Viacom Inc.
Form 10-K
November 12, 2015

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

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2015

OR

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

Commission File Number 001-32686

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No ý

As of the close of business on March 31, 2015, the last business day of the registrant’s most recently completed second fiscal quarter, there were 50,380,722 shares of the registrant’s Class A common stock, par value $0.001 per share, and 346,563,969 shares of its Class B common stock, par value $0.001 per share, outstanding. The aggregate market value of Class A common stock held by non-affiliates as of March 31, 2015 was approximately $710.3 million (based upon the closing price of $68.72 per share as reported by the NASDAQ Global Select Market on March 31, 2015, the last trading day of the quarter). The aggregate market value of Class B common stock held by non-affiliates as of March 31, 2015 was approximately $23.5 billion (based upon the closing price of $68.30 per share as reported by the NASDAQ Global Select Market on March 31, 2015, the last trading day of the quarter).

As of November 4, 2015, 49,476,685 shares of our Class A common stock and 347,166,576 shares of our Class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Viacom Inc.’s Notice of 2016 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, are incorporated by reference into this Annual Report on Form 10-K (Portion of Item 5; Part III).

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PART I

Item 1. Business.

OVERVIEW

Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, applications ("apps"), games, consumer products, social media experiences and other entertainment content for audiences in 180 countries. We operate through two reporting segments: Media Networks and Filmed Entertainment. References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

Media Networks

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

Viacom Media Networks operates our media networks businesses through three brand groups: Music & Entertainment, Kids & Family and BET Networks. Viacom Media Networks and its international operations reach approximately 510 million households in 180 countries and through 43 languages worldwide, via more than 250 locally programmed and operated TV channels, including Nickelodeon®, Comedy Central®, MTV®, VH1®, SPIKE®, BET®, CMT®, TV Land®, Nick at Nite®, Nick Jr.®, Channel 5® (UK), Logo®, Nicktoons®, TeenNick® and Paramount Channel™, among others. Viacom Media Networks also provides extensive online, mobile and app experiences.

As part of our 2015 strategic realignment, we reorganized three of our Media Networks operating segments - Music, Nickelodeon and Entertainment - into two new segments: Music & Entertainment and Kids & Family. The new structure realigns sales, marketing, creative and support functions, increases efficiencies in program and product development, enhances opportunities to share expertise, and promotes greater cross-marketing and cross-channel programming activity. We are also reallocating resources to expand our capabilities in critical business areas including original programming, data analysis, technology development and consumer insights, reflecting the rapidly changing media marketplace, shifting consumer behavior and evolving measurement practices.

Our Media Networks segment generates revenues from advertising sales, affiliate fees and ancillary revenues. Revenues from the Media Networks segment accounted for 78%, 73% and 69% of our revenues for the fiscal years 2015, 2014 and 2013, respectively, after the elimination of intercompany revenues.

Filmed Entertainment

Our Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures®, Paramount Vantage®, Paramount Classics®, Paramount Animation®, Insurge Pictures®, Nickelodeon Movies™, MTV Films® and Paramount Television™ brands. Paramount Pictures is a major global producer and distributor of filmed entertainment and has a library consisting of approximately 3,300 motion pictures and a small number of television programs. Paramount distributes motion pictures theatrically and through download-to-own, DVD and Blu-ray discs, transactional video-on-demand, subscription video-on-demand, pay, basic cable and free television and other platforms in the United States and internationally for itself and for third parties. Paramount Television™ develops and produces programming for television and video-on-demand platforms.

Our Filmed Entertainment segment generates revenues primarily from the release and/or distribution of motion pictures theatrically, through home entertainment, and through television and digital licensing and ancillary activities. Revenues from the Filmed Entertainment segment accounted for 22%, 27% and 31% of our revenues for the fiscal years 2015, 2014 and 2013, respectively, after the elimination of intercompany revenues.

Business Strategy

We produce and distribute television programming, motion pictures and other creative entertainment content to serve diverse audiences worldwide. We manage our global portfolio of brands with creativity, expertise and discipline to provide

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entertainment experiences across a wide variety of media platforms and engage consumers in many facets of their lives. With this in mind, our strategic priorities are to:

- Intensify our focus on the creation of high-quality original cable television programming and motion pictures, which are the primary drivers of multi-platform viewing and engagement as well as original content for new platforms, including mobile;
- Work with our business partners, while retaining maximum flexibility and rights ownership, to apply technology-driven innovation to expand the distribution of our content and improve the consumer experience across multiple platforms;
- Pioneer new methods to improve monetization and measurement of viewing of, and audience engagement with, our content across all platforms; and
- Continue to build our international scale and capabilities by capitalizing on opportunities in new markets and expanding our reach in existing territories with the most potential for growth.

Corporate Information

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

MEDIA NETWORKS

The Media Networks segment is comprised of three brand groups - Music & Entertainment, Kids & Family and BET Networks - that operate as Viacom Media Networks. Viacom Media Networks operates our media networks businesses in the United States and internationally.

Media Networks Revenues

Our Media Networks segment generates revenues in three categories: (i) the sale of advertising and marketing services, (ii) affiliate fees from cable television operators, direct-to-home satellite television operators, mobile networks, video-on-demand services, and other distributors of our programming and program services, and (iii) ancillary revenues, which include consumer products licensing, brand licensing, sale of content on DVDs and Blu-ray discs, licensing of our content for download-to-own and download-to-rent services and television syndication. In fiscal year 2015, advertising revenues, affiliate fees and ancillary revenues were approximately 48%, 47% and 5%, respectively, of total revenues for the Media Networks segment.

Advertising Revenues

Our advertising revenues generally depend on the number of viewers and viewership demographics. Ratings and demographic information for advertising purposes are determined by third-party research companies such as The Nielsen Company (US), LLC (“Nielsen”), and by a combination of third- and first-party data.

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

Domestically, we sell a certain amount of our advertising inventory in advance each year in the upfront market, and other inventory in the scatter market closer to the time a program airs. Upfront sales and pricing for each new cable broadcast year are largely established in our third fiscal quarter and reflected in advertising revenue principally beginning in the first quarter of our subsequent fiscal year as marketing plans are finalized and orders are fulfilled to deliver advertising across various programs and dayparts. Pricing for advertising within our program services is generally established based on projected impression delivery, which may be guaranteed on a fixed price per impression unit basis. For advertising sold based on impression guarantees, audience deficiency may result in an obligation to deliver additional units, reducing inventory available for scatter sales. Scatter advertising is sold throughout the year at pricing reflecting market conditions at the time of sale and customization of services delivered. Most scatter advertising is also sold based on impression guarantees. To the extent we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience rating has been satisfied.

