Viacom Inc.
Form DEF 14A
January 25, 2013
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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 x

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))**
x 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)

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January 25, 2013

Dear Viacom Stockholders:

We are pleased to invite you to attend the Viacom Inc. 2013 Annual Meeting of Stockholders. The meeting will be held on Thursday, March 21, 2013 at Paramount Pictures located at 5555 Melrose Avenue, Hollywood, California, beginning at 11:00 a.m., Pacific Daylight Time.

At this year s meeting, we will be electing 11 members of our Board of Directors and selecting our independent public accountants.

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 in the mail a Notice of Internet Availability of Proxy Materials that tells you how to:

Access the Notice of 2013 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, 2012 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

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NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

AND PROXY STATEMENT

The Viacom Inc. 2013 Annual Meeting of Stockholders will be held on Thursday, March 21, 2013 at Paramount Pictures located at 5555 Melrose Avenue, Hollywood, California, beginning at 11:00 a.m., Pacific 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 2013; and

3. 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 22, 2013 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 79.4% 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 25, 2013

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2013 PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2013 ANNUAL MEETING OF STOCKHOLDERS

What is the purpose of this proxy statement?

The Viacom Board of Directors (the Board of Directors or Board) is soliciting a proxy from stockholders of our Class A common stock to vote on the items to be considered at the 2013 Annual Meeting of Stockholders (the Annual Meeting), which will be held on March 21, 2013.

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 2013 Annual Meeting of Stockholders and Proxy Statement, and Annual Report on Form 10-K for the fiscal year ended September 30, 2012 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 February 1, 2013.

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; and
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2013.

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 22, 2013 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:

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.

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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; and

2. FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2013.

How many shares can vote at the Annual Meeting?

At the close of business on January 22, 2013, we had 51,151,250 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 present 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 22, 2013, 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 79.4% 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 20, 2013; or

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

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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 19, 2013 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 20, 2013;

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 20, 2013;

voting again by telephone or the Internet by 11:59 p.m., Eastern Daylight Time, on March 20, 2013; 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 19, 2013 by:

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

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 item 1 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 item 1, your shares will not be voted on that item and a broker non-vote will occur. Broker non-votes will have no effect on the voting results for such item.

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^{nd} 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.

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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.

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. 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 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, 2012, which we refer to as fiscal year 2012. Our fiscal year 2011 results reflect our results for the twelve-month period ended September 30, 2011, our fiscal year 2010 results reflect our results for the nine-month transition period ended September 30, 2010, and our fiscal year 2009 results reflect our results for the twelve months ended December 31, 2009.

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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 2012 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 Governance and Nominating 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 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.

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George S. Abrams	**Age 80**	**Not Independent**

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 served as a director of Sonesta International Hotels Corporation from 1995 to 2012.

Philippe P. Dauman	**Age 58**	**Not Independent**

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.

Thomas E. Dooley	**Age 56**	**Not Independent**

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.

Alan C. Greenberg	**Age 85**	**Independent**

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.

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Robert K. Kraft	**Age 71**	**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 56**	**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 has been on the faculty of the Harvard Business School since July 2012. From 2003 to 2012, Ms. McGarvie was 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. Ms. McGarvie has served as a director of Accenture Ltd. since 2001 and LKQ since March 2012. Ms. McGarvie also served as a director of The Pepsi Bottling Group, Inc. from 2002 to 2010 and The Travelers Companies, Inc. from 2003 to 2011.

Charles E. Phillips, Jr.	**Age 53**	**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 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 58**	**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 served on the Board of Former Viacom beginning in 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 beginning in 1994. Ms. Redstone is also co-Founder and Managing Partner of Advancit Capital. 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 and the John F. Kennedy Library Foundation. 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 M. Redstone.

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Sumner M. Redstone	**Age 89**	**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 69**	**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 79**	**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.

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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.

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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 (collectively, the Committees), each of which consists solely of independent directors. Our Board met 6 times in fiscal year 2012, 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 2012 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.

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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 Chief Audit and Compliance Officer, who 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.

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.

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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 2012 Annual Meeting, 6 of our 11 directors have been independent: Messrs. Greenberg, Kraft, Phillips, Salerno and Schwartz and Ms. McGarvie. In January 2013, 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 2012, including the number of meetings held in fiscal year 2012, as well as information about the

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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.

Name	Audit Committee	Compensation Committee	Governance and Nominating Committee
Blythe J. McGarvie	Chair	Member	Member
Charles E. Phillips, Jr.	Member	Member	
Frederic V. Salerno	Member	Chair	Member
William Schwartz		Member	Chair
FY 2012 Meetings	**8**	**7**	**4**

Audit Committee

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

- the appointment, retention, termination, compensation and oversight of the work of our independent auditor, which reports directly to the Committee, including reviewing with the independent auditor the scope, planning and staffing of the annual audit, and the sole authority to approve all services provided by the independent auditor;
- 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 Audit Committee s role and its oversight of the independent auditor during fiscal year 2012, 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.

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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, operating managers 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 Compensation 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 Exchange Act of 1934, as amended (the Exchange Act);

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.

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Compensation Committee s Relationship with its Independent Compensation Consultant

The Compensation Committee s independent compensation consultant during fiscal year 2012 was Pay Governance LLC (Pay Governance). Pay Governance is engaged by, and reports directly to, the Compensation Committee, which has the sole authority to hire or fire Pay Governance and to approve fee arrangements for work performed. Pay Governance assists the Compensation 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 Compensation Committee has authorized Pay Governance to interact with management on behalf of the Compensation Committee, as needed in connection with advising the Compensation Committee, and Pay Governance is included in discussions with management and, when applicable, the Compensation Committee s outside legal counsel on matters being brought to the Compensation Committee for consideration.

