executive officers as a group.

Option Shares reflects stock options to purchase shares that were exercisable but unexercised, either currently or within a period of 60 days from January 18, 2012, and are excluded from the column Number of Equity Shares. Each person has sole voting and investment power over the shares reported, except as noted. The table also includes information concerning the beneficial ownership by each person, or group of affiliated persons, who is known by us to beneficially own 5% or more of our Class A common stock.

As of January 18, 2012, there were 51,410,599 shares of our Class A common stock outstanding and 488,740,030 shares of our Class B common stock outstanding.

Name	Title of Equity Security	Beneficial Ownership of Equity Securities		Percentage of Class
		Number of Equity Shares	Option Shares	
George S. Abrams	Class A common stock	(1)		*
	Class B common stock	26,459(1)(2)	27,757	*
James W. Barge	Class A common stock			*
	Class B common stock	17,438(3)(4)	45,499	*
Philippe P. Dauman	Class A common stock			*
	Class B common stock	1,022,840(3)(4)	3,391,720	*
Thomas E. Dooley	Class A common stock	1,720		*
	Class B common stock	832,660(4)(5)	2,716,468	*
Michael D. Fricklas	Class A common stock	23(3)(4)		*
	Class B common stock	40,636(3)(4)(5)	708,127	*
Alan C. Greenberg	Class A common stock			*
	Class B common stock	35,981	18,245	*
Robert K. Kraft	Class A common stock	(1)		*
	Class B common stock	70,533(1)(2)	24,587	*
Blythe J. McGarvie	Class A common stock	(1)		*
	Class B common stock	6,426(1)	18,245	*
Charles E. Phillips, Jr.	Class A common stock	(1)		*
	Class B common stock	4,098(1)(6)	27,757	*
Shari Redstone	Class A common stock	(1)		*
	Class B common stock	1,500(1)(2)(6)(7)	21,545	*
Sumner M. Redstone(8)	Class A common stock	40,865,922(9)		79.5%
	Class B common stock	228,442(3)	2,317,929	*
Frederic V. Salerno	Class A common stock	(1)		*

Edgar Filing: Viacom Inc. - Form DEF 14A

	Class B common stock	(1)(6)	25,394	*
William Schwartz	Class A common stock	(1)		*
	Class B common stock	4,500(1)(6)	25,394	*
National Amusements, Inc./NAI EH(9)	Class A common stock	40,865,882		79.5%
	Class B common stock			*
Directors, NEOs and executive officers as a group, other than Sumner M. Redstone (16 persons)	Class A common stock	1,743(4)		*
	Class B common stock	2,123,943(4)	7,222,733	*
Mario J. Gabelli(10)				
Gabelli Asset Management Inc.	Class A common stock	5,767,422		11.2%

\* Represents less than 1% of the outstanding common stock of the class.



**Table of Contents**

- (1) The table above does not reflect the following Class A phantom stock units and Class B phantom stock units credited to the respective director under the Deferred Compensation Plan for Outside Directors:
- |                 |                                   |
|-----------------|-----------------------------------|
| Abrams:         | 11,103 Class A and 11,362 Class B |
| Kraft:          | 9,145 Class A and 9,590 Class B   |
| McGarvie:       | 696 Class A and 698 Class B       |
| Phillips:       | 3,992 Class A and 4,319 Class B   |
| Shari Redstone: | 17,515 Class A and 18,591 Class B |
| Salerno:        | 22,209 Class A and 22,982 Class B |
| Schwartz:       | 20,442 Class A and 20,892 Class B |
- (2) Includes for Mr. Abrams, 100 Class B shares held indirectly as trustee of a trust; for Mr. Kraft, 60,800 Class B shares held by KPC US Equity LLC, an entity controlled by Mr. Kraft; and for Shari Redstone, 1,500 Class B shares held in trusts for the benefit of her children for which she is co-trustee.
- (3) The table above does not reflect the following Class A phantom stock units and Class B phantom stock units credited to the respective executive officer under the Excess 401(k) Plan for Designated Senior Executives:
- |           |                              |
|-----------|------------------------------|
| Barge:    | 626 Class B                  |
| Dauman:   | 1,795 Class B                |
| Fricklas: | 13 Class A and 3,770 Class B |
| Redstone: | 203 Class B                  |
- (4) Includes shares held in our 401(k) plan.
- (5) Includes for Mr. Dooley, 165,136 Class B shares held indirectly as Trustee of grantor retained annuity trusts; and for Mr. Fricklas, 18,427 Class B shares held indirectly as Trustee of a grantor retained annuity trust.
- (6) Excludes for Mr. Phillips, 6,883 RSUs, for Shari Redstone, 9,733 RSUs, for Mr. Salerno, 10,981 RSUs, and for Mr. Schwartz, 10,981 RSUs, the settlement of which the directors elected to defer.
- (7) Ms. Redstone is a stockholder of NAI and has a significant indirect beneficial interest in the Viacom shares owned by NAI.
- (8) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036-5794.
- (9) Except for 40 shares owned directly by Mr. Redstone, all shares of Class A common stock are owned beneficially by NAI and NAI EH, a wholly-owned subsidiary of NAI. Mr. Redstone is the beneficial owner of the controlling interest in NAI and, accordingly, beneficially owns all such shares. Based on information received from NAI, the Viacom shares owned by NAI EH are pledged to NAI's lenders. NAI holds more than 50% of the Class A shares directly and these shares are not pledged. The address for NAI and NAI EH is 846 University Avenue, Norwood, Massachusetts 02062.
- (10) According to Amendment No. 4 to a Schedule 13D filed on November 6, 2009 with the SEC by GAMCO Investors, Inc. and related entities. The address for Mario J. Gabelli and GAMCO Investors, Inc. is One Corporate Center, Rye, New York 10580.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and NASDAQ. Executive officers, directors and greater than 10% beneficial owners are required by the Exchange Act to furnish us with copies of all Section 16(a) forms they file. As an administrative matter, we assist our executive officers and directors by monitoring transactions and filing Section 16 reports on their behalf. Based on our records, compliance program, and review of written representations, we believe that during fiscal year 2011 our executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

---

**Table of Contents**

**RELATED PERSON TRANSACTIONS**

NAI, directly and through its wholly-owned subsidiary, NAI EH, is the controlling stockholder of both Viacom and CBS Corporation. Mr. Redstone, the controlling stockholder, Chairman and Chief Executive Officer of NAI, serves as our Executive Chairman and Founder and the Executive Chairman and Founder of CBS Corporation. Ms. Redstone, the President and a director of NAI, serves as non-executive Vice Chair of the Board of Directors of both Viacom and CBS Corporation. Mr. Dauman and Mr. Abrams are directors of NAI, and Mr. Salerno is also a director of CBS Corporation. We consider these entities, as well as our directors and executive officers and certain of their family members, to be related persons.

**Policy on Oversight of Related Person Transactions**

Since January 1, 2007, the Governance and Nominating Committee has maintained a written policy on its review, approval and ratification of transactions with related persons. The policy generally groups these transactions into three categories: (1) transactions requiring the specific pre-approval of the Committee, (2) transactions that the Chair of the Committee is authorized to pre-approve and (3) certain ordinary course transactions below established financial thresholds that are deemed pre-approved by the Committee.

Generally, the Committee deems pre-approved any transaction or series of transactions between Viacom and an entity for which a related person is an executive or employee (except NAI and CBS Corporation) that is entered into in the ordinary course of business and where the aggregate amount of all such transactions on an annual basis is less than 1% of the annual consolidated gross revenues of the other entity.

Ordinary course transactions with NAI or CBS Corporation, or any of their respective subsidiaries, where the amount exceeds \$10 million or \$25 million, respectively, require pre-approval of the Committee.

Regardless of whether a transaction is deemed pre-approved, all transactions with related persons, including NAI, CBS Corporation and their respective subsidiaries, in any amount are required to be reported to the Committee. The Committee reviews and discusses with management the determination on whether a transaction with a related person involves a direct or indirect material interest.

**Related Person Transactions in Fiscal Year 2011**

***Transactions with National Amusements, Inc.***

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. Payments made to us in connection with these licenses for fiscal year 2011 amounted to approximately \$30 million and are continuing in fiscal year 2012 as a result of this ongoing relationship. NAI also licenses films from a number of unaffiliated companies, and Paramount expects to continue to license films to NAI on similar terms in the future. In addition, NAI and Paramount have co-op advertising arrangements pursuant to which Paramount paid NAI approximately \$104,000 in fiscal year 2011. These arrangements are continuing in fiscal year 2012. Our businesses also occasionally engage in other ordinary course transactions with NAI (e.g., movie ticket purchases and various promotional activities) from time to time, none of which we believe have been or are expected to be material, either individually or in the aggregate. We believe that the terms of these transactions between NAI and Paramount and our other businesses were no more or less favorable to Paramount or our other businesses than transactions between unaffiliated companies and NAI.

***Transactions with CBS Corporation***

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

Paramount earns revenues and recognizes expenses associated with the distribution of certain television products into the home entertainment market on behalf of CBS. Under the terms of the agreement, Paramount is entitled to

**Table of Contents**

retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs which are recoupable, together with a \$50 million payment made to CBS in fiscal year 2011, prior to any participation payments to CBS. Paramount also leases studio space and licenses certain film products to CBS.

Additionally, our Media Networks businesses recognize advertising revenues from CBS and purchase television programming from CBS. Both of our segments also place advertisements with CBS.

The following table summarizes the transactions with CBS, which can also be found in our consolidated financial statements contained in our Annual Report on Form 10-K for fiscal year 2011.

	Year Ended	
(in millions)	September 30, 2011	
<b>Consolidated Statements of Earnings</b>		
Revenues	\$	341
Operating expenses		434
<b>Consolidated Balance Sheets</b>		
<b>September 30, 2011</b>		
Accounts receivable	\$	6
Other assets		1
<b>Total due from CBS</b>	<b>\$</b>	<b>7</b>
Accounts payable	\$	1
Participants' share and residuals, current		162
Programming rights obligations, current		73
Programming rights obligations, noncurrent		243
Other liabilities		37
<b>Total due to CBS</b>	<b>\$</b>	<b>516</b>

**Other Related Person Transactions**

Mr. Abrams entered into an agreement with Former Viacom in 1994 under which he provides us with legal and governmental consulting services for an annual fee of \$120,000.

**Compensation Committee Interlocks and Insider Participation**

None of the members of our Compensation Committee during fiscal year 2011 has ever been an officer or employee of ours or any of our subsidiaries. During fiscal year 2011, no Viacom executive officer served as a director or member of the compensation committee of any other registrant of which an executive officer served on our Board of Directors or Compensation Committee.

**Involvement in Certain Legal Proceedings**

James W. Barge has been our Executive Vice President, Chief Financial Officer since October 1, 2010. Prior to becoming our CFO, he served as our Executive Vice President, Tax and Treasury beginning in January 2008 and as our Controller beginning in March 2008. Prior to joining Viacom, he was the Senior Vice President, Controller and Chief Accounting Officer of Time Warner Inc. In 2005, Time Warner entered into a settlement with the SEC relating to an SEC investigation of certain of its accounting and financial disclosure practices. In connection with this settlement, Mr. Barge, together with certain other individuals, agreed, without admitting or denying the SEC's allegations, to the entry of an administrative order that he cease and desist from causing violations or future violations of certain reporting provisions of the securities laws. Mr. Barge is not subject to any suspension, bar or penalty. Our management team, Audit Committee and Compensation Committee considered this event in connection with the decision to hire Mr. Barge and determined that, in light of the circumstances underlying the investigation, the administrative order was not an impediment to his hiring.



**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

*The following Compensation Committee Report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent Viacom specifically incorporates such information by reference.*

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of this proxy statement. Based on its review and discussions with management, the Compensation Committee recommended to the Viacom Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

***Members of the Compensation Committee***

Frederic V. Salerno, Chair

Blythe J. McGarvie

Charles E. Phillips, Jr. (beginning November 10, 2010)

William Schwartz

---

**Table of Contents**

**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

The goal of our compensation programs is to make sure that we have the talented executives and employees we need to achieve our strategic plans and deliver financial returns to stockholders over the short term and long term. To do that, we need to attract and retain great managers and employees, and compensate them in a way that encourages and rewards their performance. Our compensation programs include salaries, a cash bonus plan that rewards annual performance, and a long-term equity plan that links the value the executive receives to the value of our company as measured by our stock price and/or company performance. Our compensation packages are designed to reward (i) company performance as measured by strategic, operating and financial results, (ii) individual contributions to those results and (iii) stock price growth on both an absolute and a relative basis. Occasionally, if the Compensation Committee (the Committee in this section) determines it is appropriate in connection with its retention and other objectives, it may authorize one-time equity awards for our more senior executives. In certain instances, the Committee feels it is appropriate to structure equity awards both with portions that are at risk and portions that are not at risk, particularly since all equity awards are tied to the performance of our stock, thereby aligning the awards with the interests of our stockholders. Awards are balanced between short-term and long-term compensation to incent our executives to achieve superior operating and financial results every year while achieving long-term strategic objectives to drive stockholder value.

We are committed to providing competitive compensation packages to ensure that we attract and retain executives who will achieve these goals. We compete for talented executives in a highly-compensated industry based largely in the New York and Los Angeles markets. The Committee reviews information about past and evolving practices of our media and entertainment industry peer companies and other comparable public companies, but it does not specifically benchmark compensation to a particular level.

***Fiscal Year 2011 Performance***

In 2010, we changed our fiscal year end to September 30 from December 31. Compensation information for fiscal year 2011 reflects performance during the twelve months ended September 30, 2011 (our first full fiscal year since the change). Fiscal year 2010 reflects performance during our nine-month transition period ended September 30, 2010, and fiscal year 2009 and fiscal year 2008 reflects performance during the twelve months ended December 31, 2009 and December 31, 2008, respectively.

During fiscal year 2011, the global economic outlook continued to fluctuate erratically. Although some national economic indicators have stabilized and, in some cases, improved, the euro zone the 17 nations in the European Union that use the euro is expected to slip into recession affecting the United States and other markets around the world. Regulatory uncertainty, ranging from tax rates to net neutrality, financial market reform, health care reform, copyright policy and a host of other matters, continues to affect corporate investment and the availability of capital. Our senior management team continues to work proactively to manage our business in a way that mitigates the impact of these unsettled conditions on our business and drives growth throughout our company to create stockholder value. Specifically:

*We continued to achieve operational excellence and deliver solid growth in our financial results*

In fiscal year 2011, we continued our strategy of increasing our investment in programming and other content that fits our core businesses and brand portfolios to continue to build our valuable content library, drive ratings growth at our networks and fuel expansion in international markets. As a result, we successfully developed hit programming and significantly increased ratings at key networks. This allowed us to grow our advertising revenues, deliver audiences for our advertising partners and position ourselves well for future growth in advertising revenues, which represent approximately 34% of our revenues.

---

## Table of Contents

We continued to innovate in the distribution of content through new and existing platforms, expanded our relationships with our affiliate and other partners and capitalized on opportunities created by the emergence of new digital distributors that have the scale and resources to compete with traditional media distributors, leading to steady growth in our affiliate revenues, which represent approximately 24% of our revenues.

We developed a film slate focused on key branded and franchise films, guided by financial discipline and driven by innovative promotion and marketing, which placed Paramount at #1 in both North American and worldwide box office grosses among all studios in 2011, and also led to record grosses in foreign box office, while successfully improving Paramount's cost structure to address changing market conditions. We also continued to capitalize on opportunities to exploit new digital distribution models in our Filmed Entertainment segment.

We led industry efforts to highlight the harm to the public from copyright infringement and in developing new strategies to combat it. Among other things, these efforts have led to various new copyright protection laws pending in the U.S. Congress to address the worst international copyright offenders and stepped up federal enforcement efforts.

We reviewed our cost structure and took a number of actions to combine and increase the efficiency of various functions across the organization, both domestically and internationally. The restructuring plan includes workforce reductions and other exit activities across the Company's operations, and as a result of these initiatives, we expect annual savings of approximately \$140 million, the benefit of which will phase in through fiscal year 2013. In addition, we significantly improved our debt maturity profile and lowered our average borrowing rates.

These and other initiatives resulted in operating income growth of 11% and growth in diluted earnings per share from continuing operations of 16%, each as compared to the twelve months ended September 30, 2010. Our free cash flow was \$2.502 billion. (We define free cash flow, which is a non-GAAP measure, as cash flow from operations minus capital expenditures, plus excess tax benefits on equity-based compensation awards.)

*As a result of our strong financial position, we returned a significant amount of capital to our stockholders, both through our increased regular quarterly dividend and our stock repurchase program*

In May 2011, the Board approved an increase to our quarterly cash dividend to stockholders of our Class A and Class B common stock from \$0.15 to \$0.25 per share. Approximately \$417 million was paid to stockholders in fiscal year 2011 in connection with the dividend. We also repurchased an aggregate amount of approximately \$2.5 billion of Class B common stock under our \$4.0 billion stock repurchase program, for a total capital return to stockholders through our dividend and buyback programs of \$2.9 billion, or 13%, in fiscal year 2011. In November 2011, the Board authorized an increase in the funds available to purchase shares under our stock repurchase program from \$4.0 billion to \$10.0 billion, reflecting our continued strong financial position, and we continue to assess our methods of returning value to stockholders.

*Our stock performed well in fiscal year 2011*

During fiscal year 2011, our Class B common stock generated a total shareholder return of 8.7% compared to the total shareholder return of the S&P 500 Index over the same period of 0.8%.

*Compensation decisions reflected our performance*

The efforts and leadership of our senior management team, including our named executive officers ( NEOs ), remain critical to our accomplishments and allowed us to continue to successfully navigate difficult economic conditions and produce results that strengthened our business, delivered strong financial performance, and created value for our stockholders, which we returned to stockholders in the form of significant dividends and

---

**Table of Contents**

share repurchases. During the period, we continued to perform well on both an absolute basis and relative to our peers and remain well positioned to capitalize on future opportunities and successfully address future challenges. These accomplishments provide significant context for our pay-for-performance approach and the key compensation decisions made by our Compensation Committee in fiscal year 2011.

The bonus and equity compensation decisions for all of our NEOs in fiscal year 2011 are discussed in detail below under Compensation Program Design Annual Performance-Based Bonus and Compensation Program Design Equity Awards.

***Fiscal Year 2011 Named Executive Officer Compensation***

The achievements discussed above were a direct result of the leadership of our NEOs and other senior executives. Our NEOs for fiscal year 2011 were:

Sumner M. Redstone, Executive Chairman and Founder;  
Philippe P. Dauman, President and Chief Executive Officer;  
Thomas E. Dooley, Senior Executive Vice President and Chief Operating Officer;  
Michael D. Fricklas, Executive Vice President, General Counsel and Secretary; and  
James W. Barge, Executive Vice President, Chief Financial Officer.

The Committee believes that our executive compensation program has been tailored to our business strategies, aligns pay with performance and reflects competitive practices regarding executive compensation. At our 2011 Annual Meeting of Stockholders, we held our first stockholder advisory vote on the compensation of our NEOs and our stockholders approved our fiscal year 2010 executive compensation program. The Committee has considered the results of the vote on our 2010 executive compensation program and concluded that it continues to provide a competitive pay-for-performance package that effectively incentivizes our NEOs and encourages long-term retention. The Company's strong financial performance in fiscal year 2011 reinforces the Committee's view that our executive compensation program is achieving its objectives, and the Committee made no significant changes to the program during the year. The Committee will continue to consider stockholder views about our core compensation principles and objectives when determining executive compensation.

***Base Salary and Target Bonus Increases***

In light of the increases in compensation received by Mr. Dauman and Mr. Dooley in connection with the renewal of their employment agreements in April and May 2010, respectively, the Committee determined not to increase their base salary and target bonus amounts in 2011. Mr. Dauman's annual base salary of \$3.5 million and target annual cash bonus of \$12 million, and Mr. Dooley's annual base salary of \$2.5 million and target annual cash bonus of \$9.5 million, each of which became effective January 1, 2010, remained unchanged. Similarly, Mr. Redstone's annual base salary of \$1.75 million and target annual cash bonus of \$6 million, each effective January 1, 2010, also were not increased in 2011.