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Internationally, advertising markets vary from jurisdiction to jurisdiction; however, we do not typically sell our inventory in advance in an upfront market. The majority of our international inventory is sold in the equivalent of the U.S. scatter market, and in a number of markets we are represented by third-party sales houses. The terms of these relationships vary. In the United Kingdom, for example, which is our largest market outside the U.S., we are represented by a third party to whom we sell the inventory on our television channels in the form of commercial impacts at a pre-agreed price. This third party then resells those impacts to UK agencies and advertisers.

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

We continue to invest in proprietary data platforms and advanced analytics that enable our customers to better target and measure the impact of their advertising. Viacom Vantage™ combines our first-party data with third-party data from multiple sources in a predictive environment to deliver enhanced consumer targeting and campaign measurement. Viacom Echo™ offers enhanced measurement for advertisers looking to tap into our significant social reach. Customized programs and proprietary analytics provide a strategic perspective on engagement across multiple social platforms including Facebook, Twitter, Snapchat and Tumblr.

Affiliate Revenues

Our agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases that provide us with a reasonably stable source of revenues. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of these affiliate agreements are staggered. Under certain other distribution agreements, we make multiple programs available for distribution on one or more dates, and our revenue under these arrangements may fluctuate depending on the initial availability of the programs licensed.

Ancillary Revenues

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

Media Networks Properties

Viacom Media Networks operates our media networks businesses through three brand groups based on target audience, similarity of programming and other factors: Music & Entertainment, Kids & Family and BET Networks. Our core media networks experiences are generally delivered via linear networks, video-on-demand, streaming, apps and other connected experiences delivered over cable, satellite, the Internet and mobile networks by a variety of distribution partners.

Worldwide, Viacom Media Networks' program services reach approximately 510 million households in 180 countries via more than 250 locally programmed and operated TV channels and hundreds of online, mobile and app experiences. Viacom Media Networks' online properties collectively averaged approximately 56.4 million unique visitors per month domestically during the quarter ended September 30, 2015.

Through Viacom International Media Networks ("VIMN"), Viacom Media Networks operates the international extensions of our multimedia brands MTV, VH1, Nickelodeon, Comedy Central, BET and SPIKE, certain program services created specifically for international and/or non-English speaking audiences, such as the Paramount Channel and Colors in India, and British public service broadcaster Channel 5, one of UK broadcasting's premier brands.

VIMN continues to grow Viacom Media Networks' international operations into a strategically integrated portfolio, leveraging content, technology and expertise across brands and regions.

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Our most important media networks properties are discussed below. Unless otherwise indicated, the domestic television household numbers are according to Nielsen, and the Internet monthly unique user and video stream data is according to comScore Media/Video Metrix (U.S. data only unless otherwise indicated). International reach statistics are derived from internal data coupled with external sources when available.

Music & Entertainment

The Music & Entertainment group includes brands, content and services that generally target music-lovers, youth and young adults in varying portions of the 12-34 demographic, male audiences in the 18-49 demographic, and gays, lesbians and their families and friends. Our principal properties in this group include:

COMEDY CENTRAL

- Comedy Central, whose programs garnered 26 Emmy nominations and 8 Emmy awards in 2015, is a leading destination for comedic talent and all things comedy, featuring award-winning “fake news” programs, stand-up and sketch comedy, sitcoms and animated programming. Comedy Central also operates a live comedy touring business.
- Programming highlights in fiscal year 2015 included the series premieres of Broad City and The Nightly Show with Larry Wilmore, as well as Emmy® and Peabody® Award-winning series The Daily Show with Jon Stewart, Key & Peele, Tosh.0, Workaholics, the Comedy Central Roast of Justin Bieber, South Park, The Colbert Report, Inside Amy Schumer and @midnight with Chris Hardwick.
- Comedy Central reached approximately 92.4 million domestic television households in September 2015 and approximately 264.5 million households in more than 122 countries worldwide.
- Comedy Central’s online, mobile and app experiences include comedycentral.com, a leading online video platform featuring exclusive Comedy Central content; Jokes.com; and a number of apps such as CC: Stand Up and Comedy Central’s "TV Everywhere" app, which offers full episodes of its shows the day after they air and stand-up specials, among other content. In the quarter ended September 30, 2015, the Comedy Central online properties averaged approximately 10.8 million monthly unique visitors and, according to internal data, approximately 41 million content video streams each month. As of September 30, 2015, the Comedy Central "TV Everywhere" app had been downloaded approximately 5.2 million times.

MTV

- MTV is a leading global brand, multimedia destination and content producer targeting the millennial generation. MTV offers content built around compelling scripted and reality storytelling, music discovery and activism across television and social media, and connected experiences, including through the MTV app, which features short-form videos and full episodes.
- Programming highlights in fiscal year 2015 included the premiere of Scream, which was the number one scripted series launch of the 2015 summer season across all ad-supported cable, new docu-series Todrick and returning hits such as Finding Carter, Awkward, Faking It, Are You the One?, Girl Code, Catfish: the TV Show, Challenge: Battle of the Exes, Teen Wolf, Teen Mom 2 and The Real World: Skeletons. Also featured were MTV’s tentpole events, such as the 2015 MTV Video Music Awards, which was watched live by approximately 9.8 million viewers domestically across all airings, had 5.9 million video streams and 21.4 million tweets during the night of the show, and had 41 million video streams and 73 million views across platforms during and in the three days following the initial airing. According to Nielsen Social, the 2015 VMAs were the most tweeted-about

nonsporting event since Nielsen began tracking social media in October 2011. The 2015 MTV Movie Awards were watched by approximately 29 million viewers domestically across all airings the night it premiered.

- MTV reached approximately 91.4 million domestic television households in September 2015 and approximately 411.7 million households in 178 countries worldwide via over 43 MTV-branded channels. The MTV brand reaches many more households through branded programming blocks on third-party broadcasters and through apps, streaming and downloads.

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- MTV’s online, mobile and app experiences feature a diverse array of music, entertainment and pop culture content, including exclusive music performances, news, interviews and series. Each digital and mobile platform complements MTV’s television programming and enhances audience engagement, including through social media interactions with cast members and access to exclusive content. MTV also has a number of branded apps, including MTV and MTV News. In the quarter ended September 30, 2015, MTV.com averaged approximately 21 million monthly unique visitors and approximately 47.5 million content video streams each month. As of September 30, 2015, MTV had a social footprint of approximately 214 million followers, with 174 million fans across all MTV Facebook pages and approximately 33 million followers across all MTV accounts on Twitter, Instagram, Foursquare, Tumblr, Vine, Pinterest and Snapchat. MTV-branded apps had been downloaded approximately 6 million times.