It is the Compensation Committee s policy that the Chair of the Compensation Committee or the full Compensation Committee pre-approve any additional services provided to management by our independent compensation consultant. In fiscal year 2012, Pay Governance only did work for the Compensation Committee. The Compensation Committee has assessed the independence of Pay Governance pursuant to Securities and Exchange Commission (SEC) rules and concluded that Pay Governance s work for the Compensation Committee does not raise any conflict of interest.

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
- 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 Governance and Nominating 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.

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 Governance and Nominating Committee determines the director nominees, see Item 1 Election of Directors and Our Board of Directors Director Independence.

Stockholder Recommendations for Director Candidates

The Governance and Nominating 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 Governance and Nominating Committee, who will present the information on the candidate to the entire Governance and Nominating Committee. All director candidates recommended by stockholders will be considered by the Governance and Nominating Committee in the same manner as any other candidate and may or may not be selected by the Governance and Nominating 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 or write to Non-Management Directors, Viacom Inc., 1515 Broadway, 52nd Floor, New York, NY 10036-5794. The non-management directors contact information is also available on our website at 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.

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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, 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.

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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 and interference, including the disclosure of actual or potential conflicts;
- confidentiality, transactions in securities 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;
- connecting, communicating and sharing through social media;
- protection and proper use of company assets, information systems and electronic communications;
- privacy, data security and information protection;
- anti-corruption laws such as the Foreign Corrupt Practices Act and the UK Bribery Act;
- export control and anti-boycott laws;
- health, safety and the environment; and
- political contributions.

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, Chief Audit and Compliance Officer, has oversight 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 and to the Chief Financial Officer as to audit 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 pertinent elements of our business conduct policies.

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

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 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 or by Form 8-K filed with the SEC.

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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 2012, the Governance and Nominating Committee reviewed a report on director compensation prepared by Pay Governance. The report concluded that our director compensation levels had become lower than market median levels since 2010, when our director compensation was last increased. As a result, on March 8, 2012, the Board made certain changes, as described below, to our director compensation programs that became effective immediately.

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 $100,000, 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.

Prior to March 8, 2012, our Outside Directors received an annual Board retainer of $75,000, except for our Vice Chair, who received an annual retainer of $200,000.

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

On January 31, 2012, under the Viacom Inc. 2011 Stock Option Plan for Outside Directors, Outside Directors automatically received an annual grant of stock 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.

On January 17, 2013, the Viacom Inc. 2011 Stock Option Plan for Outside Directors was amended to provide that Outside Directors will no longer automatically receive annual grants of stock options.

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Restricted Share Units

On January 31, 2012, under the Viacom Inc. 2011 RSU Plan for Outside Directors, Outside Directors automatically received an annual grant of restricted share units (RSUs) 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. 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.

On January 17, 2013, the Viacom Inc. 2011 RSU Plan for Outside Directors was amended to provide that, commencing on January 31, 2013, Outside Directors will automatically receive annual grants of RSUs equal in value to $150,000 based on the closing price of our Class B common stock on NASDAQ on the date of grant.

See Fiscal Year 2012 Director Compensation below for detail on the compensation our Outside Directors received for fiscal year 2012.

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 1, 2013, see footnote (1) to the Security Ownership of Certain Beneficial Owners and Management table.

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Fiscal Year 2012 Director Compensation

The following table presents information on compensation for services as an Outside Director for fiscal year 2012.

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)	$ 89,149	$69,996	$70,000	$ 232	$120,000	$349,377
Philippe P. Dauman(4)				$7,190		$ 7,190
Alan C. Greenberg(5)	$ 89,149	$69,996	$70,000			$229,145
Robert K. Kraft(6)	$ 89,149	$69,996	$70,000	$ 144		$229,289
Blythe J. McGarvie(7)	$147,149	$69,996	$70,000	$ 12		$287,157
Charles E. Phillips, Jr.(8)	$121,149	$69,996	$70,000	$3,043		$264,188
Shari Redstone(9) *Vice Chair*	$200,000	$69,996	$70,000	$ 274		$340,270
Frederic V. Salerno(10)	$148,649	$69,996	$70,000	$ 423		$289,068
William Schwartz(11)	$127,649	$69,996	$70,000	$ 385		$268,030

(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, 2012.

(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 2012 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 2012. As of September 30, 2012, Mr. Abrams held a total of 35,097 stock options for shares of Class B common stock and 1,488 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 2012. As of September 30, 2012, Mr. Greenberg held a total of 23,988 stock options for shares of Class B common stock and 1,488 RSUs for shares of Class B common stock.

(6) Mr. Kraft deferred receipt of his cash director fees in fiscal year 2012. As of September 30, 2012, Mr. Kraft held a total of 34,305 stock options for shares of Class B common stock and 1,488 RSUs for shares of Class B common stock.

(7) Ms. McGarvie did not defer receipt of her cash director fees in fiscal year 2012. As of September 30, 2012, Ms. McGarvie held a total of 27,963 stock options for shares of Class B common stock and 1,488 RSUs for shares of Class B common stock.

(8) Mr. Phillips deferred receipt of his cash director fees in fiscal year 2012. As of September 30, 2012, Mr. Phillips held a total of 37,476 stock options for shares of Class B common stock and 10,088 RSUs (including deferred RSUs) for shares of Class B common stock.

(9) Ms. Redstone deferred receipt of her cash director fees in fiscal year 2012. As of September 30, 2012, Ms. Redstone held a total of 31,263 stock options for shares of Class B common stock and 12,938 RSUs (including deferred RSUs) for shares of Class B common stock.