In connection with Mr. Barge's employment agreement entered into in October 2010 and his promotion to Chief Financial Officer, Mr. Barge's annual base salary was increased from \$772,500 to \$950,000 and his target annual cash bonus was increased from \$463,500 to \$950,000, effective October 1, 2010. In November 2010, the Committee conducted Mr. Fricklas' annual merit compensation review and increased his annual base salary from \$1.215 million to \$1.25 million and his target annual cash bonus from \$2.3 million to \$2.4 million, effective January 1, 2011. Bonus amounts actually received by the executives are subject to the achievement of performance goals established by the Committee. The increases generally reflected the Committee's evaluations, with the assistance of its independent advisors, of the respective NEO's performance and competitive market data for comparable executive responsibilities of employees who work for our peer group and our broad industry peer group, as appropriate. The specific accomplishments of our NEOs in fiscal year 2011 are discussed under Compensation Program Design Annual Performance-Based Bonus Individual NEO Performance below.



**Table of Contents***Equity Awards*

Our annual equity awards to NEOs in fiscal year 2011 were granted at the target values in their employment agreements and are set forth in the table below. Stock options and RSUs were granted at the meeting of the Compensation Committee that took place in May. PSUs for Messrs. Redstone, Dauman and Dooley were granted on January 1, 2011 pursuant to the terms of their employment agreements.

NEO	Award Type	Award Percentage of Target Value	Number of Class B Shares Underlying Award(1)	Vesting or Performance Period	Exercise Price/Performance
					Conditions(2)
Sumner M. Redstone	Stock Options	50%	262,238	4 years	\$49.95
	PSUs	50%	76,590	3 years	Performance relative to S&P 500 companies
Philippe P. Dauman	Stock Options	50%	524,476	4 years	\$49.95
	PSUs	50%	153,579	3 years	Performance relative to S&P 500 companies
Thomas E. Dooley	Stock Options	50%	419,580	4 years	\$49.95
	PSUs	50%	122,543	3 years	Performance relative to S&P 500 companies
Michael D. Fricklas	Stock Options	40%	104,895	4 years	\$49.95
	RSUs	60%	36,036	4 years	Time-vesting only
James W. Barge	Stock Options	40%	27,972	4 years	\$49.95
	RSUs	60%	9,610	4 years	Time-vesting only

(1) The number of stock options granted is determined using the Black-Scholes valuation method on the date of grant. Stock options have an eight-year term until expiration. The number of RSUs granted is determined by dividing the value of the award by the closing market price of our Class B common stock on the date of grant (\$49.95). For PSUs, the number shown in the above table equals the target number of PSUs, and was determined by dividing the value of the award by the average closing market price of our Class B common stock for a period of 10 trading days ending on the date of grant.

(2) Stock option exercise price is equal to the closing market price of our Class B common stock on the date of grant (May 25, 2011). See Compensation Program Design Equity Awards Performance Share Units below for additional detail on the PSU performance conditions.

*Pay-For-Performance Approach*

The tables below compare target compensation for our NEOs to actual compensation and demonstrate the impact of our pay-for-performance approach.

NEO	Employment Agreement Terms			Fiscal Year 2011	% of Target
	Base	Target	Target Annual	Target	
	Salary	Bonus	Equity Award Value(1)	Compensation	Compensation
					That Is Performance-Based and/or Equity-Linked(2)
Sumner M. Redstone	\$ 1,750,000	\$ 6,000,000	\$ 6,000,000	\$ 13,750,000	87%
Philippe P. Dauman	3,500,000	12,000,000	12,000,000	27,500,000	87%
Thomas E. Dooley	2,500,000	9,500,000	9,500,000	21,500,000	88%
Michael D. Fricklas	1,241,250	2,400,000	3,000,000	6,641,250	81%
James W. Barge	950,000	950,000	800,000	2,700,000	65%

(1) Messrs. Redstone, Dauman and Dooley received their target annual equity awards in the form of stock options and PSUs, and Messrs. Fricklas and Barge received their target annual equity awards in the form of stock options and RSUs. Target annual equity award values have not changed since 2006 for Messrs. Redstone, Dauman and Dooley, and since 2007 for Mr. Fricklas, excluding the one-time equity awards granted to Messrs. Dauman and Dooley in 2010 in connection with their employment agreement renewals. See Compensation Program Design Equity Awards below for information on how award value is calculated. There is no guarantee that the executives will realize the target value of their equity awards, as the amount the executive ultimately realizes will depend on the market value of our stock at the time of exercise or settlement.

(2) Performance-based compensation includes target bonus amounts, stock options and PSU awards, each of which represents a form of compensation for which a set level of company or stock performance is required to realize compensation from the award. Equity-linked compensation includes RSUs, for which continued employment is the sole criterion for receipt but which have a value to the NEO that fluctuates with our stock price.



**Table of Contents**

The table below shows how performance is reflected in the Committee's decisions on annual bonus amounts for each of our fiscal years 2011, 2010, 2009 and 2008. The performance goals for our fiscal year 2011 bonus program and information on how the Committee determined the 2011 bonus amounts are discussed under Compensation Program Design Annual Performance-Based Bonus below.

NEO	FY 2011		FY 2010		FY 2009		FY 2008	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target
	Bonus	Bonus	Bonus	Bonus	Bonus	Bonus	Bonus	Bonus
Sumner M. Redstone	\$ 10,000,000	\$ 6,000,000	\$ 5,625,000	\$ 4,500,000	\$ 6,270,000	\$ 4,750,000	\$ 3,942,500	\$ 4,750,000
Philippe P. Dauman	20,000,000	12,000,000	11,250,000	9,000,000	12,540,000	9,500,000	7,885,000	9,500,000
Thomas E. Dooley	16,000,000	9,500,000	8,906,250	7,125,000	10,032,000	7,600,000	6,308,000	7,600,000
Michael D. Fricklas	3,350,000	2,400,000	2,150,000	1,725,000	2,000,000	1,675,000	1,390,300	1,675,000
James W. Barge	1,254,000	950,000	430,000	347,600	515,000	450,000	373,500	450,000

**Compensation Program Design**

The following section provides additional detail on our compensation philosophy, components of compensation and how our programs are designed and complement each other.

Employment agreements are standard in our industry for top executives, and are important for recruiting purposes as well as for their restrictive and other covenants. Each of our NEOs has an employment agreement in which the Committee sets the components of compensation and initial compensation levels. Compensation levels are generally reviewed annually to ensure they continue to reflect the executive's performance as well as remain competitive. The key terms of our NEO employment agreements are described below and in the narrative following the Fiscal Year 2011 Summary Compensation Table.

The Committee considers each component of compensation individually and in the aggregate as part of its pay-for-performance approach, with its general goal being that a large part of the compensation package be performance-based and/or equity-linked rather than guaranteed cash. Each component is designed to serve a specific purpose and is evaluated both separately and in light of the overall value of the award. The components of our compensation packages generally include:

Component	Compensation Profile	Rationale
Base Salary	Guaranteed; Merit increases reflect performance	Rewards individual experience, performance and tenure, and considers competitive market data
Annual Cash Bonus	Performance-based	Rewards annual company operating and strategic performance and individual performance during the year
Annual Equity Awards	Performance-based and/or linked to stock performance	Contain multi-year vesting periods and/or performance conditions designed to motivate employees to focus on long-term growth and create stockholder value, as well as to provide retentive value for us
		Stock options: vest in equal annual installments over 4 years
		PSUs: have a performance period of 3 years
One-Time Equity Awards	Performance-based and/or linked to stock performance	RSUs: vest in equal annual installments over 4 years See Annual Equity Awards above
		Stock options: vest in equal annual installments over 4 years
		PRSUs: have a performance period of 4 years
Health and Retirement Benefits	Guaranteed	Support the health and safety of our employees and provide savings mechanisms for retirement
Severance and Restrictive Covenants	Contingent	Provide capped cash payments upon termination without cause or resignation for good reason (as defined in agreement). No severance payment is made if an employee leaves voluntarily or is terminated for cause. Severance protections are

designed to allow executives to think and act independently (balanced by our ability to terminate without cause ) and provide consideration for restrictive covenants

---

## **Table of Contents**

### ***Base Salary***

Base salaries for our NEOs and other executive officers are generally reviewed annually by the Committee and increased at its discretion if individual performance and competitive considerations warrant. For other executives and employees, increases are made at the discretion of the executives to whom they report within approved parameters.

For a discussion of base salary increases for Messrs. Fricklas and Barge in fiscal year 2011, see [Overview](#) [Fiscal Year 2011 Named Executive Officer Compensation](#) above.

### ***Annual Performance-Based Bonus***

Our annual bonuses are paid under our Short-Term Incentive Plan ( *STIP* ), which is a broad-based program that we use to incentivize and reward management at all levels to obtain superior operating, strategic and individual results during a particular year. Prior to the start of fiscal year 2011, the Board of Directors approved a fiscal year 2011 budget that, consistent with prior years, contained challenging targets to drive growth. The Committee then established performance goals for our fiscal year 2011 bonus program that are directly linked to our achievement of the budget's goals as well as strategic qualitative objectives. The ability of a participant to realize a bonus at target levels is directly linked to the achievement of results at budget, and company performance above budgeted levels is required to achieve a bonus amount above target.

In fiscal year 2011, approximately 5,100 of our 10,580 employees participated in the *STIP*. Our business unit multipliers in 2011 ranged from 65% to 160% of target, and in fiscal year 2010, they ranged from 25% to 130% of target. Our NEOs participate in the Senior Executive *STIP*, a plan that uses the same award structure and performance goals as the *STIP* but also contains a separate, supplemental financial performance goal and is designed to comply with the provisions on performance-based compensation of Section 162(m) of the Internal Revenue Code ( *Section 162(m)* ). Our fiscal year 2011 operating income for *STIP* purposes was \$3.854 billion, as discussed below, which exceeded the fiscal year 2011 performance target set for the Senior Executive *STIP* of \$2.791 billion. The Senior Executive *STIP* provides for a maximum allowable bonus amount of eight times base salary or \$50 million, whichever is lower, subject to downward adjustment.

The design of our *STIP* program is reviewed and approved by the Committee each year. Key elements of the design for our fiscal year 2011 *STIP* include the following:

#### ***Minimum and Maximum Bonus Amounts***

Based on the achievement of the performance goals set by the Committee, as well as individual performance, cash bonus amounts can range from a threshold of 0% to a maximum of 200% of an individual's target bonus amount.

For a discussion of target bonus increases for Messrs. Fricklas and Barge in fiscal year 2011, see [Overview](#) [Fiscal Year 2011 Named Executive Officer Compensation](#) above.

#### ***Performance Goals Overview***

Our performance goals relate to achievement of operating income (weighted 60%), free cash flow (weighted 20%) and qualitative objectives (weighted 20%). Our qualitative objectives in fiscal year 2011 were, for corporate (including all of our NEOs), achievement of company-wide strategic initiatives; for Viacom Media Networks and BET Networks, achievement of ratings growth at their respective networks; for Paramount Pictures, implementation of cost reduction initiatives and continued focus on improving return on invested capital; and for all *STIP* participants, continued fulfillment of corporate goals, compliance and policy objectives.

- Ø Operating income and free cash flow performance goals are used because they encourage executives to achieve superior operating results while taking into account appropriate cost management.

**Table of Contents**

- Ø Operating income and free cash flow performance is determined relative to our operating budget, which is approved by our Board of Directors before the start of the fiscal year. Bonuses for corporate executives are based on overall Company performance; bonuses for divisional executives are based on the performance of their division or, in many cases, smaller business units.

*Setting Performance Goals*

When setting the range of performance goals for operating income and free cash flow at the outset of the fiscal year, the Committee considers our financial results from the prior year and our annual operating budget for the coming year, as approved by the Board. The budget reflects desired growth rates, strategic initiatives, the economic environment, and cyclical and seasonal factors that can impact performance, among other factors.

The Committee uses this information to set operating income and free cash flow performance grids for corporate and each of the divisions.

- Ø Consistent with the minimum and maximum bonus amounts, a minimum performance factor of 0% and a maximum of 200% can be earned for each performance goal (including the qualitative goals) before the respective weightings are applied.
- Ø Achievement of operating income and free cash flow at budget equates to a performance factor of 100% on each performance grid. We believe our budgeting process is rigorous and results in goals that are meaningful and challenging, the achievement of which is designed to drive stockholder value.
- i The performance range on the grids is 25% to 200% of the target bonus amount, with performance below the level required to generate a payout of 25% resulting in a performance factor of 0%.
  - i The Committee sets the payout slopes on each grid from 25% to 100% and 100% to 200% in a manner that is designed to, within reasonable limits, encourage overachievement and penalize underachievement, while recognizing the need to encourage performance throughout the year, even in difficult conditions.

The following table sets forth the corporate performance goals that applied to our NEOs in fiscal year 2011, with the bottom of the performance range equal to a performance factor of 25% and the top of the range equal to a performance factor of 200%. The Committee determined that the corporate performance multiplier for fiscal year 2011 was 137%, as shown in the table.

Performance Goals	Performance		Fiscal 2011	Resulting	Weighting	Weighted
	Range		Performance	Performance		Performance
	(in millions)		(in millions)	Factor		Factor
Operating income	\$2,813	4,225	\$3,854(1)	127%	60%	77%
Free cash flow	1,421	2,764	2,614(2)	176%	20%	35%
Qualitative objectives	N/A		N/A	125%	20%	25%
<b>Corporate performance multiplier</b>						<b>137%</b>

- (1) Operating income for STIP purposes was increased to \$3.854 billion (from our reported operating income of \$3.710 billion) principally reflecting exclusion of certain restructuring charges and employee separation costs at our Media Networks segment and restructuring charges at our Filmed Entertainment segment.
- (2) We define free cash flow, which is a non-GAAP measure, as cash flow provided by operations minus capital expenditures, plus excess tax benefits from equity-based compensation awards. Free cash flow for STIP purposes was increased to \$2.614 billion (from our reported free cash flow of \$2.502 billion) reflecting exclusion of a cash premium on extinguishment of certain debt and reported cash flow from discontinued operations.

*Committee Determination of Bonus Amounts*

For corporate and each of the divisions, the Committee reviews actual fiscal year financial performance compared to the goals set by the Committee at the beginning of the year and Mr. Dauman's assessment of the achievement of the qualitative factors. That performance multiplier is then applied to the aggregate target bonus amounts for each STIP participant (by division) to create the recommended aggregate dollar amount of the corporate and divisional bonus pools.

---

**Table of Contents**

The Committee may consider other financial or qualitative factors significant to the year, such as the extent to which the performance targets were met in ways that related to the fundamentals of the business and furthered our long-term interests as well as the appropriateness of excluding unusual expenses or impacts on financial results, such as restructuring charges and employee separation costs, which it believes have the effect of distorting the performance goals.

The Committee then determines, in its discretion, the final amount of each performance multiplier and bonus pool. Once the bonus pools are established, individual bonus amounts are increased or decreased based on individual performance so long as the total amount of the bonus pool is not exceeded.

*Individual NEO Performance*

The Committee also approves individual bonus amounts for the executives within its oversight, which includes all of the NEOs. Mr. Dauman makes specific bonus recommendations for each of those executives other than Mr. Redstone and himself. Given the accomplishments of each executive in fiscal year 2011, the Committee decided to adjust certain bonus amounts produced by the corporate performance multiplier. Specifically, in addition to the accomplishments discussed earlier in this section:

- Ø Mr. Redstone continued to oversee the activities of the Board of Directors. Under his leadership and vision, the Company exceeded its budgeted financial targets, enhanced its financial position and continued to strengthen its overall business in a difficult economic environment.
  
- Ø Mr. Dauman and Mr. Dooley continued to provide strategic leadership and management for our company. They and their senior executive teams executed on key operational goals such as strengthening relationships with key partners, increasing the Company's investment in content as well as cost-effectiveness in our operations, building our international operations and returning capital to our stockholders while maintaining a solid financial position. They led a company-wide restructuring that resulted in, and will continue to deliver, significant cost efficiencies. They achieved strong financial results while continuing to navigate economic challenges and positioning the Company well for the future. They continued to drive innovation in content creation, distribution, promotion and marketing, and made improvements to our operating model, resulting in improved margins, record box office performance, and significantly increased affiliate revenues. Under their leadership, senior management implemented a company-wide leadership development initiative and continued to foster a diverse and inclusive corporate culture.
  
- Ø Mr. Fricklas and Mr. Barge participated in and advised the senior management team and:
  - i Mr. Fricklas provided leadership on a wide variety of matters, including copyright protection strategy, brought to successful conclusion a number of disputes, contributed to the negotiation of valuable multi-year affiliate agreements in the growing digital arena, successfully managed the expansion of, and significant operational changes in, his legal team, and continued to enhance the legal function across Viacom and its divisions; and
  
  - i Mr. Barge successfully transitioned into his role as Chief Financial Officer and continued to enhance and provide leadership of the Company's finance function. He continued to strengthen and develop our finance organization and processes, reduced the Company's costs of borrowing through successfully executing a tender offer and new issuance of public debt, reduced our global effective tax rate, led the financial team supporting senior management in achieving our successful financial performance and effective capital structure, and achieved success in his risk management and technology responsibilities as well.

## **Table of Contents**

### ***Equity Awards***

Our Long-Term Management Incentive Plan ( LTMIP ) is a broad-reaching program that motivates management to focus on long-term growth and the performance of our stock price, and provides retentive value to us through multi-year vesting schedules for equity awards. In fiscal year 2011, approximately 1,400 employees participated in the LTMIP.

The Committee approves all of our equity awards, which take the form of (i) stock options, (ii) RSUs, (iii) PSUs and (iv) PRSUs. The Committee determines, either by employment agreement or at the time of grant, the appropriate type, combination and value of each equity award. The target values for our NEO equity awards are specified in their employment agreements.

### ***Use of Stock Options, RSUs, PSUs and PRSUs***

The Committee believes it is appropriate for our NEOs other than Messrs. Redstone, Dauman and Dooley to receive annual equity awards that are comprised of a mix of stock options and RSUs. Stock options are more sensitive to the stock price and have no value to the NEO if the current share price is less than the price on the date of grant. In contrast, RSUs always have value equal to our stock price, and for any particular award value, an executive will receive fewer RSUs than stock options. Therefore, for any particular award value, RSUs have less of a potential dilutive effect to stockholders than stock options. In addition, RSUs appreciate relatively less as the stock price rises, but continue to have value as the stock price declines and accordingly provide motivation and retentive value in down markets, and the accounting associated with stock options and RSUs, which generally have similar or greater value to employees than PSUs, results in a lower expense to us than PSUs. For these reasons, the Committee believes that a ratio of 40% stock options and 60% RSUs appropriately balances the goals of providing performance incentives, retention value and shareholder alignment with the cost of the awards to us.

As specified in their employment agreements, Messrs. Dauman, Dooley and, through 2011, Mr. Redstone are entitled to receive annual equity awards that are comprised of stock options and PSUs. The Committee believes PSUs, which are valued based on the performance of our stock relative to a broad market index, continue to be an effective tool to motivate those executives' performance in the long-term interests of the company because Messrs. Redstone, Dauman and Dooley have overall corporate oversight and responsibility and therefore a greater ability to impact stockholder value than other executives and employees, and that the PSU grants provide pay for performance in creating stockholder value. In granting PSUs, the Committee reviews, among other things, the executive's overall mix of compensation elements and sets target values for the PSU awards in the context of the Committee's objectives for the overall compensation package.

The Committee granted PRSU awards to Mr. Dauman and Mr. Dooley in connection with their employment agreement renewals in fiscal year 2010. These were one-time grants, and the value realized by Mr. Dauman and Mr. Dooley will depend on our performance over four successive fiscal years, as discussed below. Like PSUs, PRSUs have an at risk component to incent the achievement of company performance goals, with the maximum and minimum parameters designed to balance the Committee's objectives of incenting performance in a way that enhances stockholder value and the retention of valuable executives.