MTV2

- MTV2, MTV2.com and the MTV2 mobile app offer music and lifestyle destinations and experiences with content targeting male “millennials” aged 12 to 34 and featuring original music, live-action sports and irreverent lifestyle programming.
- Programming highlights included Off the Bat from the MLB Fan Cave, Nitro Circus Live, Guy Code and Nick Cannon Presents: Wild 'N Out.
- MTV2 reached approximately 77.9 million domestic television households in September 2015.
- In the quarter ended September 30, 2015, MTV2.com averaged approximately 707,000 monthly unique visitors and approximately 1.9 million content video streams each month, according to internal data. As of September 30, 2015, MTV2 had approximately 2.3 million Facebook fans and more than 200,000 Twitter followers.

VH1

- VH1 features music and pop culture-driven content targeting adults aged 18-49, including a variety of original programming primarily focused on music artists, real life stories and celebrities.
- Programming highlights included the premieres of K. Michelle: My Life and Tiny and Shekinah’s Weave Trip; returning favorites Dating Naked, the Love & Hip Hop franchise, Black Ink Crew and Mob Wives; tentpoles such as the You Oughta Know Concert; and core music offerings such as VH1 Top 20 Countdown.
- VH1 reached approximately 91 million domestic television households in September 2015 and approximately 201.6 million households in 115 countries worldwide via VH1-branded channels.
- VH1’s online, mobile and app experiences feature a diverse array of content centered on VH1 shows, music, pop culture and celebrities, including original series, exclusive events, music content, live performances and news, and include VH1.com, VH1Classic.com, m.VH1.com and VH1’s "TV Everywhere" app. In the quarter ended September 30, 2015, VH1.com averaged approximately 6.6 million monthly unique visitors and 5 million content video streams each month. As of September 30, 2015, the "TV Everywhere" app had been downloaded approximately 2.9 million times.

VH1 Classic

- VH1 Classic is a classic-themed network featuring music videos, documentaries, movies and concert footage from the 1960s, 1970s, 1980s and 1990s, as well as other music-themed programs.

- Programming highlights included That Metal Show and Behind the Music: Remastered.
- VH1 Classic reached approximately 56.4 million domestic television households in September 2015.

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SPIKE

- SPIKE is a general entertainment brand with a male point of view featuring a mix of original and acquired programming, sports series, specials, live events and movies delivered on a linear platform, on demand, online and via other connected experiences.
- SPIKE programming highlights included the series premiere of Lip Sync Battle, which, over its initial nine-week run, ranked number one in its timeslot in all of cable with adults 18 to 49 (averaging 2.9 million viewers) and delivered nearly 180 million cross-platform digital streams; the premiere of Spike's three-night epic series Tut and Premier Boxing Championships; returning favorites such as Bar Rescue, Ink Master, Cops, the docu-series "I am …" and Bellator MMA; and tentpoles such as Spike's Guys Choice Awards.
- SPIKE reached approximately 91.5 million domestic television households in September 2015 and approximately 125.1 million households worldwide.
- SPIKE's online properties include SPIKE.com, the online destination featuring SPIKE content, the Spike app, a "TV Everywhere" app available on Apple and Android devices, and other apps such as Bellator. In the quarter ended September 30, 2015, Spike.com averaged approximately 1.3 million monthly unique visitors and, according to internal data, 4.6 million content video streams each month. As of September 30, 2015, Spike-branded apps had been downloaded approximately 1.7 million times.

Logo TV

- Logo is a leading entertainment brand inspired by the LGBT community, delivered across television, digital and social platforms. Logo features one-of-a-kind personalities, shows, specials and unique stories.
- Programming highlights included original programs such as the series premiere of Straight Out Report and returning favorites such as RuPaul's Drag Race and Secrets to Fabulous, as well as tentpoles such as The Trailblazer Awards.
- Logo reached approximately 49.7 million domestic television households in September 2015.
- Logo's online, mobile and app experiences include LogoTV.com, the Backlot.com and NewNowNext.com. The LogoTV app is a 24/7 hub for content that appeals to the LGBT community and their families and friends and includes, among other content, full episodes of Logo programming. In the quarter ended September 30, 2015, Logo's online properties averaged approximately 2 million monthly unique visitors and 400,000 content video streams each month. As of September 30, 2015, the Logo TV app had been downloaded approximately 357,000 times.

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

Kids & Family

The Kids & Family group provides high-quality entertainment, content and services targeted to kids ages 2-17 and their families, as well as adults ages 18-54. Our principal properties in this group include:

Nickelodeon and Nick at Nite

- Nickelodeon, now in its 36th year, is a diverse, global business and the destination for all things kids. Nickelodeon has been the number-one-rated advertising-supported basic cable network for 20 consecutive years, featuring both original and licensed series for kids. Nickelodeon produces and distributes television programming worldwide, has a global consumer products licensing business, licenses its brands for recreation experiences such as hotels, theme parks and live tours, and offers a number of premium apps.

- Nick at Nite, which airs on the same cable channel as Nickelodeon in the evening hours, primarily features licensed contemporary family comedies.

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- Nickelodeon programming highlights in fiscal year 2015 included the series premieres of Alvinnn!!! and the Chipmunks, Bella & the Bulldogs, Blaze and the Monster Machines, Henry Danger and Nicky, Ricky, Dicky & Dawn; returning hits The Thundermans, Every Witch Way, Paw Patrol, Wallykazam!, Bubble Guppies, Team Umizoomi, Teenage Mutant Ninja Turtles and SpongeBob SquarePants; daily scripted series Make It Pop and Talia in the Kitchen; and tentpoles such as The Kids Choice Awards, the second annual Kids' Choice Sports 2015, Worldwide Day of Play and The HALO Awards. Nick at Nite programming highlights included Friends, George Lopez, Fresh Prince of Bel Air and Full House.
- Nickelodeon and Nick at Nite reached approximately 92.9 million domestic television households in September 2015. Nickelodeon’s brands are seen globally by 474.1 million households across approximately 170 countries, via more than 85 locally programmed channels and branded blocks.
- Nick’s online, mobile and app experiences include, among others, Nick.com, the online destination for all things Nickelodeon, featuring video streaming of Nick content and games. In the quarter ended September 30, 2015, Nick.com averaged 6.6 million monthly unique visitors and, according to internal data, 11.3 million content video streams each month.
- Nickelodeon develops and publishes mobile apps for its kids and family audiences, including apps distributed on Apple and Android platforms. Nickelodeon's "TV Everywhere" app has won a number of awards, including the Emmy Award in 2013 for "Outstanding Creative Achievement in Interactive Media - User Experience and Visual Design" and "Best App or Website" at the UK's 2014 Broadcast Digital Awards. The Nick app features short-form videos, games and full episodes, as well as popular interactive features like the “Do Not Touch" button. As of September 30, 2015, the Nick app had been downloaded approximately 19 million times. Nickelodeon apps also include hit game apps based on our top shows like SpongeBob Moves In, TMNT: Rooftop Run, and Game Shakers' Sky Whale.