(10) Mr. Salerno did not defer receipt of his cash director fees in fiscal year 2012. As of September 30, 2012, Mr. Salerno held a total of 24,263 stock options for shares of Class B common stock and 14,186 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 2012. As of September 30, 2012, Mr. Schwartz held a total of 35,097 stock options for shares of Class B common stock and 14,186 RSUs (including deferred RSUs) for shares of Class B common stock.

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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.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below presents as of January 1, 2013, 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 person who was an NEO during fiscal year 2012 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 1, 2013, 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 1, 2013, there were 51,151,250 shares of our Class A common stock outstanding and 444,451,711 shares of our Class B common stock outstanding.

	Beneficial Ownership of Equity Securities				
Name	**Title of Equity Security**	**Number of Equity Shares**	**Option Shares**	**Percentage of Class**	**Common Stock Equivalents(11)**
George S. Abrams	Class A common stock	(1)		*	11,407(1)
	Class B common stock	28,176(1)(2)	29,052	*	11,682(1)
James W. Barge	Class A common stock			*	
	Class B common stock	523(3)(4)		*	643(3)
Philippe P. Dauman	Class A common stock			*	
	Class B common stock	1,049,180(3)(4)	4,417,598	*	1,844(3)
Thomas E. Dooley	Class A common stock	1,720		*	
	Class B common stock	810,950(4)(5)	3,539,514	*	
Michael D. Fricklas	Class A common stock	24(3)(4)		*	14(3)
	Class B common stock	14,217(3)(4)(5)	309,273	*	3,873(3)
Alan C. Greenberg	Class A common stock			*	
	Class B common stock	37,698	18,833	*	
Robert K. Kraft	Class A common stock	(1)		*	10,298(1)
	Class B common stock	74,775(1)(2)	29,150	*	10,808(1)
Blythe J. McGarvie	Class A common stock	(1)		*	710(1)
	Class B common stock	8,143(1)	22,808	*	713(1)
Charles E. Phillips, Jr.	Class A common stock	(1)		*	5,372(1)
	Class B common stock	4,098(1)(6)	32,321	*	14,380(1)(6)
Shari Redstone	Class A common stock	(1)		*	19,775(1)
	Class B common stock	1,500(1)(2)(6)(7)	26,108	*	32,426(1)(6)
Sumner M. Redstone(8)	Class A common stock	40,607,572(9)		79.4%	
	Class B common stock	128,777(3)	2,289,168	*	208(3)

Frederic V. Salerno	Class A common stock	(1)		*	22,724(1)
	Class B common stock	(1)(6)	19,108	*	36,226(1)(6)
William Schwartz	Class A common stock	(1)		*	20,943(1)
	Class B common stock	6,878(1)(6)	27,564	*	34,120(1)(6)
National Amusements, Inc./NAI EH(9)	Class A common stock	40,607,532		79.4%	
	Class B common stock			*	
Directors, NEOs and executive officers as a group, other than Sumner M. Redstone (17 persons)	Class A common stock	1,744(4)		*	91,243
	Class B common stock	2,080,259(4)	8,471,329	*	149,287
Mario J. Gabelli(10)					
Gabelli Asset Management Inc.	Class A common stock	5,767,422		11.3%	

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

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(1) 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 are excluded from the Number of Equity Shares column and the Percentage of Class column and included in the Common Stock Equivalents column:

Abrams:	11,407 Class A and 11,682 Class B
Kraft:	10,298 Class A and 10,808 Class B
McGarvie:	710 Class A and 713 Class B
Phillips:	5,372 Class A and 5,780 Class B
Shari Redstone:	19,775 Class A and 20,976 Class B
Salerno:	22,724 Class A and 23,528 Class B
Schwartz:	20,943 Class A and 21,422 Class B

(2) Includes for Mr. Abrams, 100 Class B shares held indirectly as Trustee of a trust; for Mr. Kraft, 63,325 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 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 are excluded from the Number of Equity Shares column and the Percentage of Class column and included in the Common Stock Equivalents column:

Barge:	643 Class B
Dauman:	1,844 Class B
Fricklas:	14 Class A and 3,873 Class B
Sumner Redstone:	208 Class B

(4) Includes shares held in our 401(k) plan.

(5) Includes for Mr. Dooley, 33,610 Class B shares held indirectly as Trustee of grantor retained annuity trusts and 93,598 shares held in a charitable foundation controlled by Mr. Dooley; and for Mr. Fricklas, 12,648 Class B shares held indirectly as Trustee of a grantor retained annuity trust.

(6) The following RSUs for the respective directors, the settlement of which the directors elected to defer, are excluded from the Number of Equity Shares column and the Percentage of Class column and included in the Common Stock Equivalents column:

Phillips:	8,600 RSUs
Shari Redstone:	11,450 RSUs
Salerno:	12,698 RSUs
Schwartz:	12,698 RSUs

(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.

(11) This column represents other economic interests not otherwise included in the table above that relate to the value of Viacom common stock, including Class A phantom stock units and Class B phantom stock units credited to the respective director under the Deferred Compensation Plan for Outside Directors, 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 and deferred RSUs.

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 2012 our executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements except in one instance. On January 24, 2013, we discovered that a gift by Mr. Redstone of 8,000 shares of Class B common stock during fiscal year 2012 had inadvertently not been reported. On January 25, 2013, we filed a Form 5 reporting the gift.