**Table of Contents***Performance Share Units*

PSU awards are made in the form of a target grant. The target number of PSUs is equal to the target award value divided by the average closing price of our Class B common stock during the 10 trading days ending on the date of grant. The number of shares of Class B common stock the executive ultimately receives at the end of the measurement period depends on the total shareholder return (TSR) of our Class B common stock measured against the TSR of the common stock of the companies comprising the S&P 500 Index at the start of the measurement period (the reference group). The percentile ranking of the TSR of our Class B common stock compared to the TSR of the common stock of the companies in the reference group is used to calculate the number of shares received. The maximum payout is 300% of the target award, which the executive would be eligible to receive if our stock outperformed every other company in the reference group. The payout schedule for the awards is set forth in the following table.

Schedule(1)
If Viacom achieves less than the 25 <sup>th</sup> percentile TSR, the award of PSUs will be forfeited, unless the EPS hurdle is met
If Viacom achieves the 25 <sup>th</sup> percentile TSR, the number of shares to be delivered under the award will be 25% of the target award, subject to adjustment if the EPS hurdle is met
If Viacom achieves the 50 <sup>th</sup> percentile TSR, the number of shares to be delivered under the award will be 100% of the target award
If Viacom achieves the 100 <sup>th</sup> percentile TSR (that is, if it is the first ranked company in the S&P 500 for TSR), the number of shares to be delivered under the award will be 300% of the target award

- (1) For achievement at intermediate points between the 25<sup>th</sup> and 50<sup>th</sup> percentile, or between the 50<sup>th</sup> percentile and the 100<sup>th</sup> percentile, the number of shares to be delivered will be interpolated between the respective shares delivered at such percentiles, subject to adjustment between the 25<sup>th</sup> and 50<sup>th</sup> percentile, if the EPS hurdle is met.

*EPS Hurdle*

The EPS, or earnings per share, hurdle is intended to provide an alternative measure of performance for the PSU awards in the event strong operating performance is not appropriately reflected in our stock price due to market or other conditions outside of our control.

If we achieve less than the 50<sup>th</sup> percentile TSR during the measurement period but achieve the EPS hurdle, the executive would receive the average of his target award and the award he would have earned under the above schedule.

For the 2011 PSU grants, the Committee set the EPS hurdle as achievement of compound annual growth rate of diluted EPS from continuing operations that is greater than the median compound annual EPS growth rate for the companies in the reference group during the measurement period of 2011–2013. This is a challenging, relative metric, and whether we will meet the hurdle is uncertain until 2013 financial results are determined.

*Performance Restricted Share Units*

PRSUs represent a right to receive a number of shares of Class B common stock over four performance periods, with a target number of shares (a Target PRSU Award) to be delivered in respect of each performance period. The performance periods are each of the first four full fiscal years starting after the execution of the employment agreement providing for the PRSU grant. The minimum and maximum number of shares that will be delivered to an executive in respect of any performance period is 75% and 125%, respectively, of the Target PRSU Award. The number of shares of Class B common stock the executive ultimately receives at the end of each performance period depends on a Current Achievement Percentage calculated for the performance period as follows: 75% of the Current Achievement Percentage is calculated as a ratio of the achievement of operating income for the current performance period to the operating income goals established for the current performance period under the Senior Executive STIP; 25% of the Current Achievement Percentage is calculated as a ratio of the achievement of free cash flow for the current performance period to the free cash flow goals for the current performance period under the Senior Executive STIP; and in no event may either component ratio exceed 200%. The Current Achievement Percentage for the current performance period is then averaged with the

**Table of Contents**

Current Achievement Percentages for any prior performance periods to produce a Cumulative Achievement Percentage on which the payout is based, according to the following schedule.

Schedule(1)
If the Cumulative Achievement Percentage is 75% or less, the number of shares to be delivered under the award will be 75% of the Target PRSU Award
If the Cumulative Achievement Percentage is 100%, the number of shares to be delivered under the award will be 100% of the Target PRSU Award
If the Cumulative Achievement Percentage is 125% or more, the number of shares to be delivered under the award will be 125% of the Target PRSU Award

- (1) For a Cumulative Achievement Percentage at an intermediate point between 75% and 100%, or between 100% and 125%, the number of shares to be delivered will be interpolated on a straight-line basis between the respective numbers of shares to be delivered at such percentages.

**Benefits**

We provide traditional benefit plans and programs to our executives and employees on the same relative basis with few exceptions, which are described under Perquisites below. Our retirement and savings plans provide certain guaranteed compensation for our executives and employees, with multi-year vesting schedules designed to encourage retention. These plans include:

- a tax-qualified defined benefit Pension Plan;
- a tax-qualified defined contribution 401(k) Plan and Excess 401(k) Plans;
- Bonus Deferral Plans, which allow the executive to elect to defer a portion of his or her annual cash bonus amount; and
- health coverage, life insurance, disability benefits and other similar benefits.

For more detail on our benefit plans, see the narratives following the Fiscal Year 2011 Pension Benefits and Fiscal Year 2011 Nonqualified Deferred Compensation tables.

**Perquisites**

We generally provide few perquisites to our NEOs. However, we and the Committee believe that some perquisites, as discussed below and in footnote (5) to the Fiscal Year 2011 Summary Compensation Table, are appropriate for the reasons discussed below. The executives are taxed as appropriate on these perquisites, and we do not gross up our NEOs for these taxes.

Our NEOs may be eligible to occasionally use the Viacom aircraft for personal use. Mr. Dauman may use the Viacom plane to travel to meetings of the other board of directors on which he serves, and we consider amounts related to such travel to be a perquisite. We have a car and driver in New York, which are provided to Mr. Redstone and Mr. Dauman for security reasons and are occasionally used for business purposes by other executives. Mr. Redstone is also provided with a car and driver in his hometown of Los Angeles. Any personal use of a car and driver by either Mr. Redstone or Mr. Dauman, including commuting, is considered a perquisite.

Under their employment agreements, certain of our NEOs receive life insurance benefits in amounts that are higher than the life insurance benefits we provide to employees generally. This incremental amount is considered a perquisite. We pay the premiums for these life insurance benefits and do not generally provide any other death benefit such as salary continuation. In 2011, we provided \$5,000,000 in coverage for each of Messrs. Dauman, Dooley and Fricklas.

Our NEOs also receive occasional tickets to company events, DVDs and merchandise related to our businesses. For business purposes, an NEO's spouse may also accompany him from time to time to these events. These items involve a de minimis or no incremental cost to us, and we believe they serve a legitimate business purpose.

---

## **Table of Contents**

### ***Severance and Restrictive Covenants***

The Committee believes that providing certain severance benefits is important to attract and retain high-caliber executives in our industry and provide consideration for the executive's commitments under the employment agreement. For non-contractual employees, we also maintain a more broad-based severance plan that generally provides our employees with a set number of weeks of severance.

Our NEO agreements (other than Mr. Redstone's) provide for cash payments upon termination without cause or resignation for good reason. For Messrs. Dauman and Dooley, these payments are generally capped at three years of base salary and bonus amount in the year of termination, subject to adjustment if fewer than three years remain in the employment term. For Messrs. Fricklas and Barge, these payments are generally capped at the lesser of two years of base salary and bonus amount in the year of termination or the remaining cash compensation payable under the agreement. No payment is made if an employee leaves voluntarily or is terminated for cause. The employment agreements define good reason and cause.

Receipt of severance is conditioned on the employee's continuing compliance with certain restrictive and other covenants. Typical restrictive covenants in our employment agreements include commitments not to compete with our company during the term of the agreement, not to solicit our employees to leave our company within a specified time frame, and to protect our confidential information, among other commitments.

For detail on the severance obligations we may have to our NEOs upon termination of employment, see the section Potential Payments upon Termination or Change-In-Control. These obligations were negotiated at the time we entered into each NEO's employment agreement.

### **Tax Deductibility of Performance-Based Compensation and Other Tax Considerations**

Where appropriate, and after taking into account various considerations, we generally structure our executive employment agreements and compensation programs to allow us to take a tax deduction for the compensation we pay to our executives. Any individual base salary we pay over \$1,000,000 is not tax deductible. The performance-based compensation we pay in the form of annual cash bonus amounts under our Senior Executive STIP is designed to comply with the requirements of Section 162(m) and therefore be tax deductible. In addition, our stock option and PSU grants under the LTMIP contain performance and/or market conditions and are designed to be Section 162(m) compliant. RSUs with time-vesting only and the target payout under the PRSUs are not tax deductible to the extent they result in compensation that exceeds the \$1 million limit under Section 162(m).

Our deferred compensation arrangements, including those in our employment agreements and compensation and benefit plans, are designed to comply with Section 409A of the Internal Revenue Code.

### **Risk Assessment of Compensation Programs**

We review with our Compensation Committee our compensation programs company-wide to assess whether they encourage our employees to take unnecessary or excessive risks that could have a material adverse effect on our business. We have concluded that our programs are appropriately tailored to encourage employees to grow our business, but not incent them to do so in a way that poses unnecessary or excessive material risk to us. For example, our STIP and LTMIP, which are our two primary, company-wide compensation programs, balance each other by providing compensation that rewards short-term and long-term performance. The STIP balances risk by considering a mix of performance goals, capping the maximum payout a participant can receive and allowing the Compensation Committee to determine the final amounts of all bonuses, and the LTMIP provides balanced incentives through a mix of equity awards such as performance share units, performance restricted share units, stock options and restricted share units, which have varying vesting schedules and levels of performance and/or market conditions to encourage long-term growth and provide retentive value. In addition, we have various policies, such as our clawback policy, that are designed to discourage undue risk-taking or manipulation of results.

## **Table of Contents**

### **Compensation Decision Process and Compensation Policies**

#### ***Compensation Committee Composition***

Compensation decisions for our NEOs, other executive officers and certain key divisional executives are made by the Committee. During fiscal year 2011, the Committee was comprised of four independent directors, Blythe J. McGarvie, Charles E. Phillips, Jr., Frederic V. Salerno (Chair) and William Schwartz. The Committee has the sole decision-making authority for the compensation of our NEOs and, under its Charter, may not delegate this authority in connection with any material element of NEO compensation. As discussed below, the Committee considers information and recommendations from several sources when making its compensation decisions.

#### ***Management's Role***

The Committee interacts with management regarding our executive compensation initiatives and programs. For our senior executives other than Messrs. Redstone and Dauman, the proposed terms of new employment agreements and annual merit compensation reviews, if any, are initially discussed by Mr. Dauman and Denise White, our Executive Vice President, Human Resources and Administration (except with respect to her own agreement), with input from the executive to whom the NEO directly reports (if other than Mr. Dauman). The proposed terms of the agreements are presented to the Committee for consideration and approval. All of our NEOs have input into the compensation decisions for the executives and employees who report to them.

The Committee, with the input and assistance of its independent compensation consultant, independently led the discussions and determinations made on the 2011 merit increases for Messrs. Fricklas and Barge discussed above under [Overview](#) [Fiscal Year 2011 Named Executive Officer Compensation](#).

Mr. Dauman, Mr. Dooley and Ms. White also participate in STIP and LTMIP design discussions, including recommendations with respect to performance targets, the results of which are presented to the Committee for consideration and determination. They may provide input to the Committee and/or the Board, as appropriate, from time to time on benefits, retirement programs and other matters related to our Human Resources function.

#### ***Independent Compensation Consultant***

Since January 1, 2006, the Committee has retained the services of an independent compensation consultant with particular expertise in compensation matters for media and entertainment companies. Pay Governance, the Committee's independent compensation consultant, is engaged by, and reports directly to, the Committee. See [Our Board of Directors](#) [Compensation Committee](#) for additional information.

#### ***Use of Independent Outside Counsel***

From 2006 to 2010, the Committee retained regular outside legal counsel, who was not one of management's outside legal advisors, on compensation matters. Beginning in 2011, the Committee's practice has been to consult outside legal counsel as needed. The Committee's counsel has provided advice and performed other duties as the Committee has requested from time to time, including attending Committee meetings on request, reviewing documents relating to the Committee's work, and participating in negotiations on behalf of the Committee.

#### ***The Entertainment Industry and Use of Peer Company Data***

The Committee considers information about the practices of our media and entertainment industry peer companies and other comparable public companies, as well as evolving market practices, because it believes that reviewing this information is appropriate to ensure that it makes informed compensation decisions. The Committee does not benchmark the compensation of any executive over which it has oversight to any particular

---

## **Table of Contents**

percentile, or range of percentiles, of peer company data. Rather, the Committee considers the compensation levels for similar executive positions at our peer companies as only one factor in its decision-making process. One reason for this is that the structure and organization of other companies, as well as the duties, responsibilities, tenure and talents of executives at other companies, often vary considerably. Specifically, Pay Governance provides the Committee with analysis of information about the other major, diversified media and entertainment industry companies, The Walt Disney Company, Time Warner Inc., News Corporation, NBC Universal and CBS Corporation. The Committee may also consider information provided by Pay Governance on a broad industry peer group, which, as in fiscal year 2010, was comprised of the following companies in fiscal year 2011: Altria Group, Inc., AT&T Inc., Cablevision Systems Corporation, CBS Corporation, Cisco Systems, Inc., The Coca-Cola Company, Comcast Corporation, Dell, Inc., Gannett Co., Inc., General Electric Company, Hewlett-Packard Company, International Business Machines Corporation, News Corporation, PepsiCo, Inc., The Procter & Gamble Company, Qwest Communications International Inc., Sprint Nextel Corporation, Time Warner Inc., Verizon Communications Inc., The Walt Disney Company and Yahoo! Inc. In addition, the Committee generally monitors compensation best practices and considers alternatives for compensation program design using their own experience and judgment, as well as by reference to the experience and practices of other large public companies and expert commentary. The Committee does not refer to any set group of companies for this purpose.

### ***Individual Considerations***

Individual qualifications are another key factor in the Committee's compensation decisions. The Committee considers the executive's professional experience, tenure and accomplishments at our company and/or within the industry, the executive's individual performance if he or she is an existing employee, the executive's compensation history, compensation levels of executives at comparable levels within the company, competitive conditions, management development and succession planning activities and input from Pay Governance. Several of our NEOs and many of our divisional executives have been affiliated with Viacom for many years and this is reflected in their compensation packages.

### ***Clawback Policy: Adjustment to Bonuses/Equity Awards in the Event of a Restatement***

Since 2006, the Committee has had a policy under which it reserves the right to require, at any time, any of our employees or former employees to return all or a portion of the bonus and/or equity compensation the employee receives if any of the performance goals or quantitative factors considered in determining the amount of the award are restated in a manner that would have affected the amount if known prior to the grant, or, with respect to bonus amounts, if such restatement alters the Committee's assessment of the employee or former employee's individual performance in a manner that warrants reduction. The Committee may also require employees to return certain compensation as a result of their material breach of certain restrictive covenants under various agreements. Our incentive plans expressly reserve these powers to the Committee and give the Committee broad discretion to adjust incentive awards based on the Committee's assessment of individual performance and other factors.

### ***Change-in-Control***

As further discussed in the section Potential Payments Upon Termination or Change-In-Control, we do not have any plans or arrangements that provide for payments or accelerated vesting of incentives solely in connection with a change in control of Viacom. The employment agreements of Messrs. Dauman and Dooley provide for an excise tax gross-up payment with respect to certain activities related to a change in control that occurs prior to December 31, 2013. The payment would be made if (a) there is a change in control, (b) the executive is terminated without cause or resigns for good reason as a result of the change in control and (c) his severance amount subjects him to certain related excise taxes. Except for the new sunset provision, the gross-up provision was carried over from prior employment agreements.

## **Table of Contents**

### ***Pledges and Hedges of Viacom Stock***

Our executive officers are prohibited from hedging or pledging any Viacom securities that they hold directly. (This prohibition does not apply to pledges of stock by National Amusements, Inc., of which Mr. Redstone is the controlling stockholder.) In addition, all of our employees are prohibited from engaging in short sales of our stock and may not hedge or pledge equity compensation.

### ***Wealth Accumulation***

The Committee does not consider past wealth accumulation in connection with its compensation decisions. The Committee is focused on ensuring that a large part of our NEOs' compensation packages is performance-based. The Committee believes that executives and employees should not be penalized in future years for strong performance in prior years, and that all employees, regardless of individual financial situation, should have a compensation package that is competitive for their respective positions. Further, the Committee believes the Company's ability to retain employees is diminished if pay is not at competitive levels.

### ***Timing of Equity Grants***

We protect against issues associated with timing of equity awards by granting them on an annual basis at regular Committee meetings generally scheduled more than a year in advance. Since 2006, the Committee has made our annual equity grants to senior executives and other employees at the meeting of the Committee that has taken place in May or June of each year, which are scheduled at least a year in advance, other than PSU grants made to Messrs. Redstone, Dauman and Dooley, which have been granted on January 1 pursuant to the terms of their employment agreements. Stock option exercise prices and the sizes of the annual equity grants are determined based on the closing price of our Class B common stock on the date of grant.

For certain newly hired executives, and rarely upon entering into new or amended employment agreements with existing executives, the Committee may award off-cycle equity grants. In the case of stock options and RSUs, these grants are made 3 to 10 days after the later of Committee approval, the execution of the employment agreement by both parties or commencement of employment and have an exercise price or value, as applicable, based on the closing price of our Class B common stock on the date of grant.

### ***Repricing of Stock Options***

Our LTMIP prohibits the repricing of stock options.

### ***Executive Stock Ownership Requirements***

Given the significant stock ownership of Messrs. Redstone, Dauman and Dooley, as well as the significant equity holdings (with multi-year vesting schedules) of our executive team, the Committee believes senior management is appropriately incented to manage the business in line with stockholders' interests and has not established specified executive stock ownership requirements.

### ***Fiscal Year 2012 STIP Design***

Except for the adoption of new financial targets for the upcoming year, our fiscal year 2012 STIP design is substantially the same as it was in fiscal year 2011. The 2012 qualitative objectives include: (i) for corporate employees, furtherance and achievement of the company-wide strategic initiatives contemplated in the budgeting and long-range planning processes, (ii) timely adherence to achievement of corporate goals, inclusion and talent development, compliance, and policy objectives and (iii) specific strategic goals for each of the divisions.

**Table of Contents****FISCAL YEAR 2011 SUMMARY COMPENSATION TABLE**

The following table presents information on the total compensation for our NEOs in the twelve months ended September 30, 2011 ( fiscal year 2011 ), the nine months ended September 30, 2010 ( fiscal year 2010 ), the twelve months ended December 31, 2009 ( fiscal year 2009 ) and the twelve months ended December 31, 2008 ( fiscal year 2008 ).