Nick Jr.

- Nick Jr. seeks to educate and entertain preschoolers, providing kids an opportunity to engage with characters they love while building their imaginations, gaining key cognitive and social-emotional skills and learning about the world around them. Nick Jr. offers parents and their kids entertaining and enriching activities geared toward their interests, ages and developmental levels.
- My Nick Jr. is an additional customizable children’s TV channel that combines both scheduled programming and on-demand options that can be programmed according to parents’ tastes. My Nick Jr. provides access to hundreds of episodes of shows in Nick Jr.’s library.
- Nick Jr. programming highlights included Nickelodeon preschool hits such as Bubble Guppies, Dora the Explorer, Team Umizoomi, Wallykazam! and licensed originals such as Peppa Pig and Max & Ruby.
- Nick Jr. reached approximately 73.9 million domestic television households in September 2015.
- Nick Jr.'s online, mobile and app experiences include NickJr.com, which includes "TV Everywhere" capability for long form content streaming as well as games, short form content and other interactive elements such as the Alpha buttons. In the quarter ended September 30, 2015, NickJr.com averaged 2.1 million monthly unique visitors and, according to internal data, had an average of 23.8 million content video streams each month.

- In fiscal year 2015, Nickelodeon launched its Nick Jr. “TV Everywhere” app, featuring educational videos and learning activities for preschoolers and a live TV feed of Nick Jr. programming for authenticated subscribers. As of September 30, 2015, the Nick Jr. app had been downloaded approximately 2 million times. Also in fiscal year 2015, Nickelodeon launched a mobile subscription app for preschoolers called Noggin, featuring award-winning shows and music and educational videos. Other top Nickelodeon apps for preschoolers include Dora and Friends Back to the Rainforest, Paw Patrol Rescue Run and Blaze and the Monster Machines - Racing Game.

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TeenNick

- TeenNick features original programming and award-winning series exclusively for and about teens and tweens, with a focus on presenting an authentic teen experience, via a linear platform, video-on-demand, streaming and other connected experiences.
- Programming highlights included Nickelodeon original live action hits such as Drake & Josh, Zoey 101, iCarly, Big Time Rush and Victorious, as well as signature originals like Degrassi and Nick Cannon's TeenNick's Top 10.
- TeenNick reached approximately 71.1 million domestic television households in September 2015.
- TeenNick.com features the best episodes and clips of TeenNick shows, as well as games, quizzes and a vibrant user community. In the quarter ended September 30, 2015, TeenNick.com averaged 310,000 monthly unique visitors and had an average of 766,000 content video streams each month.

Nicktoons

- Nicktoons is a leading cartoon destination targeting boys and featuring signature franchises such as Dragon Ball Z Kai and Avatar: The Last Airbender, as well as fan favorites such as Teenage Mutant Ninja Turtles, The Fairly OddParents and SpongeBob SquarePants.
- Programming highlights included the series premiere of Game Changers, which is part of the newly-launched Nick Sports block, as well as returning hits such as Digimon Fusion and Yu-Gi-Oh! ZEXAL.
- Nicktoons reached approximately 65 million domestic television households in September 2015.

CMT

- CMT is the leading television and digital destination for country music, culture and related entertainment. CMT and its website, CMT.com, offer an unparalleled mix of music, news, awards, live concerts, series, and licensed movies and is the top resource for country music on demand.
- Programming highlights included Party Down South, Steve Austin's Broken Skull Challenge, Redneck Island, Swamp Pawn, Dog & Beth: On The Hunt and Reba; tentpole events such as the annual CMT Music Awards and CMT Crossroads; and CMT's original documentaries, including Urban Cowboy: The Rise and Fall of Gilley's, Morgan Spurlock's Freedom: The Movie and Johnny Cash: American Rebel.
- CMT reached approximately 85.3 million domestic television households in September 2015 and approximately 97.5 million households in more than 8 countries worldwide.
- CMT's online, mobile and app experiences include the 24-hour music channel CMT Pure Country, CMT Mobile and CMT VOD, as well as apps such as CMT's "TV Everywhere" app, CMT Ultimate Fan and CMT Insider. In the quarter ended September 30, 2015, CMT.com averaged approximately 1.8 million monthly unique visitors and 1.9 million content video streams each month. As of September 30, 2015, the "TV Everywhere" app had been downloaded approximately 601,000 times.

TV Land

- TV Land features a mix of original programming, classic and contemporary TV shows, specials and iconic movies.
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Programming highlights included the original series premieres of Younger, The Jim Gaffigan Show and Impastor, as well as returning original favorites such as Emmy-nominated Hot in Cleveland, The Exes, and The Soul Man, and licensed favorites such as Everybody Loves Raymond and The King of Queens.

- TV Land reached approximately 90.6 million domestic television households in September 2015.
- TV Land's online properties include TVLand.com, a destination for classic and contemporary content. In the quarter ended September 30, 2015, TVLand.com averaged approximately 240,000 monthly unique visitors and, according to internal data, 1.2 million content video streams each month.

Nickelodeon Movies is Nickelodeon's motion picture brand, which, together with Paramount Animation, released The SpongeBob Movie: Sponge Out of Water in fiscal year 2015. In conjunction with a premier Broadway team, Nickelodeon is also currently developing a live stage production, SpongeBob: The Musical, which is expected to open in fiscal year 2016.