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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 Governance and Nominating 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 Governance and Nominating 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 Governance and Nominating 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 2012

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 2012 amounted to approximately $20 million and are continuing in fiscal year 2013 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, which are continuing in fiscal year 2013, and occasionally engage in other ordinary course transactions (e.g., movie ticket purchases and various promotional activities) from time to time. In connection with these arrangements and transactions, Paramount paid NAI a total of approximately $392,000 in fiscal year 2012. We believe that the terms of these transactions between NAI and Paramount were no more or less favorable to Paramount 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.

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Paramount earns revenues and recognizes expenses associated with the distribution of certain television products into the home entertainment market on behalf of CBS. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable, prior to any participation payments to CBS. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

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 2012.

(in millions)	Year Ended September 30, 2012
Consolidated Statements of Earnings	
Revenues	$ 285
Operating expenses	347
Consolidated Balance Sheets	**September 30, 2012**
Accounts receivable	$ 7
Other assets	1
Total due from CBS	**$ 8**
Accounts payable	$ 1
Participants share and residuals, current	143
Programming rights obligations, current	110
Programming rights obligations, noncurrent	169
Other liabilities	24
Total due to CBS	**$ 447**

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 2012 has ever been an officer or employee of ours or any of our subsidiaries. During fiscal year 2012, 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 was our Executive Vice President, Chief Financial Officer from October 2010 to November 2012. 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.

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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.

William Schwartz

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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 this, 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 retention and other objectives, it may authorize one-time equity awards for our executives. In certain instances, the Committee feels it is appropriate to structure equity awards with portions that are both more and less sensitive to our stock price, 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 2012 Performance

In 2010, we changed our fiscal year end to September 30 from December 31. Compensation information for fiscal year 2012 and fiscal year 2011 reflects performance during the twelve months ended September 30, 2012 and September 30, 2011, respectively. Fiscal year 2010 reflects performance during our nine-month transition period ended September 30, 2010, and fiscal year 2009 reflects performance during the twelve months ended December 31, 2009.

Our fiscal year 2012 results reflected both the global economic slowdown and ratings challenges at several of our cable television networks. In the face of this adversity, Viacom achieved operating income growth of 5% and growth in diluted earnings per share from continuing operations of 21%, each as compared to fiscal year 2011. Our free cash flow, which is one of the performance metrics we use under our Short-Term Incentive Plan (STIP), was $2.381 billion and was above the mid-point of the performance range we established under the STIP for 2012. (We define free cash flow, which is a non-GAAP measure, as cash provided by operations minus capital expenditures, plus excess tax benefits from equity-based compensation awards.)

Throughout the fiscal year, we continued to (i) invest in our content, (ii) enhance operational efficiency, (iii) maintain a strong balance sheet and (iv) return a significant amount of capital to our stockholders. Our senior management team continues to work proactively to manage our business in a way that positions us well for the future, produces results that further enhance our financial position and generates significant long-term value for our stockholders. Specifically:

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

We continued to improve, innovate and refine the distribution of our content, negotiate attractive agreements with major distributors, and capitalize on opportunities for Internet-based content delivery

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through authenticated, pay, and advertiser supported models. These strategies, among others, led to a double-digit growth rate in our affiliate revenues, which represent approximately 28% of our consolidated revenues.

We grew our *Media Networks* and *Filmed Entertainment* businesses internationally by developing new brands and properties and launching new channels and consumer products.

We developed a streamlined film slate that was focused on key branded and franchise films, including animated movies, complemented by smaller productions and acquisitions. We aggressively managed Paramount s cost structure and pursued innovative promotion and marketing strategies leading to positive margin growth.

We increased investment in programming and other content and strengthened our creative capabilities, positioning ourselves well to attract greater viewership, deliver larger audiences for our advertising partners and grow our advertising revenues in order to address ratings challenges at several of our networks.

We continued to aggressively manage costs, both domestically and internationally, and enhanced our operational efficiency, including by negotiating a favorable lease for our New York City headquarters.

We significantly improved our debt maturity profile and continued to make progress in lowering our average cost of debt.

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 2012, the Board approved an increase to our quarterly cash dividend to stockholders of our Class A and Class B common stock of 10% from $0.25 to $0.275 per share. Approximately $554 million was paid to stockholders in fiscal year 2012 in connection with the dividend. We also repurchased an aggregate amount of $2.8 billion of Class B common stock under our $10.0 billion stock repurchase program, for a total capital return to stockholders through our dividend and buyback programs of $3.4 billion in fiscal year 2012.

Our stock performed well in fiscal year 2012

During fiscal year 2012, our Class B common stock generated a total shareholder return of 41.5% compared to the total shareholder return of the S&P 500 Index over the same period of 30.2%.

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, created value for our stockholders and allowed us to return capital in the form of significant dividends and share repurchases to our stockholders. During the period, we continued to perform well on both an absolute basis and relative to our peers and we 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 2012.

The bonus and equity compensation decisions for all of our NEOs in fiscal year 2012 are discussed in detail below under Compensation Program Design Annual Performance-Based Bonus and Compensation Program Design Equity Awards.

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Fiscal Year 2012 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 2012 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 is 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 the program continues to provide a competitive pay-for-performance package that effectively incentivizes our NEOs and encourages long-term retention. We have determined to conduct an advisory vote on executive compensation every three years, as permitted under SEC rules, and intend to hold the next such advisory vote at our 2014 annual meeting. The Committee will continue to consider stockholder views about our core compensation principles and objectives when determining executive compensation.

On November 27, 2012, we announced that Mr. Barge would be leaving Viacom in order to pursue other interests. However, because he was one of our NEOs for fiscal year 2012, we have included him throughout this Compensation Discussion & Analysis.

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 fiscal years 2011 or 2012. 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 2012.