Name and Principal Position	Fiscal Year	Salary (\$)		Stock Awards (\$)(1)		Option Awards (\$)(1)		Non-Equity Incentive Plan Compensation (\$)(2)	Change in Pension Value and Non- qualified Deferred Compensation Earnings (\$)(3)	All Other Compen- sation (\$)(5)	
		Annual		One-Time	Total	Annual	One-Time				Total
Sumner M.	2011	\$ 1,750,000	\$ 5,087,874		\$ 5,087,874	\$ 3,000,003		\$ 3,000,003	\$ 10,000,000	\$ 1,131,025	\$ 30,955
Redstone											(4)
	2010	\$ 1,312,500	\$ 5,089,264		\$ 5,089,264	\$ 3,000,000		\$ 3,000,000	\$ 5,625,000	\$ 2,216	\$ 4,650
Executive Chairman	2009	\$ 1,250,000	\$ 6,344,447		\$ 6,344,447	\$ 3,000,005		\$ 3,000,005	\$ 6,270,000	\$ 13,061	\$ 6,000
and Founder	2008	\$ 1,250,000	\$ 5,619,374		\$ 5,619,374	\$ 3,000,005		\$ 3,000,005	\$ 3,942,500	\$ 20,891	\$ 151,930
Philippe P. Dauman	2011	\$ 3,500,000	\$ 10,175,681	\$ 3,139,620	\$ 13,315,301	\$ 6,000,005		\$ 6,000,005	\$ 20,000,000	\$ 45,610	\$ 262,630
	2010	\$ 2,625,000	\$ 10,178,477	\$ 31,654,832	\$ 41,833,309	\$ 6,000,000	\$ 22,620,000	\$ 28,620,000	\$ 11,250,000	\$ 45,793	\$ 141,200
	2009	\$ 2,500,000	\$ 12,688,932		\$ 12,688,932	\$ 5,999,997		\$ 5,999,997	\$ 12,540,000	\$ 37,911	\$ 243,150
President and Chief											
Executive Officer	2008	\$ 2,500,000	\$ 11,238,665		\$ 11,238,665	\$ 5,999,999		\$ 5,999,999	\$ 7,885,000	\$ 74,348	\$ 296,820
Thomas E. Dooley	2011	\$ 2,500,000	\$ 8,140,531	\$ 2,511,724	\$ 10,652,255	\$ 4,799,995		\$ 4,799,995	\$ 16,000,000	\$ 41,293	\$ 67,230
	2010	\$ 1,875,000	\$ 8,142,781	\$ 24,201,887	\$ 32,344,668	\$ 4,799,996	\$ 16,672,000	\$ 21,471,996	\$ 8,906,250	\$ 41,595	\$ 12,210
Senior Executive	2009	\$ 2,000,000	\$ 10,151,123		\$ 10,151,123	\$ 4,799,997		\$ 4,799,997	\$ 10,032,000	\$ 31,318	\$ 11,980
Vice President and Chief Operating Officer	2008	\$ 2,000,000	\$ 8,990,949		\$ 8,990,949	\$ 4,799,997		\$ 4,799,997	\$ 6,308,000	\$ 63,817	\$ 11,530
Michael D. Fricklas	2011	\$ 1,241,250	\$ 1,799,998		\$ 1,799,998	\$ 1,199,999		\$ 1,199,999	\$ 3,350,000	\$ 197,693	\$ 74,190
	2010	\$ 911,250	\$ 1,800,015		\$ 1,800,015	\$ 1,200,004		\$ 1,200,004	\$ 2,150,000	\$ 255,124	\$ 20,480
	2009	\$ 1,050,000	\$ 1,799,997		\$ 1,799,997	\$ 1,199,999		\$ 1,199,999	\$ 2,000,000	\$ 26,501	\$ 13,290
Executive Vice President, General	2008	\$ 1,050,000	\$ 1,259,290		\$ 1,259,290	\$ 1,499,991		\$ 1,499,991	\$ 1,390,300	\$ 126,832	\$ 11,950

*Counsel and*

*Secretary*

James W. Barge	2011	\$	950,000	\$	480,020	\$	480,020	\$	320,000	\$	320,000	\$	1,254,000	\$	21,232	\$	17,500
----------------	------	----	---------	----	---------	----	---------	----	---------	----	---------	----	-----------	----	--------	----	--------

*Executive Vice*

*President, Chief*

*Financial Officer*

- (1) Reflects the aggregate grant date fair value of the equity awards granted in the respective year calculated in accordance with FASB ASC Topic 718 – Stock Compensation, not including assumed forfeitures. Annual awards reflect equity awards granted under our LTMIP as part of our annual equity program. One-time awards reflect equity awards granted under the LTMIP to the respective NEO in connection with their employment agreement renewals in 2010. See Compensation Discussion & Analysis for a detailed discussion of our equity program and the individual awards. Grant date fair value assumptions are consistent with those disclosed in the *Equity-Based Compensation* Note to our Consolidated Financial Statements in our Transition Report on Form 10-K for fiscal year 2010 and Annual Report on Form 10-K for fiscal year 2011 and the Stock Based Compensation Note to our Consolidated Financial Statements in our Annual Reports on Form 10-K for fiscal years 2009 and 2008. The amounts reported in the Stock Awards and Option Awards columns for 2008 in the 2008 proxy statement reflected equity compensation expense recognized in 2008 (not including assumed forfeitures), including expense we incurred in connection with the equity awards granted in 2008, as well as continuing accounting expense for awards from prior years, in accordance with SEC rules in effect at the time of filing the proxy statement. Therefore, the amounts reported here for 2008 are not the same as amounts reported in the 2008 proxy statement.
- (2) Reflects annual cash bonus amounts under the Senior Executive STIP for performance during the respective year.
- (3) Reflects change in pension value only, except for Mr. Redstone. See footnote 4.
- (4) Reflects (i) change in pension value of \$98,534 and (ii) intrinsic value of Mr. Redstone’s stock option equivalents (the SOEs) on September 30, 2011 of \$1,032,491. Mr. Redstone obtained the SOEs when he converted the cash balance of his deferred salary compensation account to SOEs of equal value on September 27, 2006. The SOEs had no intrinsic value as of September 30, 2010, December 31, 2009 or December 31, 2008, and therefore the amounts shown in the table for 2010, 2009 and 2008 reflect change in pension value only. We recognized income of \$520,584 in fiscal year 2011, expense of \$212,974 in fiscal year 2010, expense of \$3,434,279 in fiscal year 2009 and income of \$2,803,836 in fiscal year 2008 related to the SOEs. For purposes of this table, we treat any increase in the intrinsic value of the SOEs as preferential since other executives and employees do not have the ability to invest their deferred salary in SOEs.



**Table of Contents**

(5) All Other Compensation includes the following amounts received in fiscal year 2011 by the NEOs:

	Additional Compensation			Perquisites		Total
	Company	Company	Life	Personal Use of	Car	
	Match in	Match in	Insurance(a)	Viacom	Service(c)	
	401(k) Plan	Excess		Aircraft(b)		
		401(k) Plan				
Sumner M. Redstone				\$ 26,096	\$ 4,859	\$ 30,955
Philippe P. Dauman	\$8,575		\$6,880	\$232,097	\$15,084	\$262,636
Thomas E. Dooley	\$8,575		\$4,976	\$ 53,682		\$ 67,233
Michael D. Fricklas	\$8,575	\$8,925	\$4,587	\$ 52,103		\$ 74,190
James W. Barge	\$8,575	\$8,925				\$ 17,500

- (a) Represents the incremental cost of the life insurance policy we provide in accordance with the terms of each NEO's respective employment agreement above the cost of life insurance that we provide to employees generally.
- (b) The incremental cost of use of our aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, catering, telecommunications, landing and navigation fees and flight crew expenses) by the total flight hours for such year and multiplying such amount by the individual's total number of flight hours for non-business use for the year, including flights that were made to reposition the plane in connection with the personal travel from either our New York or Los Angeles locations. Incremental cost does not include certain fixed costs that we incur by virtue of owning the plane. The amount shown for Mr. Redstone represents the incremental cost attributable to Mr. Redstone after the reimbursement of certain amounts between us and CBS.
- (c) Represents incremental costs in connection with personal use of car service, including amounts attributable to commuting expenses. For security reasons, we provide Messrs. Redstone and Dauman with a shared car and driver in New York for use by them and other executives and provide Mr. Redstone with a car and driver in his hometown of Los Angeles. The amount shown above for Mr. Redstone reflects our half of the incremental cost of his personal use of the car and driver; CBS Corporation reimburses us for the other half.

An executive's spouse or other guests may accompany him on business travel, including travel on company aircraft, in company-paid car service, and sharing a hotel room. No amounts are included in the table above for such events since there is little or no incremental cost to us. Other items that may be considered perquisites and for which there is a de minimis or no incremental cost to us include meals provided by our corporate kitchen upon an executive's request (we do not have an executive dining room), access to the executive fitness room (non-staffed) and occasional receipt of tickets, DVDs and other merchandise related to our businesses.

**Compensation of Viacom's Named Executive Officers**

Additional detail on the compensation of our NEOs, including decisions made on fiscal year 2012 compensation, can be found in Compensation Discussion and Analysis.

**Sumner Redstone**

Mr. Redstone became our Executive Chairman of the Board and Founder in January 2006. He was Chief Executive Officer of Former Viacom from 1996 to 2005 and served as Chairman of the Board of Former Viacom beginning in 1987. Mr. Redstone, through NAI, is our controlling stockholder.

**Cash Compensation**

**2008.** In February 2008, following his annual merit compensation review by the Committee, Mr. Redstone's annual base salary was increased from \$1 million to \$1.25 million, effective January 1, 2008. His target annual cash bonus was increased from \$3.5 million to \$4.75 million, subject to the achievement of the performance goals established by the Committee. The increase reflected the Committee's evaluation of Mr. Redstone's performance as well as its desire to maintain the same relative compensation levels to Mr. Dauman.

**2009.** Mr. Redstone did not receive a salary or target bonus increase in 2009 due to a compensation freeze in light of economic conditions.

**2010.** Following his annual merit compensation review by the Committee in January 2010, Mr. Redstone's annual base salary was increased to \$1.75 million, effective January 1, 2010. His target annual cash bonus was increased to \$6.0 million, subject to the achievement of the performance goals established by the Committee. The increase reflected the Committee's evaluation of Mr. Redstone's performance, salary history and appropriate pay levels compared to our other senior executives.

**2011.** Mr. Redstone did not receive a salary or target bonus increase in 2011.



---

**Table of Contents**

*Other Provisions of Mr. Redstone's Employment Agreement*

Provides that Mr. Redstone receive annual equity awards through 2011 that have a target value of \$6 million, 50% in stock options and 50% in PSUs.

Terminable at will by either party.

***Philippe Dauman***

Mr. Dauman has been our President and Chief Executive Officer since September 5, 2006. From 1993 to 2000, he served in several positions at Former Viacom, including as its Deputy Chairman and member of its Executive Committee. He left management of Former Viacom in connection with the merger with CBS Corporation in 2000.

*Compensation*

2008. In February 2008, following his annual merit compensation review by the Committee, Mr. Dauman's annual base salary was increased from \$2 million, as provided in his employment agreement at that time, to \$2.5 million, effective January 1, 2008. His target annual cash bonus was increased from \$7 million to \$9.5 million, subject to the achievement of performance goals established by the Committee. Mr. Dauman's increase reflected his strong performance as well as the Committee's desire to pay him at a level more comparable to CEOs at our peer companies.

2009. Mr. Dauman did not receive a salary or target bonus increase in 2009 due to a compensation freeze in light of economic conditions.

2010. Following his annual merit compensation review by the Committee in January 2010, Mr. Dauman's annual base salary was increased to \$3.5 million, and his target annual cash bonus was increased to \$12.0 million, subject to the achievement of the performance goals established by the Committee, each effective January 1, 2010. The increase reflected the Committee's evaluation of Mr. Dauman's performance and competitive market data for our peer companies and industry peer group. In April 2010, we amended and restated Mr. Dauman's employment agreement, extending his employment term to December 31, 2016 and reflecting the increase in salary and target bonus amount set by the Committee in January. Mr. Dauman was awarded a one-time grant of stock options to purchase 2.0 million shares of Class B common stock with an exercise price equal to the closing market price of the Class B common stock on the date of grant, which vest in four equal annual installments beginning on April 20, 2011. Mr. Dauman was also awarded a one-time grant of 1,000,000 PRSUs that vest in four equal annual installments beginning with fiscal year 2011 and deliver, at the time of vesting, 75% to 125% of the shares underlying the PRSUs, depending on the achievement of company financial targets over specified periods.

2011. Mr. Dauman did not receive a salary or target bonus increase in 2011.

*Other Provisions of Mr. Dauman's Amended and Restated Employment Agreement*

Provides that Mr. Dauman receive annual equity awards that have a target value of \$12 million, 50% in stock options and 50% in PSUs.

Provides for term life insurance in the amount of \$5 million.

***Thomas Dooley***

Mr. Dooley has been our Senior Executive Vice President and Chief Operating Officer since May 2010. He served as our Chief Administrative Officer from September 2006 to May 2010 and our Chief Financial Officer from January 2007 to September 2010. From 1980 to 2000, Mr. Dooley served in several positions at Former Viacom, including as its Deputy Chairman and member of its Executive Committee. He left Former Viacom in connection with the merger with CBS Corporation in 2000.

**Table of Contents**

*Compensation*

2008. In February 2008, following his annual merit compensation review by the Committee, Mr. Dooley's annual base salary was increased from \$1.6 million, as provided in his employment agreement at that time, to \$2 million, effective January 1, 2008. His target annual cash bonus was increased from \$5.6 million to \$7.6 million, subject to the achievement of performance goals established by the Committee. The increase reflected the Committee's evaluation of Mr. Dooley's performance as well as its desire to maintain the same relative compensation level to Mr. Dauman.

2009. Mr. Dooley did not receive a salary or target bonus increase in 2009 due to a compensation freeze in light of economic conditions.

2010. Following his annual merit compensation review by the Committee in January 2010, Mr. Dooley's annual base salary was increased to \$2.5 million, and his target annual cash bonus was increased to \$8.0 million, subject to the achievement of the performance goals established by the Committee, each effective January 1, 2010. The increase reflected the Committee's evaluation of Mr. Dooley's performance and competitive market data for our peer companies and industry peer group. In May 2010, we amended and restated Mr. Dooley's employment agreement, extending his employment term to December 31, 2016, reflecting the increase in salary set by the Committee in January and increasing his target bonus amount to \$9.5 million. Mr. Dooley was awarded a one-time grant of stock options to purchase 1.6 million shares of Class B common stock with an exercise price equal to the closing market price of the Class B common stock on the date of grant, which vest in four equal annual installments beginning on May 27, 2011. Mr. Dooley was also awarded a one-time grant of 800,000 PRSUs that vest in four equal annual installments beginning with fiscal year 2011 and deliver, at the time of vesting, 75% to 125% of the shares underlying the PRSUs, depending on the achievement of company financial targets over specified periods.

2011. Mr. Dooley did not receive a salary or target bonus increase in 2011.

*Other Provisions of Mr. Dooley's Amended and Restated Employment Agreement*

Provides that Mr. Dooley receive annual equity awards that have a target value of \$9.6 million, 50% in stock options and 50% in PSUs.

Provides for term life insurance in the amount of \$5 million.

***Michael Fricklas***

Mr. Fricklas has been our Executive Vice President, General Counsel and Secretary since January 2006. Prior to that, he served as Executive Vice President, General Counsel and Secretary of Former Viacom beginning in 2000. He first joined Former Viacom in 1993 as Senior Vice President and Deputy General Counsel.

*Compensation*

2008. In February 2008, following his annual merit compensation review by the Committee, Mr. Fricklas' annual base salary was increased from \$1 million, as provided in his employment agreement at that time, to \$1.05 million, effective January 1, 2008. His target annual cash bonus was increased from \$1.55 million to \$1.675 million, subject to the achievement of performance goals established by the Committee.

2009. Mr. Fricklas did not receive a salary or target bonus increase in 2009 due to a compensation freeze in light of economic conditions.

2010. In connection with Mr. Fricklas' employment agreement entered into in October 2009, Mr. Fricklas' annual base salary was increased to \$1.215 million, and his target annual cash bonus was increased to \$2.3 million, subject to the achievement of performance goals established by the Committee, each effective January 1, 2010. The increase reflected the Committee's evaluation of Mr. Fricklas' performance and the Committee's desire to extend his term of employment with the company.

**Table of Contents**

2011. Following his annual merit compensation review by the Committee in November 2010, Mr. Fricklas' annual base salary was increased to \$1.25 million for 2011, effective January 1, 2011. His target annual cash bonus was increased to \$2.4 million, subject to the achievement of performance goals established by the Committee.

*Other Provisions of Mr. Fricklas' Employment Agreement*

Provides for an employment term of October 2, 2009 to June 30, 2013.  
Provides that he receive annual equity awards with a target value of \$3 million.  
Provides for term life insurance in the amount of \$5 million.

***James W. Barge***

Mr. Barge has been our Executive Vice President, Chief Financial Officer since October 2010. He served as our Executive Vice President, Tax and Treasury from January 2008 to September 2010 and as our Controller from March 2008 to September 2010. Prior to joining Viacom, he was Senior Vice President, Controller and principal accounting officer of Time Warner Inc. beginning in mid-2002, having previously held various financial positions with Time Warner Inc. since first joining the company in 1995.

*Compensation*

In October 2010, we entered into a new employment agreement with Mr. Barge in connection with becoming our CFO. His annual base salary was increased from \$772,500 to \$950,000 for fiscal year 2011, effective October 1, 2010. His target annual cash bonus was increased from \$463,500 to \$950,000, subject to the achievement of performance goals established by the Committee.

Mr. Barge's increase reflected the Committee's evaluation of Mr. Barge's performance, his promotion to Chief Financial Officer and the Committee's desire to extend his term of employment with the Company.

*Other Provisions of Mr. Barge's Employment Agreement*

Provides for an employment term of October 1, 2010 to September 30, 2013.  
Provides that he receive annual equity awards that have a target value of \$800,000.

***Generally Applicable Employment Agreement Provisions***

The employment agreements of Messrs. Dauman, Dooley, Fricklas and Barge generally permit the executive to participate in all arrangements for benefits, business expenses and perquisites available to senior executives of Viacom. Provisions on termination of employment under various circumstances, including treatment of equity awards and other holdings and applicable restrictive covenants, are discussed in the section entitled Potential Payments upon Termination or Change-In-Control.

**Table of Contents****FISCAL YEAR 2011 GRANTS OF PLAN-BASED AWARDS**

The table below presents information on our non-equity incentive compensation plan awards under our Senior Executive STIP and our equity grants under our LTMIP to our NEOs in fiscal year 2011. The Committee made our annual LTMIP grants to our NEOs and other LTMIP eligible employees in May 2011, except for the PSU grants to Messrs. Redstone, Dauman and Dooley, which were made on January 1 pursuant to the terms of their employment agreements. The PRSU grants to Messrs. Dauman and Dooley are a portion of the target PRSU awards made in April and May 2010, respectively, in connection with the extension of their employment agreements and represent grants upon the Compensation Committee's approval of the performance goals for the performance period ending September 30, 2012. For additional information on the terms of the grants, see Compensation Discussion and Analysis Compensation Program Design Equity Awards.

	Grant Date	Date of Board Action, if Different from Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Type of Award	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)(5)	All Other Option Awards: Number of Underlying Options (#)(5)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards \$(6)	Intrinsic Value of Option Awards
			Threshold (#)(2)	Target (#)	Maximum (#)		Threshold (#)	Target (#)	Maximum (#)					
M. Redstone	1/1/11 5/25/11	9/22/06				PSU(3) SO	19,148	76,590	229,770			\$ 5,087,874 \$ 3,000,003	\$ 2,967,000	
			\$ 1,500,000	\$ 6,000,000	\$ 12,000,000					262,238	\$ 49.55			
P. Dauman	1/1/11 5/25/11 9/15/11	4/14/10				PSU(3) SO PRSU(4)	38,295	153,179	459,537			\$ 10,175,681 \$ 6,000,005 \$ 3,139,620	\$ 5,934,000 \$ 2,623,000	
			\$ 3,000,000	\$ 12,000,000	\$ 24,000,000		0	67,708	135,416		524,476	\$ 49.55		
E. Dooley	1/1/11 5/25/11 9/15/11	5/25/10				PSU(3) SO PRSU(4)	30,636	122,543	367,629			\$ 8,140,531 \$ 4,799,995 \$ 2,511,724	\$ 4,747,000 \$ 2,089,000	
			\$ 2,375,000	\$ 9,500,000	\$ 19,000,000		0	54,167	108,334		419,580	\$ 49.55		
D. Fricklas						RSU								
	5/25/11					SO				36,036	104,895	\$ 49.55	\$ 2,999,997	\$ 1,396,000
			\$ 600,000	\$ 2,400,000	\$ 4,800,000									
V. Barge						RSU								
	5/25/11					SO				9,610	27,972	\$ 49.55	\$ 800,020	\$ 372,000
			\$ 237,500	\$ 950,000	\$ 1,900,000									

- (1) Date of Compensation Committee approval of employment agreement providing for the grant.
- (2) Threshold amount is equal to 25% of the target award, which is the minimum amount that could be paid if any bonus amount were earned. Performance below the 25% threshold earns a bonus amount of \$0.
- (3) For PSUs, the threshold amount is equal to 25% of the target award, which is the minimum amount that could be paid if the market condition for the PSU awards is met, and the maximum award is 300% of the target award. The target number of PSUs is determined by dividing the target value of the award by the average closing market price of our Class B common stock for a period of 10 trading days ending on the date of grant.
- (4) The PRSUs vest in four equal annual installments and deliver, at the time of vesting, 75% to 125% of the target number of shares of Class B common stock underlying the PRSUs, depending on the achievement of company financial targets over four specified performance periods. Mr. Dauman's target award was 1,000,000 PRSUs and Mr. Dooley's target award was 800,000 PRSUs. The PRSU grants reported for September 15, 2011 represent the portion of the target award that is considered granted for accounting purposes upon the Compensation Committee's approval of the specific company performance goals upon which vesting of those particular grants is conditioned. The portion of the target award that has not been reported as granted during fiscal year 2011 or fiscal year 2010 will be considered granted in future years once the Compensation Committee determines the performance goals upon which the vesting of those grants will be conditioned.
- (5) The number of RSUs granted is determined by dividing the target value of the award by the closing market price of our Class B common stock on the date of grant. The number of stock options granted is determined using the Black-Scholes valuation method on the date of grant.
- (6) Grant date fair value assumptions are consistent with those disclosed in the *Equity-Based Compensation* Note to our Consolidated Financial Statements in our Annual Report on Form 10-K for fiscal year 2011. For PSUs, the grant date fair value takes into consideration the performance and/or market conditions applicable to the grant, and makes certain assumptions about the performance of our stock and that of the companies in the reference group for PSUs over the

## Edgar Filing: Viacom Inc. - Form DEF 14A

measurement period. Factors such as market volatility and/or possibility of a payout above target can cause dramatic changes in the accounting expense for PSU. Accordingly, the expense shown in this column may be significantly higher than the value of the awards determined in accordance with the respective NEO employment agreements.