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BET Networks

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

BET

- BET is the nation's leading television network providing entertainment, music, news and public affairs programming to African-American audiences. BET is a leading consumer brand in the urban marketplace with a diverse group of branded businesses, including BET, its core channel that focuses on young Black adults; BET Gospel, which features gospel music and spiritual programming; and BET Hip Hop, which spotlights hip hop music programming and performances.
- BET programming highlights in fiscal year 2015 included the premieres of Let the Church Say Amen, Nellyville and the Bobby Jones Gospel Show; returning favorites such as Being Mary Jane, Real Husbands of Hollywood, The Game and Sunday Best All Stars; and tentpoles such as the BET Awards '15, which was part of the third annual BET Experience, BET's long weekend celebration of music, entertainment and Black culture, which was attended by 153,000 people, BET Honors Awards, Black Girls Rock, BET Hip Hop Awards, Soul Train Awards and Celebration of Gospel. In September 2015, BET, with founding sponsor HBO, presented the 19th Annual Urbanworld Film Festival, the nation's largest competitive multicultural film festival, in Manhattan. BET's own Muhammad Ali: The People's Champ opened the festival, launching BET's original news documentary series.
- BET reached approximately 86.6 million domestic television households in September 2015.
- BET.com is a leading online destination for African-American audiences, offering users content and interactive features for news, music, community, culture and other areas tailored to the unique interests and issues of African-Americans. BET.com also provides interactive entertainment content for BET Networks' program services. In the quarter ended September 30, 2015, BET.com averaged approximately 5.1 million monthly unique visitors.
- The BET Now app provides fans access to a library of full episodes of current BET shows and classics. As of September 30, 2015, BET-branded apps had been downloaded approximately 851,000 times.

CENTRIC

- CENTRIC is the first network designed for black women, reflecting the lifestyle of today's African-American and multicultural adult viewer and delivering a variety of music artists, along with culturally relevant movies, series, live performances, specials and reality programming.
- CENTRIC programming highlights in fiscal year 2015 included the Soul Train Awards, Soul Sessions and the Centric Live Concert series.
- CENTRIC reached approximately 50.6 million domestic television households in September 2015.

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

International

Viacom Media Networks operates the international extensions of our multimedia brands, certain program services created specifically for international and/or non-English speaking audiences and our acquired international properties through Viacom International Media Networks. In fiscal year 2015, VIMN launched several new channels including:

Comedy Central in Denmark, Spike TV in the United Kingdom, Paramount Channel in Latin America, Nicknight in Germany, Nickelodeon and Nick Jr. in the Arabian Peninsula, Nickelodeon4teen in France, BET in Africa, and MTV Next (a new highly interactive MTV-branded channel) in Italy. Some of our principal properties in this group are described below.

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Paramount Channel

- Paramount Channel is a 24-hour movie channel available free-to-air in Spain. The channel is also available on basic cable television in France, Hungary, Russia, Romania and, beginning in fiscal year 2015, Sweden, Poland and various Latin American countries, including Brazil, Mexico, Chile and Argentina. VIMN continues to manage Paramount Channel's ongoing international expansion.
- Programming highlights in fiscal year 2015 included classic and contemporary films from the Paramount library and other Hollywood studios as well as domestic and international TV series, such as Starz' Black Sails and BBC's The Fall.

Channel 5

- Channel 5, a UK public service broadcaster, and its sister channels air a broad mix of popular content, including factual programming, entertainment, reality, sports, acquired and original drama, and preschool programming through its award-winning Milkshake brand.
- Programming highlights in fiscal year 2015 included a new entertainment series, 10,000 BC, a co-commission of Channel 5 and MTV UK, as well as the popular Celebrity Big Brother and Big Brother franchises.

Colors

- Colors is a highly-rated Hindi-language general entertainment paid channel operated by our Viacom 18 joint venture. Colors is available in India, the UK and Ireland, as well as in Canada and the U.S. as Aapka Colors.
- In July 2015, we acquired a 50% interest in Prism TV Private Limited, which owns and operates regional entertainment channels in India, including ETV Marathi, ETV Kannada, ETV Bangla, ETV Oriya and ETV Gujarati, which were rebranded under the 'COLORS' umbrella. The remaining 50% of Prism TV Private Limited continues to be owned by our Viacom 18 joint venture partner.
- Colors programming highlights included scripted fiction series such as Balika Vadhu, Ashoka, Meri Aashiqui Tumse Hi and Udaan and other non-fiction programs such as Comedy Nights with Kapil, Code Red, Bigg Boss and Jhalak Dikhhla Jaa.

J-One

- J-One airs the best in Japanese animated programming in France, one of the world's biggest consumers of manga animation.
- Programming highlights in fiscal year 2015 included simulcast Japanese animation; J-Pop and K-Pop music videos; Japanese MTV Unplugged concerts and award ceremonies such as the VMAJs, in partnership with MTV Asia; Asian game shows, and locally produced editorial content.

Media Networks Competition

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

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FILMED ENTERTAINMENT

Our Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programing and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Paramount Animation, Insurge Pictures, Nickelodeon Movies, MTV Films and Paramount Television brands. Motion pictures produced, acquired and/or distributed by the Filmed Entertainment segment are exhibited theatrically domestically and internationally, and then released in various ways such as download-to-own, DVDs and Blu-ray discs, transactional video-on-demand, pay television, subscription video-on-demand, basic cable television, free television, free video-on-demand and, in some cases, by airlines and hotels.

In fiscal year 2015, the Filmed Entertainment segment released 11 films in the domestic theatrical market. Paramount's film strategy focuses on releases that represent a mix of franchise films and smaller productions, acquired films and distribution arrangements. Paramount's film slate is designed to represent a variety of genres, styles and levels of investment and risk - with the goal of creating entertainment for both worldwide appeal and niche audiences.

Paramount Animation produces high quality animated films and expects to release one or two theatrical films per year. Together with Nickelodeon Movies, Paramount Animation released its first theatrical film - The SpongeBob Movie: Sponge Out of Water - in fiscal year 2015. Paramount expects to increase its total film slate, including Paramount Animation films, to 15 theatrical releases in fiscal year 2016.

Paramount Television™, Paramount's television production division, draws on Paramount's extensive library of film franchises and also develops original programming for television and digital platforms. Paramount Television premiered its first completed coproduction, Minority Report, on broadcast television in September 2015, and has additional programs in production and projects in the pipeline at television networks and digital outlets.

Paramount also focuses on developing innovative promotion, marketing and release approaches for its films.

Filmed Entertainment Revenues

Our Filmed Entertainment segment generates revenues worldwide principally from: (i) the theatrical release and/or distribution of motion pictures, (ii) home entertainment, which includes sales of DVDs and Blu-ray discs relating to the motion pictures we release theatrically and direct-to-DVD, as well as content distributed on behalf of Viacom and third parties, transactional video-on-demand and download-to-own services, (iii) licensing of film and television exhibition rights to pay and basic cable television, free television, subscription video-on-demand and free video-on-demand services and (iv) ancillary revenues from providing production services to third parties, primarily at Paramount's studio lot, licensing of its brands for consumer products, theme parks and other uses, and distribution of content specifically developed for digital platforms. In fiscal year 2015, theatrical revenues, home entertainment revenues, license fees and ancillary revenues were approximately 29%, 30%, 34% and 7%, respectively, of total revenues for the Filmed Entertainment segment.