The Committee conducted Mr. Barge s annual merit compensation review and increased his annual base salary from $950,000 to $978,500; his target annual cash bonus, which was 100% of his salary, was correspondingly increased from $950,000 to $978,500, each effective October 1, 2011. The Committee conducted Mr. Fricklas annual merit compensation review and increased his annual base salary from $1.25 million to $1,287,500 and his target annual cash bonus from $2.4 million to $2.475 million, each effective January 1, 2012. 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 2012 are discussed under Compensation Program Design Annual Performance-Based Bonus Individual NEO Performance below.

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Equity Awards

Our annual equity awards to NEOs in fiscal year 2012 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. Dauman and Dooley were granted on January 1, 2012 pursuant to the terms of their employment agreements. Mr. Redstone did not receive a Viacom equity award in fiscal year 2012.

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)
Philippe P. Dauman	Stock Options	50%	592,885	4 years	$47.21
	PSUs(3)	50%	135,135	3 years	Performance relative to S&P 500 companies
Thomas E. Dooley	Stock Options	50%	474,308	4 years	$47.21
	PSUs(3)	50%	108,108	3 years	Performance relative to S&P 500 companies
Michael D. Fricklas	Stock Options	40%	118,577	4 years	$47.21
	RSUs(4)	60%	38,128	4 years	Time-vesting only
James W. Barge	Stock Options	40%	31,621	4 years	$47.21
	RSUs(4)	60%	10,167	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 ($47.21). 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 23, 2012). See Compensation Program Design Equity Awards Performance Share Units below for additional detail on the PSU performance conditions.

(3) See Compensation Program Design Equity Awards Performance Share Units below for additional detail on the PSU performance conditions.

(4) See Compensation Program Design Equity Awards below for additional detail on the RSUs.

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 2012				
	Base Salary	**Target Bonus**	**Target Annual Equity Award Value(1)**	**Target Compensation**	**% of Target 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	**1,287,500**	**2,475,000**	**3,000,000**	**6,762,500**	81%
James W. Barge	**978,500**	**978,500**	**800,000**	**2,757,000**	65%

(1) Messrs. 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. 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 and, in the case of PSUs, our performance over the three-year performance period.

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(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.

The table below shows how performance is reflected in the Committee s decisions on annual bonus amounts for each of our fiscal years 2012, 2011, 2010 and 2009. The performance goals for our fiscal year 2012 bonus program and information on how the Committee determined the 2012 bonus amounts are discussed under Compensation Program Design Annual Performance-Based Bonus below.

NEO	FY 2012		FY 2011		FY 2010		FY 2009	
	Actual Bonus	**Target Bonus**	**Actual Bonus**	**Target Bonus**	**Actual Bonus**	**Target Bonus**	**Actual Bonus**	**Target Bonus**
Sumner M. Redstone	**$ 5,750,000**	**$ 6,000,000**	$ 10,000,000	$ 6,000,000	$ 5,625,000	$ 4,500,000	$ 6,270,000	$ 4,750,000
Philippe P. Dauman	**11,500,000**	**12,000,000**	20,000,000	12,000,000	11,250,000	9,000,000	12,540,000	9,500,000
Thomas E. Dooley	**9,200,000**	**9,500,000**	16,000,000	9,500,000	8,906,250	7,125,000	10,032,000	7,600,000
Michael D. Fricklas	**2,153,250**	**2,475,000**	3,350,000	2,400,000	2,150,000	1,725,000	2,000,000	1,675,000
James W. Barge	**851,300**	**978,500**	1,254,000	950,000	430,000	347,600	515,000	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 2012 Summary Compensation Table.

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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 RSUs: vest in equal annual installments over 4 years
One-Time Equity Awards	Performance-based and/or linked to stock performance	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 mechanisms for retirement savings
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

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 2012, see Overview Fiscal Year 2012 Named Executive Officer Compensation above.

Annual Performance-Based Bonus

Our annual bonuses are paid under our 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 2012, the Board of Directors approved a fiscal year 2012 budget that, consistent with prior years, contained challenging targets to drive growth. The Committee then established performance goals for our fiscal year 2012 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. In fiscal year 2012, approximately 4,850 of our 9,880 employees participated in the STIP. Our business unit multipliers in 2012 ranged from 45% to 121% of target, and in fiscal year 2011, they ranged from 65% to 160% of target.

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Our NEOs participate in the Senior Executive STIP, a plan that contains a separate 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 2012 operating income for STIP purposes was $3.942 billion, as discussed below, which exceeded the fiscal year 2012 performance target set for the Senior Executive STIP of $3.198 billion. The Senior Executive STIP provides for a maximum allowable bonus amount of eight times base salary or $50 million, whichever is lower, if the performance target is achieved and certified by the Committee. The actual bonus for each NEO is subject to downward adjustment based on an award structure and performance goals that are the same as the STIP.

The design of our STIP program is reviewed and approved by the Committee each year. Key elements of the design for our fiscal year 2012 STIP include the following:

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 2012, see Overview Fiscal Year 2012 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 2012 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 and implementation of initiatives designed to improve operating margins; for Paramount Pictures, implementation of cost reduction initiatives, continued focus on improving return on invested capital and development of the animation initiative; and for all STIP participants, continued fulfillment of corporate goals, inclusion and talent development, 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.
- 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 A minimum performance factor of 0% results in no bonus being earned. Consistent with the maximum bonus amounts, a maximum of 200% can be earned for each performance goal (including the qualitative goals) before the respective weightings are applied.

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- 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.
  - ¡ 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%.
  - ¡ The Committee sets the payout 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 2012, 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 2012 was 87%, as shown in the table.