**Table of Contents**

- (7) We believe it is relevant for investors' understanding of our NEOs' compensation to present the current value of the awards compared to the grant date fair value, which is the total accounting expense for the fiscal year 2011 awards that we will recognize over a period of years. This information is for illustrative purposes only to demonstrate the compensation the executive might realize from the awards if they were vested and settled, or for stock options, vested and exercised, using our Class B common stock price of \$38.74 as of September 30, 2011. The actual market value of the awards fluctuates daily with the price of our stock. In addition, our stock options and RSUs vest over a period of four years, our PSUs have measurement periods of three or more years and our PRSUs have measurement periods of four years; therefore, none of the equity awards in the above table have actually vested.
- (8) Since PSUs have a multi-year measurement period, this table assumes that the target number of PSUs was received on September 30, 2011. The actual number of PSUs the executive will receive cannot be determined until the end of the measurement period when the market conditions applicable to the PSUs can be determined. The PRSUs vest over four performance periods. This table assumes that the minimum number of PRSUs was received on September 30, 2011 and that the non-guaranteed portion was paid at target. The actual number of PRSUs the executive will receive cannot be determined until the end of each performance period when the performance conditions applicable to the PRSUs can be determined.



**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table presents information on the outstanding equity awards, including which portions were vested or unvested, held by our NEOs as of September 30, 2011. Market value amounts are based on the closing price of our Class B common stock of \$38.74 on September 30, 2011.

Name	Award Date	Option Awards					Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Sumner M. Redstone	5/22/02	293,165			\$ 60.7466	5/22/12				
	5/21/03	390,887			\$ 55.6003	5/21/13				
	5/19/04	268,734			\$ 47.5025	5/19/14				
	7/1/04	488,609			\$ 44.7906	7/1/14				
	7/1/04	244,304			\$ 44.7906	7/1/14				
	5/29/07	245,700			\$ 43.8600	5/29/15				
	6/4/08	195,652	65,218(1)		\$ 35.2600	6/4/16				
	6/3/09	114,504	114,504(2)		\$ 22.7000	6/3/17				
	6/8/10	76,374	299,125(3)		\$ 32.5500	6/8/18				
	5/25/11		262,238(4)		\$ 49.9500	5/25/19				
	1/1/09							42,421(5)	\$ 1,643,390	
	1/1/10							25,160(6)	\$ 974,698	
	1/1/11							19,148(7)	\$ 741,794	
Philippe P. Dauman	1/31/02	1,465			\$ 50.4414	1/31/12				
	1/31/03	1,465			\$ 48.6251	1/31/13				
	1/31/04	1,954			\$ 50.8324	1/31/14				
	1/31/05	1,954			\$ 47.0988	1/31/15				
	1/31/06	3,171			\$ 41.4800	1/31/16				
	9/8/06	1,617,251			\$ 34.4600	9/8/14				
	5/29/07	491,400			\$ 43.8600	5/29/15				
	6/4/08	391,304	130,435(1)		\$ 35.2600	6/4/16				
	6/3/09	229,007	229,008(2)		\$ 22.7000	6/3/17				
	4/20/10	500,000	1,500,000(8)		\$ 35.8700	4/20/18				
	6/8/10	152,749	458,249(3)		\$ 32.5500	6/8/18				
	5/25/11		524,476(4)		\$ 49.9500	5/25/19				
	1/1/09							84,842(5)	\$ 3,286,779	
	1/1/10							50,319(6)	\$ 1,949,358	
	4/14/10							875,000(9)	\$ 33,897,500	
	1/1/11							38,295(7)	\$ 1,483,548	
Thomas E. Dooley	1/3/06	7,928			\$ 41.5900	1/3/16				
	1/31/06	3,171			\$ 41.4800	1/31/16				
	9/8/06	1,293,801			\$ 34.4600	9/8/14				
	5/29/07	393,120			\$ 43.8600	5/29/15				
	6/4/08	313,043	104,348(1)		\$ 35.2600	6/4/16				
	6/3/09	183,206	183,206(2)		\$ 22.7000	6/3/17				
	6/2/10	400,000	1,200,000(10)		\$ 34.1600	6/2/18				
	6/8/10	122,199	366,599(3)		\$ 32.5500	6/8/18				
	5/25/11		419,580(4)		\$ 49.9500	5/25/19				
	1/1/09							67,873(5)	\$ 2,629,400	

Edgar Filing: Viacom Inc. - Form DEF 14A

1/1/10	40,255(6)	\$ 1,559,479
5/27/10	700,000(9)	\$ 27,118,000
1/1/11	30,636(7)	\$ 1,186,839

**Table of Contents**

Name	Award Date	Option Awards					Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
Michael D. Fricklas	1/30/02	67,388			\$ 49.8233	1/30/12					
	1/29/03	99,100			\$ 49.6089	1/29/13					
	1/28/04	99,100			\$ 50.9459	1/28/14					
	1/26/05	105,640			\$ 47.1493	1/26/13					
	5/24/06	39,873			\$ 36.7800	5/24/14					
	5/29/07	122,850			\$ 43.8600	5/29/15					
	6/4/08	97,825	32,609(1)		\$ 35.2600	6/4/16					
	6/3/09	45,801	45,802(2)		\$ 22.7000	6/3/17					
	6/8/10	30,550	91,650(3)		\$ 32.5500	6/8/18					
	5/25/11		104,895(4)		\$ 49.9500	5/25/19					
	6/3/09						39,648(11)	\$ 1,535,964			
	6/8/10						41,475(12)	\$ 1,606,742			
	5/25/11						36,036(13)	\$ 1,396,035			
James W. Barge	6/4/08	26,412	8,805(1)		\$ 35.2600	6/4/16					
	6/3/09	11,450	11,451(2)		\$ 22.7000	6/3/17					
	6/8/10	7,637	22,913(3)		\$ 32.5500	6/8/18					
	5/25/11		27,972(4)		\$ 49.9500	5/25/19					
	6/3/09						9,912(11)	\$ 383,991			
	6/8/10						10,369(12)	\$ 401,695			
	5/25/11						9,610(13)	\$ 372,991			

- (1) Remaining portion of stock option grant vests on June 4, 2012.
- (2) Remaining stock option grant vests in equal annual installments on June 3, 2012 and 2013.
- (3) Remaining stock option grant vests in equal annual installments on June 8, 2012, 2013 and 2014.
- (4) Stock option grant vests in equal annual installments on May 25, 2012, 2013, 2014 and 2015.
- (5) Represents the threshold amount, or 25%, of the target award (target award was 169,683 PSUs in the case of Mr. Redstone, 339,367 PSUs in the case of Mr. Dauman and 271,493 PSUs in the case of Mr. Dooley), which is the minimum amount that could be paid if the market condition for the PSU awards is met. PSUs vest after the end of the performance period on December 31, 2011 subject to satisfaction of the performance conditions for the performance period.
- (6) Represents the threshold amount, or 25%, of the target award (target award was 100,638 PSUs in the case of Mr. Redstone, 201,275 PSUs in the case of Mr. Dauman and 161,020 PSUs in the case of Mr. Dooley), which is the minimum amount that could be paid if the market condition for the PSU awards is met. PSUs vest after the end of the performance period on December 31, 2012 subject to satisfaction of the performance conditions for the performance period.
- (7) Represents the threshold amount, or 25%, of the target award (target award was 76,590 PSUs in the case of Mr. Redstone, 153,179 PSUs in the case of Mr. Dauman and 122,543 PSUs in the case of Mr. Dooley), which is the minimum amount that could be paid if the market condition for the PSU awards is met. PSUs vest after the end of the performance period on December 31, 2013 subject to satisfaction of the performance conditions for the performance period.
- (8) Remaining stock option grant vests in equal annual installments on April 20, 2012, 2013 and 2014.
- (9) Represents (i) the actual amount settled upon vesting of the first installment of the PRSUs on November 8, 2011 (312,500 shares for Mr. Dauman and 250,000 shares for Mr. Dooley) based on performance during fiscal year 2011 resulting in the maximum payout of 125%, plus (ii) 75% of the target award for the remaining installments (target award for remaining installments is 750,000 PRSUs in the case of Mr. Dauman and 600,000 PRSUs in the case of Mr. Dooley), which is the minimum amount that could be paid when the PRSUs vest after the end of the performance periods on September 30, 2012, 2013 and 2014.
- (10) Remaining stock option grant vests in equal annual installments on June 2, 2012, 2013 and 2014.
- (11) Remaining RSUs vest in equal annual installments on June 3, 2012 and 2013.
- (12) Remaining RSUs vest in equal annual installments on June 8, 2012, 2013 and 2014.
- (13) RSUs vest in equal annual installments on May 25, 2012, 2013, 2014 and 2015.



**Table of Contents****OPTION EXERCISES AND STOCK VESTED IN FISCAL YEAR 2011**

The following table presents information on exercises of stock options and the vesting of restricted share units and performance share units held by our NEOs during fiscal year 2011.

Name	Option Awards(1)		Stock Awards(1)	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Sumner M. Redstone			86,394(2)	\$3,565,480
Philippe P. Dauman			172,786(3)	\$7,130,878
Thomas E. Dooley			138,229(4)	\$5,704,711
Michael D. Fricklas	150,000	\$2,137,500	60,723(5)	\$2,767,684
James W. Barge			15,652(6)	\$ 711,368

- (1) Represents the gross number of shares acquired and value received on exercise/vesting, without reduction for the number of shares (i) sold to pay the exercise price, in the case of stock options or (ii) withheld to pay applicable withholding taxes, in the case of RSUs and PSUs. Shares and value net of withholding are discussed in the footnotes below.
- (2) Represents the vesting of Mr. Redstone's January 1, 2008 grant of PSUs (target award was 68,621 PSUs), based on the achievement of the performance conditions for the performance period, valued at the closing price of our Class B common stock on the date of vesting of \$41.27. Mr. Redstone received 45,117 shares net of withholding, or \$1,861,979 in value.
- (3) Represents the vesting of Mr. Dauman's January 1, 2008 grant of PSUs (target award was 137,241) based on the achievement of the performance conditions for the performance period, valued at the closing price of our Class B common stock on the date of vesting of \$41.27. Mr. Dauman received 87,141 shares net of withholding, or \$3,596,309 in value.
- (4) Represents the vesting of Mr. Dooley's January 1, 2008 grant of PSUs (target award was 109,793) based on the achievement of the performance conditions for the performance period, valued at the closing price of our Class B common stock on the date of vesting of \$41.27. Mr. Dooley received 70,199 shares net of withholding, or \$2,897,113 in value.
- (5) Represents (i) the vesting of Mr. Fricklas' June 4, 2008 grant of PSUs (target award was 36,586; amount vested was 27,074) based on the achievement of the performance conditions for the performance period, valued at the closing price of our Class B common stock on the date of vesting of \$41.27, (ii) the vesting of the second 25% of Mr. Fricklas' June 3, 2009 grant of 79,295 RSUs in accordance with the terms of the grant, valued at the closing price of our Class B common stock on the date of vesting of \$49.51, and (iii) the vesting of the first 25% of Mr. Fricklas' June 8, 2010 grant of 55,300 RSUs in accordance with the terms of the grant, valued at the closing price of our Class B common stock on the date of vesting of \$48.38. Mr. Fricklas received a total of 32,136 shares net of withholding, or \$1,454,544 in value.
- (6) Represents (i) the vesting of Mr. Barge's June 4, 2008 grant of PSUs (target award was 9,784; amount vested was 7,240) based on the achievement of the performance conditions for the performance period, valued at the closing price of our Class B common stock on the date of vesting of \$41.27, (ii) the vesting of the second 25% of Mr. Barge's June 3, 2009 grant of 19,824 RSUs in accordance with the terms of the grant, valued at the closing price of our Class B common stock on the date of vesting of \$49.51, and (iii) the vesting of the first 25% of Mr. Barge's June 8, 2010 grant of 13,825 RSUs in accordance with the terms of the grant, valued at the closing price of our Class B common stock on the date of vesting of \$48.38. Mr. Barge received a total of 15,652 shares net of withholding, or \$450,792 in value.

**Table of Contents****FISCAL YEAR 2011 PENSION BENEFITS**

We provide pension benefits through the Viacom Pension Plan and the Viacom Excess Pension Plan. However, effective April 1, 2009, we terminated the accrual of benefits under the Viacom Excess Pension Plan. The table below presents certain information with respect to these plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)(1)	Payments During Last Fiscal Year (\$)
Sumner M. Redstone	Viacom Pension Plan	5 years, 9 months(2)	\$ 168,498	\$ 12,147
	Viacom Excess Pension Plan	3 years, 3 months(2)	33,382	
			\$ 201,880	
Philippe P. Dauman	Viacom Pension Plan	4 years, 0 months(3)	\$ 104,999	
	Viacom Excess Pension Plan	1 year, 6 months(3)	115,042	
			\$ 220,041	
Thomas E. Dooley	Viacom Pension Plan	4 years, 0 months(4)	\$ 91,371	
	Viacom Excess Pension Plan	1 year, 6 months(4)	100,608	
			\$ 191,979	
Michael D. Fricklas	Viacom Pension Plan	17 years, 2 months	\$ 364,961	
	Viacom Excess Pension Plan	14 years, 8 months	855,360	
			\$ 1,220,321	
James W. Barge	Viacom Pension Plan	2 years, 8 months(5)	\$ 59,251	
	Viacom Excess Pension Plan	0 years, 2 months(5)	11,508	
			\$ 70,759	

- (1) Present Value of Accumulated Benefit as of September 30, 2011 is determined assuming commencement of benefits at age 65 (or immediate commencement if over 65) with an interest adjustment during the deferral period from September 30, 2011 until age 65, but no pre-retirement mortality assumption. Reflects a discount rate of 5.25% for the Viacom Pension Plan, a discount rate of 5.25% for the Viacom Excess Pension Plan and the IRS 2012 Prescribed Static Mortality Table to determine the present value of the benefit at commencement. The Viacom Pension Plan assumes a 100% lump sum payment, while the Viacom Excess Pension Plan assumes the grandfathered benefit under Section 409A of the Code is payable 50% lump sum and 50% annuity. The benefit accumulated after the implementation of Section 409A of the Code assumes a 100% single life annuity. The lump sums are determined using a 4.65% discount rate and the 2013+ IRS Applicable Mortality Table under Section 417(e) of the Code.
- (2) Mr. Redstone has participated in the Viacom Pension Plan and the Viacom Excess Pension Plan since our separation from CBS Corporation. Prior to the separation, he participated in Former Viacom's corresponding plans (now the CBS Corporation pension plans). Mr. Redstone received credit for his years of service at Former Viacom for purposes of meeting the eligibility requirement, but not for calculating the benefit amount, for our pension plans. He began receiving required minimum distributions from the Viacom Pension Plan in April 2007 in the form of a 50% Joint and Survivor annuity.
- (3) Mr. Dauman commenced participation in the Viacom Pension Plan and the Viacom Excess Pension Plan on October 1, 2007. In addition, Mr. Dauman has a vested pension benefit for 20 years of service under the CBS Corporation pension plans as a result of his previous service at Former Viacom. We have agreed in Mr. Dauman's employment agreement to pay him the greater of (a) the benefit he would have received under our pension plans if he had received credit for the same number of years he has credited under the CBS pension plans plus his current years of service under our plans, offset by the benefit he has accrued under the CBS pension plans payable at age 65 or (b) the actual benefit he would be entitled to under our pension plans.
- (4) Mr. Dooley commenced participation in the Viacom Pension Plan and the Viacom Excess Pension Plan on October 1, 2007. In addition, Mr. Dooley has a vested pension benefit for 20 years of service under the CBS Corporation pension plans as a result of his previous service at Former Viacom. We have agreed in Mr. Dooley's employment agreement to pay him the greater of (a) the benefit he would have received under our pension plans if he had received credit for the same number of years he has credited under the CBS pension plans plus his current years of service under our plans, offset by the benefit he has accrued under the CBS pension plans payable at age 65 or (b) the actual benefit he would be entitled to under our pension plans.
- (5) Mr. Barge commenced participation in the Viacom Pension Plan and the Viacom Excess Pension Plan on February 1, 2009.

**The Viacom Pension Plan**

We have established the Viacom Pension Plan for all eligible Viacom employees who satisfy age and service requirements, including the NEOs. The Pension Plan assumed from the Former Viacom pension plan (now the CBS Corporation pension plan) the liability for benefits accrued by Mr. Fricklas with respect to years of service



---

**Table of Contents**

at Former Viacom through the date of our separation from CBS Corporation, and assets allocable to those accrued benefits were also transferred to our Pension Plan based on applicable rules governing such transfers. The liabilities for Messrs. Redstone, Dauman and Dooley as a result of their years of service at Former Viacom remain under the CBS Corporation pension plans.

Participation in our Pension Plan begins on the first of the month coincident with or following the later of the date an employee turns 21 and completes one year of eligibility service. Employees are fully vested in their accrued benefit generally upon completion of five full years of service.

The Pension Plan offers optional forms of annuity payments that a participant may elect upon retirement. The single life annuity is the normal form of payment for a single participant and the 50% joint and survivor annuity is the normal form of payment for a married participant. A reduction is applied to the single life annuity benefit if an optional form is elected. The 50% joint and survivor annuity and all optional forms of payment under the Pension Plan are the actuarial equivalent of the single life annuity benefit. The Pension Plan also offers a lump-sum distribution option and allows payment of benefits at any time following termination of employment regardless of age, with reduced benefits to reflect the participant's age if under 65. Under applicable tax rules, Mr. Redstone began receiving certain minimum required in-service distributions from the Pension Plan beginning in April 2007.

Compensation for purposes of the Pension Plan was limited by federal law to \$245,000 for each of calendar years 2010 and 2011. This amount is determined each year in accordance with the Code.

A participant's total benefit is equal to the sum of the benefits earned on or before December 31, 2009 plus the benefits earned on or after January 1, 2010, as follows:

***Benefits Accumulated On or Before December 31, 2009***

As of December 31, 2009, all benefits determined under the existing benefit formula were frozen. On or before December 31, 2009, an eligible employee's retirement benefit was calculated based upon the employee's years of benefit service (up to a maximum of 30 years), final average compensation and covered compensation amount, and using the plan formula in place, as of December 31, 2009. Final average compensation is eligible salary, commissions, overtime and eligible bonus for the highest 60 consecutive months out of the final 120 months of employment on the earlier of termination of employment or December 31, 2009. Covered compensation is the average of the Social Security Wage Bases during the 35-year period that ends with the year the employee reaches the Social Security Retirement age or December 31, 2009, if earlier. The pension plan formula as of December 31, 2009, which provides a monthly benefit payable in the form of a single life annuity at a normal retirement age of 65, was as follows:

1.25% times final average compensation up to the covered compensation amount times benefit service (up to 30 years)

*plus*

1.75% times final average compensation above the covered compensation amount times benefit service (up to 30 years).