Theatrical

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

Home Entertainment

Home entertainment revenues are derived from the worldwide sales, marketing and distribution of DVDs and Blu-ray discs for films produced, acquired or distributed by Paramount or other Viacom brands, as well as content distributed on behalf of third parties such as CBS. Paramount also distributes home entertainment products for Nickelodeon, MTV, Comedy Central and BET. Films are also licensed around the world on a territory by territory basis to download-to-own and transactional video-on-demand services, for a fee or on a revenue-sharing basis.

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Our home entertainment revenues may be affected by the number, timing and mix of home entertainment releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and overall economic conditions, including consumer preference for rental or purchase and trends in discretionary spending. The mix of our revenues from home entertainment continues to shift away from physical home entertainment toward consumption through various platforms and apps.

License Fees

Films and television programs produced, acquired or distributed by Paramount or other Viacom brands are licensed around the world on a territory by territory basis, for a fee or on a revenue-sharing basis, to pay and basic cable television, free television, subscription video-on-demand and free video-on-demand services. Our joint venture with Metro-Goldwyn-Mayer Studios Inc. (“MGM Studios”) and Lions Gate Films, Inc. (“Lionsgate”) provides a multi-platform premium entertainment service named EPIX™ that offers Paramount, Lionsgate, MGM Studios and certain third-party films, as well as original content, to cable, satellite, subscription video-on-demand and other subscribers through a premium pay television channel and television and digital subscription video-on-demand services. During fiscal year 2015, EPIX announced that it would begin production on two original series, in partnership with Paramount Television and Lionsgate Television.

Revenue from the licensing of film and television exhibition rights is recognized upon availability for airing by the licensee and will fluctuate depending on the number and mix of available titles in any given territory. Revenue for video-on-demand and similar arrangements are recognized as the films are exhibited based on end-customer purchases as reported by the distributor.

Ancillary

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

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

Motion Picture Production and Distribution

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

Domestically, Paramount generally performs its own marketing and distribution services for theatrical releases and its own sales and marketing services for home entertainment releases. Paramount has agreements in place with Warner Bros. Home Entertainment Inc. to distribute physical DVD and Blu-ray discs relating to approximately 700 Paramount catalog titles for which Paramount retains all digital rights, and with Universal Studios, Inc. ("Universal") to provide certain back-office and distribution services for all physical DVD and Blu-ray discs distributed by Paramount. Under an agreement that runs through June 2017, Paramount also distributes CBS’s library of television and other library content on DVD and Blu-ray disc on a worldwide basis. Internationally, Paramount, through its international affiliates, generally distributes its theatrical releases through its own distribution operations or, in some territories, through United International Pictures, a company that Paramount and Universal own jointly. For international home entertainment releases, in February 2015, Paramount announced that it had entered into a five-year agreement with Universal Pictures Home Entertainment (“UPHE”) for UPHE to distribute Paramount’s physical DVD and Blu-ray discs in certain international territories. UPHE has commenced providing services in certain territories and other territories will be phased in over time. Certain other territories are handled by Paramount licensees.

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Paramount also distributes films domestically and internationally on download-to-own, transactional video-on-demand, subscription video-on-demand and television platforms. In the first domestic pay television distribution window, Paramount's feature films initially theatrically released in the United States are generally exhibited on EPIX.

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

Paramount's key 2015 releases are discussed below.

- Theatrical Releases. In fiscal year 2015, the Filmed Entertainment segment theatrically released in domestic and/or international markets Mission: Impossible - Rogue Nation, Interstellar, The SpongeBob Movie: Sponge Out of Water, Terminator: Genisys, the Academy Award® (Best Picture) Nominee Selma, The Gambler and Top Five, among others. Paramount's fiscal year 2016 slate is expected to include Star Trek Beyond, Teenage Mutant Ninja Turtles 2, Zoolander 2, 13 Hours, The Big Short, Daddy's Home and Paranormal Activity: The Ghost Dimension.
- Home Entertainment Releases. Key home entertainment releases in fiscal year 2015 included Teenage Mutant Ninja Turtles, Interstellar, The SpongeBob Movie: Sponge Out of Water, Hercules, Top Five, Selma and The Gambler.
- Licensing. Key titles in fiscal year 2015 included Teenage Mutant Ninja Turtles, Transformers: Age of Extinction, Noah, Anchorman 2: The Legend Continues, Jackass Presents: Bad Grandpa and Jack Ryan: Shadow Recruit. During 2015, Paramount licensed its films worldwide to platforms such as Netflix, Amazon, iTunes, Google Play and Flixster.
- Film Library. Paramount has an extensive library consisting of approximately 1,200 motion picture titles produced by Paramount and acquired rights to approximately 2,200 additional motion pictures and a small number of television programs. The library includes many Academy Award winners, including Wings, which won the first Academy Award® ever awarded for Best Picture in 1929, Titanic, Braveheart, Forrest Gump, An Inconvenient Truth, There Will Be Blood and such classics as The Ten Commandments, Breakfast at Tiffany's and Sunset Boulevard. The Paramount library also includes a number of successful franchises such as Transformers, Star Trek, Mission: Impossible, Indiana Jones, Paranormal Activity and The Godfather.

Filmed Entertainment Competition

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

SOCIAL RESPONSIBILITY

Viacom is deeply committed to leveraging its global stage and audience connections to make a positive impact on the communities we serve. Our social responsibility efforts are an integral part of our day-to-day operations, inextricably linked to our core business. Through volunteerism, philanthropic investments, initiatives and strategic partnerships, we aim to inspire stakeholders to take action. Viacom's social responsibility work is overseen by Viacommunity, Viacom's social action umbrella, and driven by the Viacom Corporate Responsibility Council (VCRC), comprised of leaders across every brand and business.

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Viacom educates, engages and empowers audiences around the world with a vast array of programs in the areas of healthy living, education, building inclusive societies and pioneering social change. A full list of and detailed information on each of our social responsibility initiatives is available at www.viacommunity.com. Following are just a few examples:

Get Schooled

- In partnership with Viacom, Get Schooled leverages the power of pop culture to inspire and empower students to graduate from high school and succeed in college. The organization partners with 2,500 middle and high schools around the country and engages close to two million students.