Performance Goals	**Performance Range (in millions)**	**Fiscal 2012 Performance (in millions)**	**Resulting Performance Factor**	**Weighting**	**Weighted Performance Factor**
Operating income	$3,352 4,771	$3,942(1)	74%	60%	44%
Free cash flow	1,605 2,954	2,418(2)	115%	20%	23%
Qualitative objectives	N/A	N/A	100%	20%	20%
Corporate performance multiplier					**87%**

(1) Operating income for STIP purposes was increased to $3.942 billion (from our reported operating income of $3.901 billion) principally reflecting exclusion of certain adjustments unanticipated at the time the operating income target was determined.

(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 $2.418 billion (from our reported free cash flow of $2.381 billion) reflecting exclusion of certain adjustments unanticipated at the time the operating income target was determined.

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.

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, 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 2012, 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 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 enhancing our creative teams and directing significant investment in content creation, concluding favorable affiliation arrangements in both traditional and digital distribution, strengthening our international operations and focusing our motion picture operations, in each case while maintaining cost discipline and enhancing our operating leverage. They led the company in accessing capital markets on favorable terms, allowing the Company to return $2.8 billion in capital to stockholders in the form of stock buybacks and to increase its dividend. Under their leadership, senior management continued to execute a company-wide leadership development initiative and foster a diverse and inclusive corporate culture.

- Ø Mr. Fricklas and Mr. Barge participated in and advised the senior management team and:

  - ¡ Mr. Fricklas provided leadership on a wide variety of matters, including in the negotiation of a favorable lease for the Company s New York headquarters, successfully managed a significant reorganization in his legal team, providing new opportunities for lawyers from within while recruiting new talent from outside the organization, achieved an important victory in the appeal of a major intellectual property litigation and other matters, and continued to lead the legal team supporting senior management in a wide variety of matters while enhancing the legal function across Viacom and its divisions; and

  - ¡ Mr. Barge 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 new issuances of public debt and a debt-for-debt exchange offer, 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.

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 2012, approximately 1,420 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, which vest on the basis of continued service, always have value equal to our stock price. Awards of equal value would result in an executive receiving fewer RSUs than stock options and, as a consequence, RSUs have less of a potential dilutive effect to stockholders than an equivalent award of stock options. In addition, RSUs 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

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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 and Dooley 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. Dauman and Dooley have overall corporate oversight and responsibility and therefore a greater ability to impact stockholder value than other 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.

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 25th percentile TSR, the award of PSUs will be forfeited, unless the EPS hurdle is met
If Viacom achieves the 25th 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 50th percentile TSR, the number of shares to be delivered under the award will be 100% of the target award
If Viacom achieves the 100th 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 25th and 50th percentile, or between the 50th percentile and the 100th percentile, the number of shares to be delivered will be interpolated between the respective shares delivered at such percentiles, subject to adjustment between the 25th and 50th 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 50th 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.

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For the 2012 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 2012 2014. This is a challenging, relative metric, and whether we will meet the hurdle is uncertain until 2014 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 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 (frozen as of December 31, 2012);
- 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 2012 Pension Benefits and Fiscal Year 2012 Nonqualified Deferred Compensation tables.

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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 2012 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 2012, 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.

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 signing a release of claims and 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 annually review with our Compensation Committee and our outside compensation consultant our company-wide compensation programs 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 financial reporting.

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 2012, 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 Scott Mills, our Executive Vice President, Human Resources and Administration (except with respect to his 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.

See Compensation Program Design Annual Performance-Based Bonus Individual NEO Performance above for additional information regarding Mr. Dauman s role in recommending bonus amounts.

Messrs. Dauman, Dooley and Mills 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.

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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. A representative of Pay Governance attends Committee meetings, reviews compensation data with the Committee, and participates in general discussions regarding executive compensation issues. While the Committee considers input from Pay Governance, the Committee s decisions ultimately reflect many factors and considerations. 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. Since that time, the Committee has employed outside legal counsel on an as-needed basis. 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 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 2011, was comprised of the following companies in fiscal year 2012: 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 payments and benefits to which they could become entitled if a change in control were to occur before 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) the executive s severance amount and other benefits subject him to certain related excise taxes. Except for the sunset provision, the gross-up provision was carried over from prior employment agreements.

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, other than PSU grants made to Messrs. Dauman, Dooley and, prior to 2012, Redstone; PSU grants to these executives 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

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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. The Committee has delegated limited authority to Mr. Dauman to make equity grants.

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 2013 STIP Design

Except for the adoption of new financial targets for the upcoming year, our fiscal year 2013 STIP design is substantially the same as it was in fiscal year 2012. The 2013 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.

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FISCAL YEAR 2012 SUMMARY COMPENSATION TABLE

The following table presents information on the total compensation for our NEOs in fiscal years 2012, 2011, 2010 and 2009.