For purposes of this benefit formula, participants in the Pension Plan receive credit for years of service credited under the Former Viacom pension plan, except for Messrs. Redstone, Dauman and Dooley, whose benefits remained at Former Viacom.



**Table of Contents**

***Benefits Accumulated On or After January 1, 2010***

For periods beginning on or after January 1, 2010, pension benefits accumulate under a new benefit formula that provides a single-sum benefit payable at the normal retirement age of 65, equal to 10% of the participant's post-2009 accumulated compensation. Accumulated compensation is the total of the participant's eligible salary, eligible bonus, commissions and overtime from January 1, 2010 through all periods of active participation in the plan, adjusted annually during employment by a wage inflation factor. The wage inflation factor is based on the annual increase in the Social Security Wage Base, with an annual cap of 4%.

**The Viacom Excess Pension Plan**

We established the Viacom Excess Pension Plan to provide benefits to participants in the Pension Plan whose annual base salary exceeds the IRS's annual compensation limit. Effective April 1, 2009, we discontinued further accruals under the Excess Pension Plan.

We have assumed the liability for amounts credited for Mr. Fricklas under the Former Viacom excess pension plan through the date of the separation. The liability for Messrs. Redstone, Dauman and Dooley remains a liability of Former Viacom.

Benefits under the Excess Pension Plan are calculated using the Pension Plan formula and eligible compensation in excess of the annual compensation limit. The overall accrued benefit for each participant was calculated as of March 31, 2009, the date we ceased accruals under the plan. The maximum amount of total compensation earned on or before March 31, 2009 that was taken into account under the Pension Plan and the Excess Pension Plan was generally limited to \$750,000. In the case of Mr. Redstone, the maximum amount was limited to \$375,000. Participants will receive the portion of their pension benefits accrued and vested under the Excess Pension Plan prior to January 1, 2005 coincident with and in the same form as their benefit from the Pension Plan. Payment of the portion of their benefit accrued and vested after December 31, 2004 will begin generally as of the later of the first day of the month coincident with or next following six months after termination of employment or the first day of the month coincident with or next following their attainment of age 55 and will be paid in the form of an annuity.

We generally do not grant employees extra years of benefit service under the Pension Plan or the Excess Pension Plan for purposes of calculating a pension benefit. However, we have on rare occasions in connection with the negotiation of an executive employment agreement agreed to terms that effectively grant credit for additional years of service. See footnotes (3) and (4) to the Fiscal Year 2011 Pension Benefits table for a discussion of the contractual additional benefit we agreed to provide to Messrs. Dauman and Dooley in light of their years of service at Former Viacom.

**Table of Contents****FISCAL YEAR 2011 NONQUALIFIED DEFERRED COMPENSATION**

In addition to our tax-qualified 401(k) Plan, we maintain certain nonqualified deferred compensation plans. The Viacom Excess 401(k) Plans and the Viacom Bonus Deferral Plans are available to certain employees whose income exceeds certain statutory limits for the 401(k) Plan. We also previously had a program for any deferrals of base salary required under employment agreements.

In fiscal year 2011, except for Mr. Fricklas and Mr. Barge's contributions to the Excess 401(k) Plan, none of our NEOs participated in these plans. Messrs. Dauman and Redstone previously contributed to the Excess 401(k) Plan, Messrs. Redstone and Fricklas previously deferred a portion of their base salary under their employment agreements, and Mr. Fricklas previously deferred bonus amounts under the Bonus Deferral Plan. The table below presents, on an aggregate basis, contributions to these plans in fiscal year 2011, earnings in fiscal year 2011, and the balances in the plans as of September 30, 2011.

Name	Plan	Executive Contributions in FY 2011 \$(1)	Company Contributions in FY 2011 \$(2)	Aggregate Earnings in FY 2011 \$(3)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at 9/30/11 (\$)
Sumner M. Redstone	Excess 401(k)			\$ 3,534		\$ 97,478
	Salary Deferral			1,046,811(4)		1,457,285
				\$ 1,050,345		\$ 1,554,763
Philippe P. Dauman	Excess 401(k)			\$ (22,057)		\$ 411,782
Thomas E. Dooley						
Michael D. Fricklas	Excess 401(k)	\$ 59,694	\$ 8,925	\$ 5,686		\$ 2,311,591
	Salary Deferral			(659)		585,460
	Bonus Deferral			(916)		813,800
		\$ 59,694	\$ 8,925	\$ 4,111		\$ 3,710,851
James W. Barge	Excess 401(k)	\$ 41,890	\$ 8,925	\$ (5,592)		\$ 163,386

(1) Amounts represent contributions under our Excess 401(k) Plan for Designated Senior Executives. These amounts are included in Mr. Fricklas and Mr. Barge's salary in the Fiscal Year 2011 Summary Compensation Table.

(2) Amounts represent Company match under the Excess 401(k) Plan for Designated Senior Executives. These amounts are included in Mr. Fricklas and Mr. Barge's All Other Compensation in the Fiscal Year 2011 Summary Compensation Table.

(3) Except as otherwise noted, amounts deferred under our Deferral Plans are deemed invested in the same investment alternatives that the NEO has elected for his tax-qualified 401(k) plan or, if no election has been made, in the 401(k) plan's default investment option. Amounts are net of deductions for annual fees. Since these amounts are not preferential, they are not included in the Fiscal Year 2011 Summary Compensation Table.

(4) On September 27, 2006, Mr. Redstone converted the \$9,439,918 balance of his deferred salary compensation account to SOEs of equal value that have an exercise price of \$37.55 (which was the closing price of our Class B common stock on that date), an eight-year term, and vest in equal annual installments over four years. In accordance with his employment agreement, Mr. Redstone continued to defer his base salary through December 31, 2006. This amount reflects (i) the net earnings in fiscal year 2011 on amounts previously deferred under this account of \$14,320 and (ii) the increase in fiscal year 2011 in the intrinsic value of the SOEs of \$1,032,491. On September 30, 2010, the SOEs had no intrinsic value, and on September 30, 2011, the SOEs had an intrinsic value of \$1,032,491.

**The Viacom Excess 401(k) Plans**

We have established Excess 401(k) Plans to provide benefits to employees who are participants in the tax-qualified 401(k) Plan and whose annual base salary exceeds the annual compensation limit set forth in the Code. For each of the calendar years 2010 and 2011, the compensation limit for the tax-qualified 401(k) Plan was \$245,000. We maintain an account in the name of each participant and that account is credited with the amount of the participant's deferral. A participant may elect to defer between 1% and 15% of eligible compensation on a before-tax basis. Eligible compensation for Excess 401(k) Plan participants is, in general, a participant's base pay including all pre-tax elective contributions made on behalf of a participant either to a company-qualified cash or deferred arrangement (as defined under Section 401(k) of the Code and applicable regulations), a cafeteria plan (as defined under Section 125 of the Code and applicable regulations), or a qualified transportation

## **Table of Contents**

fringe (as defined under Section 132(f) of the Code and the applicable regulations). Eligible compensation does not include deferred compensation or cash bonuses under our STIP. Deferrals to the Excess 401(k) Plans begin once Code limits have been reached in the tax-qualified 401(k) Plan.

As with the qualified 401(k) plan, in fiscal year 2011, we matched 100% of the first 1% and 50% of the next 5% of eligible compensation contributed by a participant on a pre-tax basis. Matching contributions credited under the Excess 401(k) Plans in the aggregate for any participant were subject to an eligible compensation limit of \$500,000. Participants become fully vested in the matching contribution after two years of service. Participant accounts under the Excess 401(k) Plans are credited (or charged) with earnings, gains or losses based on the investment performance of the funds selected by the participant for amounts contributed to the qualified 401(k) Plan. For purposes of vesting, participants receive credit for years of service credited under the Former Viacom 401(k) plan. We have assumed the total liability for amounts credited under the Former Viacom excess 401(k) plans through the date of our separation from CBS Corporation for our NEOs who participated in the Former Viacom excess 401(k) plans, except for Mr. Redstone, for whom we assumed 50% of the liability.

### **The Bonus Deferral Plans**

Our Bonus Deferral Plans are voluntary unfunded nonqualified deferred compensation plans for the benefit of senior executives who are designated as eligible to participate in the Excess 401(k) Plans (whose annual base salary exceeds the annual compensation limit applicable to the tax-qualified 401(k) Plan). A participant can elect before the end of each fiscal year to defer a portion (from 1% to 15%) of his or her annual bonus amount earned during the next succeeding fiscal year. We maintain an account in the name of each participant and that account is credited with the amount of the participant's bonus deferral. Participant accounts under the Bonus Deferral Plans are credited (or charged) with earnings, gains or losses based on the investment performance of the funds selected by the participant for amounts contributed to the tax-qualified 401(k) Plan. We do not make matching contributions in the Bonus Deferral Plans. We have assumed the liability for amounts credited under the Former Viacom bonus deferral plans through the date of the separation for our NEOs who participated in the Former Viacom bonus deferral plan.

### **Distributions and Withdrawals under the Excess 401(k) Plans and Bonus Deferral Plans**

The vested portion of each participant's accounts in the Excess 401(k) Plans and the Bonus Deferral Plans is distributed in cash after termination of employment in accordance with the participant's payment election. Participants are required to make a joint payment election for all amounts deferred under the plans.

For amounts earned, deferred and vested prior to January 1, 2005, participants elected to have these amounts paid in a single lump sum in January of the first, second, third, fourth or fifth year following termination of employment, or in up to five annual installments in amounts designated by the participants beginning in the January following the year of termination. If no election is made, a participant is deemed to have elected a lump sum payment in January of the year following termination of employment. If a participant elects to receive annual installment payments over a period of two or more years, the annual payments will be made in substantially equal annual installments, unless the participant designates at the time of making his or her payment option election a specific percentage of his or her account to be distributed in each year. All specified percentages must be a whole multiple of 10%, and the total of all designated percentages must be equal to 100%. For all amounts earned, deferred and vested prior to January 1, 2005, participants can change their payment elections up to three times during their term of employment. Payments of pre-2005 amounts will be made in accordance with the most recent payment election made more than six months before termination of employment.

For amounts earned, deferred or vested after December 31, 2004, the payment options are the same as those set forth above, except that a participant will not be able to receive any payment from post-2004 accounts until the later of the January 31 following his or her termination of employment or six months following termination of employment. No changes can be made to the joint payment election made for post-2004 deferrals.

**Table of Contents**

A participant who suffers an unforeseeable emergency as defined in Section 409A of the Code may receive a withdrawal of all or part of the vested portion of his or her accounts in the Excess 401(k) Plans and/or the Bonus Deferral Plans to the extent permitted under Section 409A of the Code.

**The Deferred Compensation Plan**

This plan was established for employees who have a deferred compensation arrangement in their employment contract. The amounts deferred are dictated by the specific employment contract. Participant accounts under the deferred compensation plan are credited (or charged) with earnings, gains or losses based on the investment performance of the funds selected by the participant for amounts contributed to the qualified 401(k) Plan, except that, as discussed in footnote (4) to the Fiscal Year 2011 Nonqualified Deferred Compensation table, Mr. Redstone's account is indexed to stock option equivalents effective September 27, 2006. We do not make matching contributions in the deferred compensation plan. Payment of amounts accrued under the deferred compensation plan are made in accordance with the participant's employment agreement, which generally provides that the amounts be paid after the participant ceases to be an employee in a timeframe designed to comply with the requirements of Section 409A of the Code unless a grandfather provision applies. We have assumed the liability for amounts credited under the Former Viacom deferred compensation plan through the date of the separation for our NEOs who participated in the plan.

**Table of Contents****POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL****Overview**

Our employment agreements and certain of our plans require us to provide compensation and other benefits to our NEOs if their employment terminates under certain circumstances. Specifically:

we generally limit cash severance to 2x or 3x annual base salary and bonus amount;

we do not have any single trigger plans or other arrangements that provide for benefits, payments or accelerated vesting of equity awards solely upon a change-in-control;

our employment agreements specify that we may terminate the executive with or without cause and define certain events that may permit the executive to resign for good reason ; and

certain payments in connection with a change in ownership or effective control of our company may trigger an excise tax under the Code. In the case of Mr. Dauman and Mr. Dooley, if an excise tax is incurred in connection with a change in control occurring on or before December 31, 2013 (or for which a contract was executed on or before December 31, 2013) and there is a termination without cause or resignation for good reason on or before December 31, 2013 in connection with such event, we are obligated under their employment agreements to pay an amount that, after taxes, will reimburse them for the excise tax. Beginning January 1, 2014, their contracts do not provide for an excise tax gross-up.

The following table summarizes our general approach to contractual severance upon the occurrence of various events. Individual NEO employment agreements may contain variations to the general approach. See Specific Employment Agreement Provisions below for additional detail.

	Cash Severance	Unvested Equity Awards	Vested Equity Awards	Other Benefits	Accrued Benefits(1)
<b>Termination for Cause or Resignation without Good Reason</b>	None	Forfeited	Stock options forfeited if termination for cause and generally exercisable for a set time if resignation without good reason	None, except as required by law. Retiree medical if certain conditions met	Payable through date of termination
<b>Termination without Cause or Resignation for Good Reason</b>	Generally capped at 3x or 2x base and bonus.  Benefits may be reduced if less than 2 years remain in contract(2)	Generally accelerated vesting of at least a portion of awards	Stock options generally exercisable for a set time	Continuation of health and welfare and life insurance benefits for a set period. Retiree medical possible	Payable through date of termination/ resignation
<b>Retirement</b>	None	Stock options forfeited; Retirement date last day of PSU measurement period	Stock options generally exercisable for 3 years	Retiree medical if certain conditions met	Payable through date of retirement
<b>Death</b>	None	Varies			

Edgar Filing: Viacom Inc. - Form DEF 14A

			Stock options generally exercisable for a set time	Life insurance at specified amounts paid by our insurer	Payable through date of death
<b>Long-term Disability</b>	None	Varies	Stock options generally exercisable for a set time	Long-term disability amounts paid(3)	Payable through date of disability

- (1) Reflects salary and accrued bonus amounts payable with respect to days previously worked, accrued vacation time, retirement plan obligations and other accrued amounts that were fully earned and vested as of the executive's termination date. Certain of these accrued obligations are discussed in the Fiscal Year 2011 Pension Benefits and Fiscal Year 2011 Nonqualified Deferred Compensation tables.
- (2) Except for Mr. Redstone, who does not have cash severance benefits.
- (3) See Disability Benefits below for additional detail.

---

**Table of Contents**

**Specific Employment Agreement Provisions as of September 30, 2011**

***Termination Without Cause or Resignation for Good Reason***

*Cash Severance*

*Redstone:* No cash severance benefits.

*Dauman and Dooley:* Capped at 3x base salary and bonus amount, unless less than three years remain under the executive's employment agreement, in which case the capped severance amount will be reduced by a maximum of 67% according to a specified formula.

*Fricklas and Barge:* Subject to an overall cap of 2x base salary and bonus amount, salary payable at specified rate for the longer of 1 year or the end of term of employment and annual bonus or pro-rated bonus amount (as applicable) payable at the lesser of target amount or corporate multiplier if under 100% through the end of term of employment.

*Offset:* The company has the right to offset severance payable to Mr. Fricklas and Mr. Barge with respect to periods following 12 months after termination to the extent they are receiving other compensation for their services.

*Unvested Equity Awards*

*Redstone, Dauman and Dooley:* Outstanding PSUs will be paid out and the date of termination will be deemed the last day of the applicable three-year measurement period for purposes of calculating the payout received.

*Redstone:* Unvested stock options and stock option equivalents credited to his deferred compensation account will vest, and stock options will remain exercisable for three years (or until their expiration date, if earlier).

*Dauman and Dooley:* All unvested stock options will vest and remain exercisable for three years (or until their expiration date, if earlier). All unvested target PRSU awards and RSUs will vest.

*Fricklas:* Unvested stock options that would have vested during the contract term will vest and remain exercisable for 12 months (or until their expiration date, if earlier). Unvested RSUs that would have vested during the contract term will vest.

*Barge:* Unvested stock options that would have vested during the contract term will vest and remain exercisable for six months (or until their expiration date, if earlier). Unvested RSUs that would have vested during the contract term will vest.

*Vested Equity Awards*

*Redstone, Dauman and Dooley:* Vested stock options will remain exercisable for three years (or until their expiration date, if earlier).

*Fricklas:* Vested stock options will remain exercisable for 12 months (or until their expiration date, if earlier).

*Barge:* Vested stock options will remain exercisable for 6 months (or until their expiration date, if earlier).

***Termination due to Death or Permanent Disability***

*Unvested Equity Awards*

*All NEOs:* Outstanding PSUs will be paid out and the date of termination for death/long-term incapacity will be deemed the last day of the applicable three-year measurement period for purposes of calculating the payout received.

*Redstone:* Unvested stock options and stock option equivalents credited to his deferred compensation account will vest, and stock options will remain exercisable for three years (or until their expiration date, if earlier).

*Dauman and Dooley:* Unvested stock options will vest and remain exercisable for three years (or until their expiration date, if earlier). All unvested target PRSU awards and RSUs will vest.

**Table of Contents**

*Fricklas*: If due to disability, unvested stock options that would have vested during the contract term will vest and remain exercisable for 12 months (or until their expiration date, if earlier), and unvested RSUs that would have vested during the contract term will vest. Vesting of stock options and RSUs is not accelerated if his employment terminates due to death.

*Barge*: Unvested stock options and RSUs will be forfeited.

**Vested Equity Awards**

*Redstone, Fricklas and Barge*: Vested stock options will remain exercisable for two years, in the event of death, and three years, in the event of permanent disability (or, in each case, until their expiration date, if earlier).

*Dauman and Dooley*: Vested stock options will remain exercisable for three years (or until their expiration date, if earlier).

**Pension Benefits**

Entitlement to pension benefits is described under the heading Fiscal Year 2011 Pension Benefits.

**Potential Payments Upon Termination Without Cause or Resignation for Good Reason**

The following table sets forth amounts (other than accrued amounts) that an NEO may receive if a termination without cause or resignation for good reason occurred effective September 30, 2011. The table assumes that September 30, 2011 was the last day of the measurement period for all PSUs, and values RSUs as of that date. The closing price of our Class B common stock on September 30, 2011 was \$38.74.

Any actual amounts these executives may receive would vary depending on any actual date of termination or resignation. In addition, the excise tax gross-up component discussed in footnote (6) is triggered only under very specific circumstances related to termination of employment in connection with a change in control.

NEO	Payable by Viacom					Market Value of Accelerated Equity Awards(2)
	Salary (other than accrued amounts)(1)	Bonus (other than accrued amounts)(1)	Benefits(3)	Interest on Payments Delayed under 409A(4)	Total	
Sumner M. Redstone(5)						\$ 39,366,130
Philippe P. Dauman(6)	\$ 10,500,000	\$ 36,000,000	\$ 998,333	\$ 1,889,576	\$ 49,387,909(6)	\$ 124,202,897
Thomas E. Dooley(6)	\$ 7,500,000	\$ 28,500,000	\$ 792,511	\$ 1,459,298	\$ 38,251,809(6)	\$ 101,414,227
Michael D. Fricklas	\$ 2,500,000	\$ 4,800,000	\$ 61,363		\$ 7,361,363	\$ 4,531,913
James W. Barge	\$ 1,900,000	\$ 1,900,000	\$ 45,612		\$ 3,845,612	\$ 1,146,882

- (1) Cash severance capped under employment agreement at, in the case of Messrs. Dauman and Dooley, three times, and in the case of Messrs. Fricklas and Barge, two times, base salary and bonus in effect on the date of termination. Amounts are reduced if less than 3 years or 2 years, respectively, remain on the employment agreement.
- (2) Reflects the market value of accelerated outstanding equity awards as described under Specific Employment Agreement Provisions assuming the Class B shares underlying the awards were sold on September 30, 2011.
- (3) Continuation of health and welfare benefits, life insurance premiums and, for Messrs. Dauman and Dooley, office space and secretary, assuming current rates.
- (4) Assumes an interest rate of 6.875%.
- (5) Mr. Redstone's employment agreement does not include a concept of good reason. In his case, the amounts indicated reflect termination of his employment without cause (as defined in the LTMP).
- (6) Under the terms of the employment agreements for Messrs. Dauman and Dooley, we may potentially pay any excise tax (including a gross-up payment) that they would owe if their termination without cause or resignation for good reason was as a result of a change-in-control that occurs on or before (or for which a contract was executed on or before) December 31, 2013 and that results in payments upon which an excise tax under Section 4999 of the Internal Revenue Code would be imposed. The following table sets forth our estimate of these amounts as of September 30, 2011. See Potential Excise Tax Gross-Up below for more information.