MTV Staying Alive Foundation

- Viacom International Media Networks' multi-Award-winning MTV Staying Alive Foundation engages in fighting the stigma, spread and threat of the HIV and AIDS epidemic globally by creating engaging media content and funding youth-led, grassroots prevention projects.

MTV Look Different

- MTV's Emmy Award-winning "Look Different" campaign helps America's youth better recognize and challenge hidden racial, gender and anti-LGBT biases, empowering them to create a more equal future.

VH1 Save The Music Foundation

- VH1 Save The Music is committed to ensuring that music instruction is a core component in a complete education. The organization restores instrumental music education in America's public schools, and to date has donated $52 million dollars' worth of new musical instruments to 1,964 public schools across the country, giving 2.6 million children the tools and confidence to excel in academics and in life.

CMT One Country

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

CMT Empowering Education

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

Nickelodeon's The Big Help

- Nickelodeon's annual Worldwide Day of Play encourages kids to get up and get active by suspending programming for three hours in the afternoon across our platforms while thousands of local partners nationwide host activities focused on just playing. The Road to Worldwide Day of Play, underway throughout the summer, travels to communities where kids are hometown heroes making play happen.

Veterans Operation Wellness (VOW)

- VOW is a campaign driven by Spike that uses the multi-platform resources of Spike to positively impact the lives of veterans with the goal of inspiring them - and the larger public that wants to support them - to make commitments to their health and wellness, and lead a healthier life through physical fitness, a healthier diet and veteran community activities.

BET Next Level

- BET Next Level is an education campaign that encourages young people to see education as an opportunity for advancement in their careers and in their lives.

Paramount’s Kindergarten to Cap & Gown

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

The SELMA Student Ticket Program

- As a result of Paramount’s “SELMA” student ticket program, more than 320,000 students in 34 locations across the U.S. attended free screenings of this Academy Award® (Best Picture) Nominee.

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REGULATION AND PROTECTION OF OUR INTELLECTUAL PROPERTY

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

Certain Regulations Affecting Our Business

Net Neutrality

In March 2015, the Federal Communications Commission (the “FCC”) adopted “net neutrality” rules that, subject to certain exceptions, prohibit broadband Internet Service Providers (“ISPs”) from blocking lawful content, applications, services and devices and engaging in certain kinds of unreasonable practices, including some discriminatory behavior. The FCC also adopted enhanced "transparency" rules that require ISPs to disclose their network management practices. However, the FCC concluded that ISPs are not prohibited from taking action to address unlawful activity such as copyright theft (see more on copyright theft below). The FCC also declined to adopt net neutrality regulations applicable to Internet “edge providers” like Viacom. The rules follow a January 2014 decision by the United States Court of Appeals for the District of Columbia Circuit largely invalidating similar rules promulgated by the FCC in 2010. The FCC’s failure to prohibit all forms of broadband discrimination could affect the market for streaming content to consumers by increasing the cost for use of bandwidth, which could have a negative impact on the consumption of our content.

Children’s Programming

Since 1990, federal legislation and FCC rules have limited the amount and content of commercial matter that may be shown on cable channels during programming designed for children 12 years of age and younger. In 2006, the FCC amended its rules to limit the display of certain commercial website addresses during children’s programming. Some policymakers have sought limitations on food and beverage marketing in media popular with children and teens. In April 2011, the U.S. federal Interagency Working Group on Food Marketed to Children requested comment on proposed nutritional restrictions for food and beverage marketing directed to children and teens. The proposed guidelines were not finalized. In 2013, the White House hosted a summit to encourage voluntary efforts to limit food marketing to children. If these or other similar guidelines are implemented by food and beverage marketers, they could have a negative impact on our Media Networks advertising revenues, particularly for our networks with programming targeted to children and teens. OFCOM, the independent regulator and competition authority for the United Kingdom (UK) communications industries, has restricted television advertising for foods and drinks high in fat, salt and sugar in and around programming of significant appeal to children and teens ages 15 years and under, and the UK government is currently considering further possible restrictions. Other governments are considering or have already implemented restrictions similar to those in the UK currently, including Ireland, Peru, Chile, Brazil, Mexico, Singapore and Australia.

Children’s Privacy

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

Program Access

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

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become subject to the program access rules, our flexibility to negotiate the most favorable terms available for our content and our ability to offer cable television operators exclusive programming could be adversely affected.

UK Regulations Affecting Channel 5 Business

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

EU Commission's Digital Single Market strategy

On May 6, 2015, the European Commission (the "EC") published its Digital Single Market (DSM) strategy, which contains a broad range of high-level proposals designed to create a more complete EU-wide market for digital goods and services, several of which are likely to impact Viacom's businesses. Among these proposals, the EC has stated its intention to introduce legislation to make as yet unspecified changes to EU copyright law to enable (i) portability of and (ii) cross-border access to paid-for online content while respecting the value of rights in the audiovisual sector. It is expected to publish legislative proposals before the end of 2015. In August 2015, the EC also launched a review of the Satellite and Cable Directive, which facilitates the cross-border clearance of rights for satellite broadcasting and cable retransmission, to consider whether the same principles might be applied to online services. In September 2015, the EC published a consultation on the difficulties encountered by users and businesses when they access or provide information, and shop or sell, across borders in the EU, and stated its intention to prepare legislative proposals in the first half of 2016 to end 'unjustified' geo-blocking, which may involve changes to the EU e-Commerce or Services Directives.

Restrictions on Film Distribution

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

Annulment of the U.S. - EU Safe Harbor

On October 6, 2015, the Court of Justice of the European Union ("CJEU") invalidated the U.S. - EU Safe Harbor ("Safe Harbor"), a framework permitting the transfer of data from the EU to the U.S. for companies that comply with the framework's requirements. The Safe Harbor framework is one of the mechanisms by which data may be transferred from the EU to the U.S. in compliance with the EU Data Protection Directive (the "Directive") even though the EU asserts that U.S. law does not provide an adequate level of privacy protection under the Directive. Apart from the Safe Harbor, data transfers are also permitted if contractual arrangements between transferring parties include EU-specified model clauses, if proper consent has been obtained, or, for intra-corporate transfers, if appropriate binding corporate rules have been implemented and approved by the data protection authority of the applicable EU member state. Viacom was first certified under the Safe Harbor in 2011. The CJEU's decision will affect the legal framework within which Viacom may transfer data from the EU to the U.S., requiring us to rely on alternative mechanisms including consent, model clauses or binding corporate rules.

Protecting our Content from Copyright Theft

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

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

INTELLECTUAL PROPERTY

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

EMPLOYEES AND LABOR MATTERS

As of September 30, 2015, we employed approximately 9,200 full-time and part-time employees worldwide, and had approximately 490 additional project-based staff on our payroll. We also use many other temporary employees in the ordinary course of our business.