Name and Principal Position	Fiscal Year	Salary ($)	Stock Awards ($)(1) Annual	Stock Awards ($)(1) One-Time	Stock Awards ($)(1) Total	Option Awards ($)(1) Annual	Option Awards ($)(1) One-Time	Option Awards ($)(1) Total	Non-Equity Incentive Plan Compen-sation ($)(2)	Change in Pension Value and Non-qualified Deferred Compen-sation Earnings ($)(3)	Al Oth Com sati ($)(
Sumner M. Redstone	**2012**	**$ 1,750,000**	**$**		**$**	**$**		**$**	**$ 5,750,000**	**$ 12,908,463 (4)**	**$ 9**
Executive Chairman and Founder	2011	$ 1,750,000	$ 5,087,874		$ 5,087,874	$ 3,000,003		$ 3,000,003	$ 10,000,000	$ 1,131,025	$ 30
	2010	$ 1,312,500	$ 5,089,264		$ 5,089,264	$ 3,000,000		$ 3,000,000	$ 5,625,000	$ 2,216	$ 4
	2009	$ 1,250,000	$ 6,344,447		$ 6,344,447	$ 3,000,005		$ 3,000,005	$ 6,270,000	$ 13,061	$ 6
Philippe P. Dauman	**2012**	**$ 3,500,000**	**$ 10,274,314**	**$ 1,852,431**	**$ 12,126,745**	**$ 5,999,996**		**$ 5,999,996**	**$ 11,500,000**	**$ 54,720**	**$ 269**
President and Chief Executive Officer	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
	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
	2009	$ 2,500,000	$ 12,688,932		$ 12,688,932	$ 5,999,997		$ 5,999,997	$ 12,540,000	$ 37,911	$ 243
Thomas E. Dooley	**2012**	**$ 2,500,000**	**$ 8,219,451**	**$ 1,481,975**	**$ 9,701,426**	**$ 4,799,997**		**$ 4,799,997**	**$ 9,200,000**	**$ 54,640**	**$ 42**
Senior Executive Vice President and Chief Operating Officer	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
	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
	2009	$ 2,000,000	$ 10,151,123		$ 10,151,123	$ 4,799,997		$ 4,799,997	$ 10,032,000	$ 31,318	$ 11
Michael D. Fricklas	**2012**	**$ 1,278,125**	**$ 1,800,023**		**$ 1,800,023**	**$ 1,199,999**		**$ 1,199,999**	**$ 2,153,250**	**$ 325,850**	**$ 22**
Executive Vice President, General Counsel and Secretary	2011	$ 1,241,250	$ 1,799,998		$ 1,799,998	$ 1,199,999		$ 1,199,999	$ 3,350,000	$ 197,693	$ 74
	2010	$ 911,250	$ 1,800,015		$ 1,800,015	$ 1,200,004		$ 1,200,004	$ 2,150,000	$ 255,124	$ 20
	2009	$ 1,050,000	$ 1,799,997		$ 1,799,997	$ 1,199,999		$ 1,199,999	$ 2,000,000	$ 26,501	$ 13
James W. Barge	**2012**	**$ 978,500**	**$ 479,984**		**$ 479,984**	**$ 320,005**		**$ 320,005**	**$ 851,300**	**$ 30,740**	**$ 17**
	2011	$ 950,000	$ 480,020		$ 480,020	$ 320,000		$ 320,000	$ 1,254,000	$ 21,232	$ 17

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 Reports on Form 10-K for fiscal years 2011 and 2012 and the Stock Based Compensation Note to our Consolidated Financial Statements in our Annual Report on Form 10-K for fiscal year 2009.

(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 change in (i) pension value of $24,016 and (ii) intrinsic value of Mr. Redstone s stock option equivalents (the SOEs) from September 30, 2011 to September 30, 2012 of $12,884,447. 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 or December 31, 2009, and therefore the amounts shown in the table for 2010 and 2009 reflect change in pension value only. We recognized expense of $9,700,210 in fiscal year 2012, income of $520,584 in fiscal year 2011, expense of $212,974 in fiscal year 2010 and expense of $3,434,279 in fiscal year 2009 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.

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(5) All Other Compensation includes the following amounts received in fiscal year 2012 by the NEOs:

	Additional Compensation			Perquisites		
	Company Match in 401(k) Plan	Company Match in Excess 401(k) Plan	Life Insurance(a)	Personal Use of Viacom Aircraft(b)	Car Service(c)	Total
Sumner M. Redstone					$ 9,003	$ 9,003
Philippe P. Dauman	$8,750		$7,140	$238,382	$15,091	$269,363
Thomas E. Dooley	$8,750		$6,300	$ 27,065	$ 68	$ 42,183
Michael D. Fricklas	$8,750	$8,750	$5,129			$ 22,629
James W. Barge	$8,750	$8,750				$ 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.

(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 2013 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

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 Compensation 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 Compensation Committee. The increase reflected the Compensation 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.

2012. Mr. Redstone did not receive a salary or target bonus increase in 2012 and did not receive equity awards in 2012.

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.

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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

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 Compensation 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 Compensation Committee, each effective January 1, 2010. The increase reflected the Compensation 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 Compensation 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.
2012. Mr. Dauman did not receive a salary or target bonus increase in 2012.

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.

Compensation

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 Compensation 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 Compensation Committee, each effective January 1, 2010. The increase reflected the Compensation 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 Compensation 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.

2012. Mr. Dooley did not receive a salary or target bonus increase in 2012.

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

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 Compensation Committee, each effective January 1, 2010. The increase reflected the Compensation Committee s evaluation of Mr. Fricklas performance and the Compensation Committee s desire to extend his term of employment with the company.

2011. Following his annual merit compensation review by the Compensation 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 Compensation Committee.

2012. Following his annual merit compensation review by the Compensation Committee in November 2011, Mr. Fricklas annual base salary was increased to $1,287,500 for 2012, effective January 1, 2012. His target annual cash bonus was increased to $2,475,000, subject to the achievement of performance goals established by the Compensation Committee. In July 2012, we amended Mr. Fricklas employment agreement, extending his employment term to June 30, 2016.

Other Provisions of Mr. Fricklas Employment Agreement

Provides for an employment term through June 30, 2016.

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 was our Executive Vice President, Chief Financial Officer from October 2010 to November 2012. 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.