	Estimated Excise Tax	Tax Gross-Up	Total
Dauman	\$23,033,747	\$22,394,122	\$45,427,869



Edgar Filing: Viacom Inc. - Form DEF 14A

Dooley	\$18,174,638	\$17,699,946	\$35,844,584
--------	--------------	--------------	--------------

---

## **Table of Contents**

### **Other Important Employment Agreement Provisions**

#### ***Definition of Cause***

Mr. Redstone's employment agreement does not contain a definition of *cause*. The standard applicable to him with respect to his outstanding equity grants would be the definition of *cause* contained in the LTMIP. This definition is generally consistent with the definition in the employment agreements for Messrs. Fricklas and Barge, except that the LTMIP definition does not include a notice requirement or a cure period.

Under the terms of the employment agreements for Messrs. Dauman and Dooley, we generally would have *cause* to terminate employment in any of the following circumstances: (i) engaging in intentional acts of material fraud against Viacom; (ii) engaging in willful malfeasance that has a material adverse effect on Viacom; (iii) substantial and continual refusal to perform his duties, responsibilities or obligations as our President and CEO or Senior Executive Vice President and Chief Operating Officer, respectively; (iv) conviction of a felony or entering a plea of *nolo contendere* to a felony charge; (v) willful violation of any Viacom policy generally applicable to employees or officers, including policies concerning insider trading or sexual harassment, or our code of conduct, where he knew or should have known that the violation could reasonably be expected to result in a material adverse effect on Viacom; (vi) making of certain unauthorized disclosures of trade secrets or other confidential information; (vii) willful failure to cooperate with an internal investigation or with a regulatory or law enforcement investigation of Viacom after being instructed by the Board to cooperate; (viii) willful destruction or intentional failure to preserve documents or other material known by him to be relevant to an investigation; or (ix) willful inducement of others to fail to cooperate in any investigation. We are required to notify Messrs. Dauman and Dooley within 30 days after any event that constitutes *cause* comes to the attention of one of our executive officers, and in general, they have 30 days after receiving notice to cure the event.

Under the employment agreements of each of Mr. Fricklas and Mr. Barge, we generally would have *cause* to terminate employment in any of the following circumstances: (i) engaging in embezzlement, fraud or other conduct that would constitute a felony; (ii) engaging in conduct that would constitute a financial crime, material act of dishonesty or material unethical business conduct, involving Viacom, (iii) engaging in the willful unauthorized disclosure of confidential information; (iv) failure to obey a material lawful directive that was appropriate to his position from an executive or executives in his reporting line; (v) committing a material breach of his employment agreement; (vi) failure (except in the event of disability) or refusal to substantially perform material obligations under his employment agreement; (vii) willful failure to cooperate with a bona fide internal investigation or investigation by regulatory or law enforcement authorities, after being instructed by Viacom to cooperate; (viii) willful destruction or failure to preserve documents or other material known to be relevant to such an investigation; or (ix) willful inducement of others to engage in the conduct described in subparagraphs (i) through (viii) above or to otherwise breach their obligations to Viacom. We are required to notify the executive after any event that constitutes *cause* before terminating his employment, and in general he has 10 business days after receiving notice to cure the event.

#### ***Resignation for Good Reason***

Mr. Redstone's employment agreement does not include a provision on resignation for *good reason*.

Our employment agreements for Messrs. Dauman and Dooley provide that the executive would have *good reason* to terminate employment in any of the following circumstances: (i) if we assign duties inconsistent with his current positions, duties or responsibilities or if we change the parties to whom he reports; (ii) if we remove him from, or fail to re-elect him to, his position; (iii) if he is removed from, or not re-elected to, the Board of Directors; (iv) if we reduce his salary, target bonus or other compensation levels; (v) if we require him to be based anywhere other than the New York metropolitan area; or (vi) if we breach any of our obligations under the employment agreement. Messrs. Dauman and Dooley generally are required to notify us within 30 days after becoming aware of the occurrence of any event that constitutes *good reason*, and in general we have 30 days to cure the event.

---

## **Table of Contents**

Each of Messrs. Fricklas and Barge generally would have good reason to terminate his employment in any of the following circumstances: (i) if we assign him duties inconsistent with his current position or duties; (ii) if we withdraw material portions of his duties; (iii) if we materially breach our material obligations under his employment agreement; or (iv) if his position is relocated outside the New York City metropolitan area. The executives generally are required to notify us within 30 days after the occurrence of any event that constitutes good reason, and in general we have 30 business days to cure the event.

### ***Restrictive Covenants***

Our executive employment agreements contain several important restrictive covenants with which an executive must comply following termination of employment. For example, the entitlement of our NEOs to payment of any unpaid portion of the severance amount indicated in the table as owing following a termination without cause or resignation for good reason is conditioned on the executive's compliance with covenants not to engage in any business that competes with Viacom and not to solicit certain of our employees. In some cases, Viacom may offset continuing compensation.

The employment agreements for each of the NEOs other than Mr. Redstone also contain covenants regarding cooperation in litigation proceedings and non-disparagement, covenants regarding non-disclosure of confidential information and recognition of Viacom's ownership of works of authorship resulting from their services (both of unlimited duration) and covenants concerning the executive's ability to prepare or assist in the preparation of certain creative works.

### ***Disability Benefits***

In the event an NEO becomes disabled during the term of employment, the NEO may participate in our short-term disability program for up to 26 weeks, and may then participate in our long-term disability program. In addition to any accrued benefits and target bonus payable, Messrs. Dauman and Dooley would receive their full salary while participating in our short-term disability program (which we self-insure and would therefore pay), and then payments would be made by our long-term disability insurer up to a maximum amount per month until age 65. In addition to any accrued benefits and target bonus payable, Messrs. Redstone, Fricklas and Barge would participate in our short-term disability program on the same basis as any other employee, earning 100% of salary for the first 13 weeks of participation in the short-term disability program and 80% of salary for the second 13 weeks. Messrs. Fricklas and Barge would receive payments from our long-term disability insurer up to a maximum amount per month, until age 65.

### ***Compliance with Section 409A***

Our NEOs are specified employees for purposes of Section 409A of the Code. As a result, without triggering adverse consequences, we cannot make payments of deferred compensation within the meaning of Section 409A to them within six months of termination of employment, subject to certain exceptions. We have agreed to delay the payment of any amounts required to be delayed for six months until we are permitted to make payment without triggering adverse consequences under Section 409A, and, in the case of Messrs. Dauman and Dooley, to pay interest on the amounts as to which payment was delayed at our highest borrowing rate in effect on the termination date.

### ***Potential Excise Tax Gross-Up***

If Viacom were to experience a change-in-control contemplated by Section 280G of the Code on or before December 31, 2013 (or for which a contract was executed on or before December 31, 2013), and the employment of Messrs. Dauman or Dooley terminated, or they resigned for good reason, on or before December 31, 2013 in connection with the change-in-control, certain of the payments or benefits we owe Messrs. Dauman and Dooley may be subject to an excise tax under Section 4999 of the Code. Under their employment agreements, we are

**Table of Contents**

obligated to pay directly or reimburse them for any such excise tax (including interest and penalties) that is imposed and to make an additional cash payment (a gross-up payment) that will place them in the same after-tax economic position that they would have been in if the payment or benefit had not been subject to the excise tax.

The amounts we estimate for the excise tax and gross-up payment are set forth in footnote (6) to the Potential Payments Upon Termination Without Cause or Resignation for Good Reason table above, based on the assumption that Viacom had experienced a change-in-control within the meaning of Section 280G on September 30, 2011, and that Mr. Dauman's and Mr. Dooley's employment terminated in connection with that change-in-control. These amounts are calculated based on an excise tax rate of 20%, a 35% federal income tax rate, a 1.45% Medicare tax rate, an 8.97% state income tax rate and a 3.876% New York City tax rate. We also assumed that no amounts owed would be discounted as attributable to reasonable compensation and did not attribute any value to their agreement to a non-competition or any other restrictive covenants.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

As of September 30, 2011, we granted equity awards to employees under the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011, and to Outside Directors under the Viacom Inc. 2011 Stock Option Plan for Outside Directors and the Viacom Inc. 2011 RSU Plan for Outside Directors, each of which was approved by our stockholders at our 2010 Annual Meeting. The director plans continue to use a single share reserve.

The following table sets forth certain information as of September 30, 2011 concerning the shares of Class B common stock authorized for issuance under these equity compensation plans. No shares of Class A common stock are authorized for issuance under these plans, and we have no equity compensation plans under which shares may be issued that have not been approved by our stockholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
LTMIP	42,403,841(1)	\$40.92	28,127,083(2)
Director Plans	305,041(3)	\$39.52	441,704(4)
<b>Total</b>	<b>42,708,882</b>	<b>\$40.91</b>	<b>28,568,787</b>

(1) Includes, as of September 30, 2011, 7,280,982 shares reserved for issuance upon settlement of outstanding RSUs, PSUs and PRSUs. Assumes PSU and PRSU awards are paid at target, except for awards for which the measurement period has been completed.

(2) Reflects, as of September 30, 2011, shares reserved for future grants of stock options, RSUs, PSUs, PRSUs and/or other equity awards.

(3) Includes, as of September 30, 2011, 52,058 shares reserved for issuance upon settlement of outstanding RSUs.

(4) Reflects, as of September 30, 2011, shares reserved for future grants of stock options and RSUs.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

*The following Report of the Audit Committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent Viacom specifically incorporates such information by reference.*

The Audit Committee Charter states that the purpose of the Audit Committee is to oversee the accounting and financial reporting processes of Viacom and the audit of Viacom's consolidated financial statements. The Audit Committee also assists the Board's oversight of:

the quality and integrity of Viacom's consolidated financial statements and related disclosures;

Viacom's compliance with legal and regulatory requirements;

the independent auditor's qualifications and independence; and

the performance of Viacom's internal audit function and independent auditor.

Under the Charter, the Audit Committee's authorities and duties include, among other things:

direct responsibility for the appointment, retention, termination, compensation and oversight of the work of the independent auditor, which reports directly to the Committee, and the sole authority to pre-approve all services provided by the independent auditor;

reviewing and discussing Viacom's annual audited financial statements, quarterly financial statements and earnings releases with management and its independent auditor;

reviewing our risk assessment and risk management processes;

reviewing the internal audit function's organization, responsibilities, audit plan and results;

reviewing with management, the internal auditor and the independent auditor the effectiveness of Viacom's internal control over financial reporting and disclosure controls and procedures; and

reviewing with management material legal matters and the effectiveness of Viacom's procedures to ensure compliance with legal and regulatory requirements.

The Audit Committee also discusses certain matters with the independent auditor on a regular basis, including Viacom's critical accounting policies, certain communications between the independent auditor and management, and the independence and qualifications of the independent auditor.

Viacom's management is responsible for the preparation of its consolidated financial statements, the financial reporting processes and maintaining effective internal control over financial reporting. The independent auditor is responsible for performing an audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and expressing an opinion on the conformity of the audited consolidated financial statements to U.S. GAAP. The Audit Committee monitors and oversees these processes.

## Edgar Filing: Viacom Inc. - Form DEF 14A

As part of its oversight role, the Audit Committee has reviewed and discussed with management and Viacom's independent auditor, PricewaterhouseCoopers LLP ( PwC ), Viacom's audited consolidated financial statements for the fiscal year ended September 30, 2011 and disclosures under Management's Discussion and Analysis of Results of Operations and Financial Condition in Viacom's Annual Report on Form 10-K for the fiscal year

**Table of Contents**

ended September 30, 2011. The Audit Committee has also discussed with PwC all required communications, including the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, as adopted by the PCAOB in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from PwC required by PCAOB Rule 3526 (Communications with Audit Committees Concerning Independence) and has discussed with PwC the firm's independence from Viacom.

Based on the Audit Committee's review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Viacom's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

***Members of the Audit Committee***

Blythe J. McGarvie, Chair

Charles E. Phillips, Jr.

Frederic V. Salerno



**Table of Contents****SERVICES PROVIDED BY THE INDEPENDENT AUDITOR AND FEES PAID****Audit Committee Pre-Approval of Services Provided by PwC**

All audit and non-audit services provided to us by PwC in fiscal year 2011 were pre-approved by either our full Audit Committee or the Chair of the Audit Committee. Under our pre-approval policies and procedures in effect during fiscal year 2011, the Audit Committee Chair was authorized to pre-approve the engagement of PwC to provide certain specified audit and non-audit services, and the engagement of any accounting firm to provide certain specified audit services, up to a maximum amount of \$200,000 per engagement, with the total amount of such authorizations outstanding that have not been reported to the Audit Committee not to exceed an aggregate of \$750,000. The Audit Committee receives reports on the engagements approved by the Chair pursuant to this delegation.

**PwC Fees**

The following table presents the fees paid by Viacom and its subsidiaries for services rendered by PwC for the fiscal years ended September 30, 2011 and September 30, 2010.

	<b>FY 2011</b>	<b>FY 2010</b>
Audit Fees(1)	\$ 11,787,000	\$ 10,954,000
Audit-Related Fees(2)	1,019,500	749,500
Tax Fees(3)	360,000	553,000
All Other Fees(4)	46,000	25,000
<b>Total</b>	<b>\$ 13,212,500</b>	<b>\$ 12,281,500</b>

- (1) Represents audit fees billed for each of fiscal years 2011 and 2010. Audit fees in fiscal year 2011 reflect the audit of our financial statements, statutory audits and services provided in connection with our debt offerings, comfort letters and SEC filings. Audit fees in fiscal year 2010 reflect the audit of our financial statements and statutory audits.
- (2) Represents audit-related fees billed in each of fiscal years 2011 and 2010. Audit-related fees in fiscal year 2011 principally related to services in connection with financial due diligence, International Financial Reporting Standards, compliance services, agreed upon procedures, financial statement audits of employee benefit plans and reviews of controls surrounding accounting information systems. Audit-related fees in fiscal year 2010 principally related to services in connection with agreed upon procedures, licensing and contractual compliance services, financial statement audits of employee benefit plans and reviews of controls surrounding accounting information systems.
- (3) Represents tax fees billed in each of fiscal years 2011 and 2010. Tax fees in fiscal year 2011 principally related to domestic and international tax compliance and other consulting services. Tax fees in fiscal year 2010 principally related to domestic and international tax compliance, transfer pricing and other consulting services.
- (4) Represents all other fees billed in each of fiscal years 2011 and 2010. All other fees in fiscal years 2011 and 2010 principally related to PwC reference materials, seminars and publications purchased by us.

**Table of Contents**

**ITEM 2 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITOR**

The Audit Committee has appointed PricewaterhouseCoopers LLP ( PwC ) as the independent auditor of our consolidated financial statements for our fiscal year ending September 30, 2012, subject to stockholder ratification. The Audit Committee has reviewed PwC 's independence from us as described in the Report of the Audit Committee. In appointing PwC as our independent auditor for our fiscal year ending September 30, 2012, and in recommending that our stockholders ratify the appointment, the Audit Committee has considered whether the non-audit services provided by PwC were compatible with maintaining PwC 's independence from us and has determined that such services do not impair PwC 's independence.

Representatives of PwC are expected to be present at the Annual Meeting and will be given an opportunity to make a statement if they desire to do so. They will also be available to respond to questions at the Annual Meeting.

In accordance with the Board 's recommendation, the proxy holders will vote the shares of Class A common stock covered by valid and timely received proxies FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2012, unless the stockholder gives instructions to the contrary.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2012.

---

**Table of Contents**

**ITEM 3 APPROVAL OF THE VIACOM INC. SENIOR EXECUTIVE SHORT-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED EFFECTIVE JANUARY 18, 2012**

Our Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012, which we refer to in this section as the SESTIP or the Plan, is the program under which we grant annual performance-based bonuses for selected senior executives of Viacom, subject to a maximum limit. Our Board of Directors has approved the SESTIP.

Although the applicable NASDAQ rules do not require us to seek stockholder approval of the SESTIP, we are submitting the SESTIP for stockholder approval so that compensation paid pursuant to awards made after the date of the Annual Meeting will continue to be deductible to Viacom as performance-based compensation that is excluded from the \$1 million limit on deductible compensation set forth in Section 162(m) of the Code. If our stockholders do not approve the SESTIP at the Annual Meeting, no further awards will be made under the SESTIP; however, failure to approve the SESTIP will not affect the validity of, or our obligations under, awards made prior to the Annual Meeting.

The following description of the SESTIP should be read in conjunction with, and is qualified in its entirety by reference to, the full text of the Plan, a copy of which we have attached to this proxy statement as Exhibit A.

**Plan Generally**

**Eligibility.** The Compensation Committee may grant SESTIP awards to designated participants, who are Viacom executives at the level of senior vice president or above, for a given performance period. Approximately 525 executives are eligible to be designated as participants under the SESTIP. The Compensation Committee's practice has been to designate approximately ten executive officers of Viacom as participants in the SESTIP annually.

**Administration.** The Compensation Committee administers the SESTIP. Under the plan, the Compensation Committee must consist of at least two members of the Board, each of whom must be an outside director within the meaning of Section 162(m).

**Awards.** By or shortly after the beginning of each performance period, the Compensation Committee will (i) establish the performance period, (ii) designate SESTIP participants, (iii) select the performance goal(s), (iv) establish specific performance targets related to the performance goals and (v) establish target awards. A performance period generally corresponds to Viacom's fiscal year but could be a longer or shorter period.

Performance goals from which the Compensation Committee can set performance targets will relate to the achievement of financial goals based on one or more of various financial metrics chosen by the Compensation Committee. The financial metrics on the basis of which the Compensation Committee may set specific performance targets are the following: OIBDA (operating income before depreciation and amortization), OIBDA without intercompany eliminations, operating income, free cash flow, gross cash flow, net earnings, net earnings from continuing operations, earnings per share, revenue, net revenue, operating revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof.

The performance targets may be described in terms of objectives that are related to the individual participant or objectives that are Viacom company-wide or related to a subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Viacom company performance (or performance of the applicable entity) or measured in terms of performance relative to selected peer companies or a market index.

---

**Table of Contents**

After the end of each performance period, the Compensation Committee will certify whether the performance targets have been achieved. The Compensation Committee may reduce the amount of an award to any participant to reflect the Compensation Committee's assessment of the participant's individual performance or for any other reason. Awards will be paid in any form prescribed by the Compensation Committee (including equity) after certification that the applicable performance targets have been achieved. Awards may be subject to additional restrictions.

For purposes of determining the number of shares of Viacom Class B common stock subject to SESTIP awards paid in the form of equity, shares are valued based on the NASDAQ closing price on a given date, unless otherwise determined by the Committee. The Compensation Committee may establish procedures pursuant to which the payment of any award may be deferred.

Unless otherwise provided in a participant's employment agreement or as otherwise determined by the Compensation Committee, to receive payment of an award under the SESTIP, a participant must have remained in the continuous employ of Viacom or its subsidiaries during the applicable performance period.

**Maximum Award.** The maximum award to any participant for any performance period cannot exceed eight times the participant's annual base salary and in no event may exceed \$50 million.