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Compensation

2011. 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 Compensation Committee. Mr. Barge s increase reflected the Compensation Committee s evaluation of Mr. Barge s performance, his promotion to Chief Financial Officer and the Compensation Committee s desire to extend his term of employment with the Company.

2012. Following his annual merit compensation review by the Compensation Committee in September 2011, Mr. Barge s annual base salary increased from $950,000 to $978,500, while his target annual cash bonus, which is 100% of his salary, was correspondingly increased from $950,000 to $978,500, each effective October 1, 2011. Mr. Barge was Chief Financial Officer until November 27, 2012.

Other Provisions of Mr. Barge s Employment Agreement

Provided for an employment term of October 1, 2010 to September 30, 2013.

Provided 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.

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FISCAL YEAR 2012 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 2012. The Compensation Committee made our annual LTMIP grants to our NEOs and other LTMIP eligible employees in May 2012, except for the PSU grants to Messrs. 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, 2013. 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 Securities Underlying Options (#)(5)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Stock Option Awards ($)(6)	Intri Val of Opt Awa Val of Sto Awar
			Thresh-old (#)(2)	Target (#)	Maxi-mum (#)		Thresh-old (#)	Target (#)	Maxi-mum (#)					
M. Redstone														
			$ 1,500,000	$ 6,000,000	$ 12,000,000									
e P. Dauman	1/1/12	4/14/10				PSU(3)	33,784	135,135	405,405				$ 10,274,314	$ 7,241,
	5/23/12					SO					592,885	$ 47.21	$ 5,999,996	$ 3,782,
	9/12/12	4/14/10				PRSU(4)	0	36,458	72,916				$ 1,852,431	$ 1,953,
			$ 3,000,000	$ 12,000,000	$ 24,000,000									
s E. Dooley	1/1/12	5/25/10				PSU(3)	27,027	108,108	324,324				$ 8,219,451	$ 5,793,
	5/23/12					SO					474,308	$ 47.21	$ 4,799,997	$ 3,026,
	9/12/12	5/25/10				PRSU(4)	0	29,167	58,334				$ 1,481,975	$ 1,563,
			$ 2,375,000	$ 9,500,000	$ 19,000,000									
l D. Fricklas						RSU								
	5/23/12	10/1/09				SO				38,128	118,577	$ 47.21	$ 3,000,022	$ 2,799,
			$ 618,750	$ 2,475,000	$ 4,950,000									
V. Barge						RSU								
	5/23/12	9/16/10				SO				10,167	31,621	$ 47.21	$ 799,989	$ 746,
			$ 244,625	$ 978,500	$ 1,957,000									

(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 12, 2012 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 2012, 2011 or 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 2012. 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 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.

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(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 2012 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 $53.59 as of September 28, 2012. 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, 2012. 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, 2012 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.

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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, 2012. Market value amounts are based on the closing price of our Class B common stock of $53.59 on September 28, 2012.

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 Unearned 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	5/21/03	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	260,870			$ 35.2600	6/4/16				
	6/3/09	171,756	57,252(1)		$ 22.7000	6/3/17				
	6/8/10	152,749	152,750(2)		$ 32.5500	6/8/18				
	5/25/11	65,559	196,679(3)		$ 49.9500	5/25/19				
	1/1/10								25,160(4)	$ 1,348,324
	1/1/11								19,148(5)	$ 1,026,141
Philippe P. Dauman	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	521,739			$ 35.2600	6/4/16				
	6/3/09	343,511	114,504(1)		$ 22.7000	6/3/17				
	4/20/10	1,000,000	1,000,000(6)		$ 35.8700	4/20/18				
	6/8/10	305,499	305,499(2)		$ 32.5500	6/8/18				
	5/25/11	131,119	393,357(3)		$ 49.9500	5/25/19				
	5/23/12		592,885(7)		$ 47.2100	5/23/20				
	1/1/10								50,319(4)	$ 2,696,595
	4/14/10								655,125(8)	$ 35,108,149
	1/1/11								38,295(5)	$ 2,052,229
	1/1/12								33,784(9)	$ 1,810,485
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	417,391			$ 35.2600	6/4/16				
	6/3/09	274,809	91,603(1)		$ 22.7000	6/3/17				
	6/2/10	800,000	800,000(10)		$ 34.1600	6/2/18				
	6/8/10	244,399	244,399(2)		$ 32.5500	6/8/18				
	5/25/11	104,895	314,685(3)		$ 49.9500	5/25/19				
	5/23/12		474,308(7)		$ 47.2100	5/23/20				
	1/1/10								40,255(4)	$ 2,157,265
	5/27/10								524,100(8)	$ 28,086,519
	1/1/11								30,636(5)	$ 1,641,783

1/1/12	27,027(9)	$ 1,448,377

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Name	Award Date	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	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	1/28/04	99,100			$ 50.9459	1/28/14				
	5/29/07	122,850			$ 43.8600	5/29/15				
	6/4/08	130,434			$ 35.2600	6/4/16				
	6/3/09	68,702	22,901(1)		$ 22.7000	6/3/17				
	6/8/10	61,100	61,100(2)		$ 32.5500	6/8/18				
	5/25/11	26,223	78,672(3)		$ 49.9500	5/25/19				
	5/23/12		118,577(7)		$ 47.2100	5/23/20				
	6/3/09						19,824(11)	$ 1,062,368		
	6/8/10						27,650(12)	$ 1,481,764		
	5/25/11						27,027(13)	$ 1,448,377		
	5/23/12						38,128(14)	$ 2,043,280		
James W. Barge(15)	6/4/08	35,217			$ 35.2600	6/4/16				