**Adjustments.** If, during a performance period a corporate transaction or event, or any other extraordinary event or circumstance, occurs which the Compensation Committee determines has or would distort the applicable performance criteria, the Compensation Committee will adjust or modify the calculation of the performance goals to the extent necessary to prevent reduction or enlargement of the participants' awards for the applicable performance period.

**Amendment and Termination of the Plan.** The Viacom Board of Directors may amend or terminate the SESTIP at any time. No amendment or termination may materially adversely affect the terms of any then outstanding awards without the consent of the affected participants, unless necessary or desirable to comply with, or to take into account changes in, applicable law, including compliance with Section 409A.

**Repayment.** The Compensation Committee may require a participant to return all or a portion of any payment made in respect of an award if the performance goals or any of the quantitative factors considered in connection with the Compensation Committee's exercise of negative discretion to determine the amount of the award are subsequently restated or otherwise adjusted and the Compensation Committee determines either that in light of such restatement or adjustment the award was not earned or that such restatement or adjustment alters the Committee's assessment of the participant's individual performance in a manner that warrants reduction of the amount paid to the participant.

**New Plan Benefits.** As awards under the SESTIP are based on the Company's achievement of performance targets established by the Compensation Committee, it is not currently possible to determine the amounts of future awards. For this reason, it is not possible to determine the amounts that will be received by senior executives participating in the SESTIP in the future. Payments under the SESTIP to our NEOs in respect of fiscal year 2011 are disclosed in the Summary Compensation Table in the column Non-Equity Incentive Plan Compensation. Awards under the SESTIP for fiscal year 2011 to our executive group were \$53,420,000 in the aggregate. No SESTIP awards were made in fiscal year 2011 to non-executive employees or directors.

In accordance with the Board's recommendation, the proxy holders will vote the shares of Class A common stock covered by valid and timely received proxies FOR approval of the Amended and Restated SESTIP, unless the stockholder gives instructions to the contrary.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors recommends a vote FOR the approval of the Amended and Restated SESTIP.

**Table of Contents**

**OTHER MATTERS**

As of the date of this proxy statement, management does not intend to present and has not been informed that any other person intends to present any matter for action not specified in this proxy statement. If any other matters properly come before the Annual Meeting, it is intended that the proxy holders will act on those matters in accordance with their best judgment.

In order for proposals by stockholders to be considered for inclusion in the proxy card and proxy statement relating to the 2013 Annual Meeting of Stockholders, such proposals must be received on or before September 21, 2012 at our principal executive offices at 1515 Broadway, New York, NY 10036-5794, attention: Michael D. Fricklas, Secretary.

By Order of the Board of Directors,  
MICHAEL D. FRICKLAS  
*Secretary*

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting**

**We have sent or are sending the Notice of Internet Availability of Proxy Materials, which indicates that this Notice of 2012 Annual Meeting of Stockholders and Proxy Statement, our Stockholder Letter and our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, with financial statements and schedules thereto, will be made available at <http://proxymaterials.viacom.com>. If you wish to receive paper or e-mail copies of any of these materials, please follow the instructions on your Notice of Internet Availability of Proxy Materials. These materials are also available on our website at [www.viacom.com](http://www.viacom.com).**

**Table of Contents**

**Exhibit A**

**VIACOM INC.**  
**SENIOR EXECUTIVE**  
**SHORT-TERM INCENTIVE PLAN**  
**AS AMENDED AND RESTATED EFFECTIVE JANUARY 18, 2012**

**ARTICLE I**

**GENERAL**

**Section 1.1 Purpose.**

The purpose of the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012 (the **Plan**) is to benefit and advance the interests of Viacom Inc., a Delaware corporation (the **Company**), by granting annual performance-based awards (**Awards**) to reward selected senior executive officers of the Company and its subsidiaries and divisions for their contributions to the Company's financial success and thereby motivate them to continue to make such contributions in the future.

**Section 1.2 Definitions.**

As used in the Plan, the following terms shall have the following meanings:

- (a) **Award** shall have the meaning set forth in Section 1.1.
- (b) **Board** shall mean the Board of Directors of the Company.
- (c) **Class B Common Stock** shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (d) **Code** shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules, regulations and guidance promulgated thereunder from time to time.
- (e) **Committee** shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board to administer the Plan in accordance with Section 1.3 of the Plan). The Committee shall consist of at least two (2) individuals, each of whom shall be an **outside director** (or any successor standard thereto) within the meaning of Section 162(m) of the Code; *provided, however*, that if any such Committee member is found not to have met the qualification requirements of Section 162(m), any actions taken or Awards granted by the Committee shall not be invalidated by such failure to so qualify.
- (f) **Company** shall have the meaning set forth in Section 1.1.
- (g) **Earnings Per Share** shall have the meaning provided in GAAP.
- (h) **Effective Date** shall have the meaning set forth in Section 4.11.
- (i) **Equity Plan** means the Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated, and any successor or similar plan of the Company.
- (j) **Exchange Act** shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.
- (k) **Fair Market Value** of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the 4:00 p.m. (New York time) closing price on such date on the NASDAQ or other principal stock exchange on which the Class B Common Stock is then listed.



**Table of Contents**

- (l) Free Cash Flow shall mean the Company's Operating Income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures.
- (m) GAAP shall mean generally accepted accounting principles in the United States.
- (n) Net Earnings shall have the meaning provided in GAAP.
- (o) Net Earnings from Continuing Operations shall have the meaning provided in GAAP.
- (p) Net Revenue shall have the meaning provided in GAAP.
- (q) OIBDA shall mean the Company's Operating Income before depreciation and amortization.
- (r) OIBDA Without Inter-Company Eliminations shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.
- (s) Operating Income shall have the meaning provided in GAAP.
- (t) Participant shall mean any employee of the Company or a Subsidiary at a level of Senior Vice President or at a more senior level whom the Committee designates a participant under the Plan.
- (u) Performance Goals shall mean the performance goals set forth in Section 2.2 from which the Committee shall establish performance targets for a given Performance Period.
- (v) Performance Period shall mean a period of time over which performance is measured as determined by the Committee in its sole discretion.
- (w) Plan shall have the meaning set forth in Section 1.1.
- (x) Revenue shall have the meaning provided in GAAP.
- (y) Salary for any Performance Period shall mean the annual base salary of the Participant as in effect on the first day of the applicable Performance Period, unless otherwise determined by the Committee.
- (z) Section 162(m) shall mean Section 162(m) of the Code.
- (aa) Section 409A shall mean Section 409A of the Code.
- (bb) Subsidiary shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).
- (cc) Target Awards means the target established by the Committee for each Performance Period based on a multiple (either a fraction or a whole number multiple) of the Participant's Salary or a specified dollar amount.

**Section 1.3 Administration of the Plan.**

The Plan shall be administered by the Committee which shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration and application of the Plan shall be determined by the Committee, except that the Committee may authorize any one or more of its members, or any officer of the Company, to execute and deliver documents on behalf of the Committee. The determination of the Committee shall be final and binding in all matters relating to the Plan. The Committee shall have authority to determine the terms and conditions of the Awards granted to eligible persons.





---

**Table of Contents**

**Section 1.4 No Liability.**

Subject to applicable law: (i) no member of the Committee shall be liable to any Participant or any other person for anything whatsoever in connection with the administration of the Plan except such person's own willful misconduct; (ii) under no circumstances shall any member of the Committee be liable for any act or omission of any other member of the Committee; and (iii) in the performance of its functions with respect to the Plan, the Committee shall be entitled to rely upon information and advice furnished by the Company's officers, the Company's accountants, the Company's counsel and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in good faith reliance upon any such advice.

**ARTICLE II**

**AWARDS**

**Section 2.1 Awards.**

The Committee may grant Awards to eligible employees with respect to each Performance Period, subject to the terms and conditions set forth in the Plan.

**Section 2.2 Terms of Awards.**

(a) The Committee shall determine in its sole discretion whether any employee of the Company shall have the opportunity to earn incentive compensation under this Plan during any Performance Period. For each Participant, within the time period permitted or required under Section 162(m) for amounts payable hereunder to be considered qualified performance based compensation, the Committee shall (i) establish the Performance Period, (ii) designate each Participant for the Performance Period, (iii) select from the list of Performance Goals set forth in this Section 2.2, the Performance Goal or Goals to be applicable to the Performance Period, (iv) establish specific performance targets related to such Performance Goals and (v) establish Target Awards for each Participant.

(b) The Performance Goals from which the Committee shall establish performance targets shall relate to the achievement of financial goals based on the attainment of specified levels of one or more of the following: OIBDA, OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Gross Cash Flow, Net Earnings, Net Earnings from Continuing Operations, Earnings Per Share, Revenue, Net Revenue, operating revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof. The Performance Goals may be described in terms of objectives that are related to the individual Participant or objectives that are Company-wide or related to a Subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable Subsidiary, division, department, region, function or business unit) or measured in terms of performance relative to selected peer companies or a market index.

**Section 2.3 Limitation on Awards.**

The aggregate amount of all Awards granted under the Plan to any Participant for any Performance Period shall not exceed the amount determined by multiplying such Participant's Salary by a factor of eight (8), but in no event shall such amount exceed \$50 million.

**Section 2.4 Determination of Award.**

The Committee shall, promptly after the date on which the necessary financial or other information for a particular Performance Period becomes available, certify whether the performance targets have been achieved in the manner required by Section 162(m). The Committee may, in its sole discretion, reduce the amount of any Award to reflect the Committee's assessment of the Participant's individual performance or for any other reason.

## **Table of Contents**

### **Section 2.5 Payment of Award.**

Subject to Section 2.6, such Awards may be paid, in whole or in part, in cash, in the form of grants of equity-based awards issued under the Equity Plan, or in any other form prescribed by the Committee, and may be subject to such additional restrictions as the Committee, in its sole discretion, may impose. Such Awards shall be paid after the Committee certifies the applicable performance targets have been achieved and in any event by the 15<sup>th</sup> day of the third calendar month following the end of the calendar year in which the last day of the applicable Performance Period occurs. If the Committee determines that an Award shall be paid in the form of an equity-based award issued under the Equity Plan, then, for purposes of determining the number of shares of Class B Common Stock subject to an Award, the Class B Common Stock shall be valued based on its Fair Market Value on the date such equity-based awards are granted. Where Awards are paid in property other than cash and Class B Common Stock, the value of such property, for purposes of the Plan, shall be determined by reference to the fair market value of the property on the date the Committee grants the award. Notwithstanding anything in this Section 2.5 to the contrary, the Committee may establish procedures pursuant to which the payment of any Award may be deferred. To the extent an Award provides for the right of a recipient to elect to defer compensation and such deferral would be subject to Section 409A, the Committee shall set forth in writing (which may be in electronic form), on or before the date the applicable deferral election is required to be irrevocable in order to meet the requirements of Section 409A, the conditions under which such election may be made.

### **Section 2.6 Employment Requirement.**

Unless otherwise provided in a Participant's employment agreement or as otherwise determined by the Committee at the time an Award is granted, to be eligible to receive payment of an Award, the Participant must have remained in the continuous employ of the Company or a Subsidiary during the Performance Period applicable to the Participant.

### **Section 2.7 Repayment.**

The Committee may require a Participant to return all or a portion of any payment made in respect of an Award (including any payment in the form of an equity-based award or other property) if the Performance Goals or any of the quantitative factors considered in connection with the Committee's negative discretion pursuant to Section 2.4 used to determine the amount of such Award are subsequently restated or otherwise adjusted and the Committee determines either that in light of such restatement or adjustment the Award was not earned within the meaning of Section 2.4 or that such restatement or adjustment alters the Committee's assessment of the Participant's individual performance in a manner that warrants reduction of the amount paid to the Participant in respect of the Award.

## **ARTICLE III**

### **ADJUSTMENT OF AWARDS**

In the event that, during a Performance Period, any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event or any other extraordinary event occurs, or any other event or circumstance occurs which has the effect, as determined by the Committee, of distorting the applicable Performance Goals, including, without limitation, changes in accounting standards, the Committee shall adjust or modify the calculation of the applicable performance targets based on the Performance Goals, to the extent necessary to prevent reduction or enlargement of Participants' Awards under the Plan for such Performance Period attributable to such transaction, circumstance or event. Such adjustments shall be conclusive and binding for all purposes.

**Table of Contents**

**ARTICLE IV**

**MISCELLANEOUS**

**Section 4.1 No Rights to Awards or Continued Employment.**

The Plan does not confer on any employee any claim or right to receive Awards under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained by the Company or any of its subsidiaries.

**Section 4.2 Restriction on Transfer.**

The rights of a Participant in any Awards under the Plan shall not be transferable by the Participant to whom such Award is granted, otherwise than by will, the laws of descent and distribution or beneficiary designation or as otherwise permitted by the Committee subject to any conditions that it, in its sole discretion, may impose.

**Section 4.3 Withholding.**

The Company, or a subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant's beneficiary or beneficiaries any federal, state, local, income or payroll taxes required by law to be withheld with respect to such payments and to make any other deductions permitted by law.

**Section 4.4 No Restriction on Right of Company to Effect Changes.**

The Plan shall not affect in any way the right or power of the Company or its stockholders or a Subsidiary to make or authorize any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event involving the Company or a Subsidiary thereof or any other event or series of events, whether of a similar character or otherwise, whether or not such action would have an adverse effect on any Awards made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

**Section 4.5 Source of Payments.**

The Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

**Section 4.6 Section 409A.**

If any provision of the Plan or any Award contravenes Section 409A or could cause a Participant to recognize income for United States federal tax purposes in respect of an Award prior to payment of the Award or to be subject to any tax or interest under Section 409A, such provision of the Plan or any Award may be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without the imposition of any tax or interest under Section 409A. Moreover, any discretionary authority that the Board or the Committee may have pursuant to the Plan shall not be applicable to an Award that is subject to Section 409A to the extent such discretionary authority would contravene Section 409A or cause a Participant to recognize income for United States federal tax purposes in respect of an Award prior to payment of the Award or to be subject to any tax or interest under Section 409A.

**Section 4.7 Amendment and Termination.**

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part. No such alteration, amendment, suspension or termination of the Plan may, without the consent of the Participant to whom an Award has been made, adversely affect the rights of such Participant in such Award;

**Table of Contents**

*provided, however*, that no such consent shall be required if the Committee determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or prudent (i) to comply with, or take into account changes in, applicable tax laws, securities laws, accounting rules and other applicable laws, rules and regulations or (ii) to ensure that a Participant is not required to recognize income for United States federal tax purposes in respect of an Award prior to payment of the Award or subject to interest and additional tax under Section 409A with respect to any Award.

**Section 4.8 Governmental Regulations.**

The Plan, and all Awards hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

**Section 4.9 Headings.**

The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

**Section 4.10 Governing Law.**

The Plan and all rights and Awards hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

**Section 4.11 Effective Date.**

The Plan became effective as of January 18, 2012. The Plan will be submitted for the approval of the Company's stockholders at the 2012 annual meeting of stockholders. If the stockholders do not approve the Plan, no further Awards shall be made, but such failure to approval the Plan will not affect the validity of, or the Company's obligations under, Awards made prior to the date of such annual meeting.

**Table of Contents**

*VIACOM INC.*

*1515 BROADWAY*

*NEW YORK, NY 10036*

**VOTE BY MAIL**

Mark, sign and date this proxy card and return it in the enclosed postage prepaid envelope so that it is received prior to the Annual Meeting on March 8, 2012.

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions up until 11:59 p.m., Eastern Standard Time, on March 7, 2012 (March 6, 2012 for 401(k) plan participants). Have this proxy card in hand when you access the website and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**

If you live in the United States or Canada, use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., Eastern Standard Time, on March 7, 2012 (March 6, 2012 for 401(k) plan participants). Have this proxy card in hand when you call and then follow the recorded instructions.

Your telephone or Internet vote authorizes the proxy holders to vote the shares represented by this proxy in the same manner as if you returned the proxy card. If you have submitted your proxy by telephone or the Internet, there is no need for you to return this proxy card.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS**

If you would like to help reduce our use of paper and other resources, you can consent to receive all future Viacom stockholder communications electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M39888-TBD

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

Edgar Filing: Viacom Inc. - Form DEF 14A

VIACOM INC.

**For All** **Withhold** **For All** To withhold authority to vote for any individual nominee(s), mark **For All**  
**All** **All** **Except** Except and write the number(s) of the nominee(s) on the line below.

The Board recommends a vote **FOR** items 1, 2 and 3.

- |   |                           |   |
|---|---------------------------|---|
| <p>1. The election of 11 directors:</p> <p>Nominees:</p> <p>01) George S. Abrams      07) Charles E. Phillips, Jr.<br/>                 02) Philippe P. Dauman    08) Shari Redstone<br/>                 03) Thomas E. Dooley    09) Sumner M. Redstone<br/>                 04) Alan C. Greenberg    10) Frederic V. Salerno<br/>                 05) Robert K. Kraft      11) William Schwartz<br/>                 06) Blythe J. McGarvie</p> | <p>..      ..      ..</p> | <p><b>For</b>    <b>Against</b>    <b>Abstain</b></p> |
| <p>2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as independent auditor of Viacom Inc. for fiscal year 2012.</p>  | <p>..      ..      ..</p> | <p>..      ..      ..</p>                             |
| <p>3. The approval of the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012.</p>   | <p>..      ..      ..</p> | <p>..      ..      ..</p>                             |

**Please sign exactly as your name(s) appear(s) on this proxy card. When shares are held jointly, both holders should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.**

For address changes and/or comments, please check this box and write them on the back where indicated.      ..

**Yes**    **No**

**MATERIALS ELECTION**

SEC rules permit companies to send you a notice that proxy information is available on the Internet, instead of mailing you a complete set of materials. Check the box to the right if you want to receive future proxy materials by mail, at no cost to you.      ..

Please indicate if you plan to attend this meeting. If you check **yes**, an admission ticket will be sent to you.      ..      ..

**Please sign, date and return this proxy card in the enclosed postage prepaid envelope.**

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature (Joint Owners)      Date

---

**Table of Contents**

**Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:**

The Notice of 2012 Annual Meeting of Stockholders and Proxy Statement, Fiscal Year 2011 Annual Report on Form 10-K and Stockholder Letter are available at <http://proxymaterials.viacom.com>.

M39889-TBD

**VIACOM INC.**

**1515 Broadway**

**New York, New York 10036**

**2012 Annual Meeting Proxy Card**

The undersigned hereby appoints PHILIPPE P. DAUMAN and MICHAEL D. FRICKLAS, and each of them, as proxy holders with full power of substitution, to represent and to vote on behalf of the undersigned all of the shares of Class A Common Stock of Viacom Inc. represented by this proxy at the 2012 Annual Meeting of Stockholders to be held on Thursday, March 8, 2012 at Viacom Inc.'s corporate headquarters located at 1515 Broadway (enter on 44th St.), New York, New York, beginning at 10:30 a.m., Eastern Standard Time, and at any adjournments or postponements thereof, on the items of business set forth on the reverse side as more fully described in the Notice of 2012 Annual Meeting of Stockholders and Proxy Statement.

**P**

**R**

**O**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF VIACOM INC. THIS PROXY, WHEN PROPERLY EXECUTED AND TIMELY RECEIVED PRIOR TO THE MEETING, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER.**

**X**

**Y**

You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Board of Directors recommends a vote FOR each of items 1, 2 and 3. Therefore, unless otherwise specified, the vote represented by this proxy will be cast FOR items 1, 2 and 3. The proxy holders are directed to vote as specified on the reverse side hereof and in their discretion on all matters.



## Edgar Filing: Viacom Inc. - Form DEF 14A

**Attention 401(k) plan participants:** If you hold shares of Viacom Inc. Class A Common Stock through the Viacom 401(k) plan, you should complete, sign and return this proxy card to instruct the trustee of the plan how to vote these shares. Your proxy must be received no later than 11:59 p.m., Eastern Standard Time, on March 6, 2012 so that the trustee of the plan (who votes the shares on behalf of plan participants) has adequate time to tabulate the voting instructions. Your voting instructions will be kept confidential.

### Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Viacom Inc.

c/o Broadridge

51 Mercedes Way

Edgewood, NY 11717