Through in-house, affiliated and third-party production service companies, our Filmed Entertainment division engages the services of writers, directors, performers, musicians and various crew members who are subject to certain industry-wide and/or specially negotiated collective bargaining agreements. The Alliance of Motion Picture and Television Producers is a multi-employer trade association which, along with and on behalf of hundreds of member companies including Paramount Pictures, negotiates the industry-wide collective bargaining agreements with these parties. The agreements with the writers, directors and performers will expire in 2017, and agreements with the unions representing musicians and crew members employed in the U.S. and British Columbia, and with unions representing performers, directors and other covered classifications employed in British Columbia, will expire in 2017 and 2018. Negotiations are ongoing with the union representing the performers who are employed outside of British Columbia in Canada. Certain collective bargaining agreements that apply to specific companies have been successfully negotiated or will be negotiated as the need arises in the future.

Through in-house and third-party production service companies in connection with certain of our productions, our Media Networks division engages the services of writers, directors, performers, musicians and various crew members who are subject to certain specially negotiated collective bargaining agreements or one-off letter agreements. Since these agreements are entered into on a per-channel or per-project basis, negotiations happen on various agreements throughout the year. The collective bargaining agreements covering various crew members on certain of our Media Networks productions are due to expire December 31, 2015 and are currently in negotiation.

Any labor dispute with the labor organizations that represent any of these parties could disrupt our operations and reduce our revenues.

FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by reporting segment and revenues by geographic area for fiscal years 2015, 2014 and 2013 are set forth in Note 19 to our Consolidated Financial Statements.

AVAILABLE INFORMATION

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

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

Item 1A. Risk Factors.

A wide range of risks may affect our business and financial condition and results of operations, now and in the future. We consider the risks described below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

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

Consumer acceptance of our brands, entertainment content and retail offerings is key to the success of our business and our ability to generate revenues. The production and distribution of programming, motion pictures and other entertainment content is inherently risky because the revenues we derive from various sources primarily depend on our content’s acceptance by the public, which is difficult to predict. Consumer acceptance of our content is affected by our ability to maintain or develop strong brand awareness and target key audiences, the quality and acceptance of competing entertainment content and the availability of alternative forms of entertainment and leisure time activities, including online, mobile and other offerings. Audience tastes change frequently and it is a challenge to anticipate what offerings will be successful at any point in time. We invest substantial capital in our content, including in the production of original content on our networks and in our theatrical releases, before learning the extent to which it will garner consumer acceptance. In addition, general economic conditions affect our audience’s acceptance of our content.

In our Media Networks business, consumer acceptance of our brands and programming has a significant impact on the revenues we are able to generate from advertising, affiliate fees, consumer products, home entertainment and other licensing activities. Our ability to successfully predict and adapt to changing consumer tastes and preferences outside the U.S. also impacts our ability to expand our presence internationally.

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

As a result, a lack of consumer acceptance of our offerings could have a material adverse effect on our results of operations in a particular period or longer term.

Deficiencies in Audience Measurement on Various Platforms Adversely Impacts Our Program Ratings and Adversely Affects Our Advertising Revenues and Affiliate Fees

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

In our Media Networks business, our advertising revenues typically are a product of measured audience size and pricing, which reflect market conditions and measurement difficulties. Depending on the success of our programming at any given time, one or more of our cable networks can experience ratings fluctuations that negatively affect our advertising revenues. The use of new ratings technologies and measurements, and viewership on new platforms or devices that is not being measured, could have an impact on our program ratings. For example, while C-3, a current television industry ratings system, measures live commercial

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viewing plus three days of DVR and video-on-demand playback, the growing viewership occurring on subsequent days of DVR and video-on-demand playback is excluded from C-3 ratings. Poor ratings can lead to a reduction in pricing and advertising spending. Low audience ratings can also negatively affect the affiliate fees we receive and/or limit a network's distribution potential.

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

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

Consumers are increasingly viewing content on a time-delayed or on-demand basis from traditional distributors, from connected apps and websites and on a wide variety of screens, such as televisions, tablets, mobile phones and other devices. Time-shifting technologies that enable users to fast-forward or skip programming, including commercials, affect the attractiveness of our offerings to advertisers and could therefore adversely affect our revenues. Similarly, new advertising blocking technologies that enable consumers to circumvent online advertisements could also adversely affect our advertising revenues as they impact the attractiveness of our digital offerings to advertisers. In addition, the evolution of consumer preferences away from rental and purchase services towards subscription services may have an economic impact on our revenues that is not completely predictable.

New technologies and distribution platforms are having other effects on the marketplace. Some distributors have taken steps to limit our direct access to consumers or taken positions that they have more expansive rights than we believe we have granted, which, if they prevail, could limit our revenue opportunities. All of these factors create uncertainty in the marketplace, and there can be no assurance that the strategies we develop to address them will be effective.

Our Businesses Operate in Highly Competitive Industries

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

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

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

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' current spending priorities and the economy in general, and this may adversely affect our advertising revenues. Natural and other disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of disrupted programming and services, uninterrupted news coverage and economic uncertainty. Our ability to generate advertising revenue is also dependent on demand for our content, the consumers in our targeted demographics, advertising rates and results observed by advertisers. In addition, the pricing and volume of advertising may be affected by shifts in spending toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as

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through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

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

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

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights to our entertainment content. We are fundamentally a content company and theft of our brands, motion pictures and home entertainment product, television programming, digital content and other intellectual property affects us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the United States and Europe and/or that lack effective enforcement of such measures. Such foreign copyright theft often results in Internet viewership in major markets as well. The interpretation of copyright, piracy and other laws as applied to our content, and our piracy detection and enforcement efforts, remain in flux, and some methods of copyright enforcement have encountered political opposition. The failure to appropriately enforce and/or the weakening of existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

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

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels, reduces the public's perceived value of our content and inhibits our ability to recoup or profit from the costs incurred to create such works.

While legal protections exist, piracy and technological tools with which to engage in copyright theft continue to escalate, evolve and present challenges for enforcement. We are actively engaged in enforcement and other activities to protect our intellectual property, and it is likely that we will continue to expend substantial resources in connection with these efforts. Efforts to prevent the unauthorized reproduction, distribution and exhibition of our content may affect our profitability and may not be successful in preventing harm to our business.

Global Economic Conditions May Have an Adverse Effect on Our Businesses

Global economic conditions affect a number of aspects of our businesses worldwide, in particular revenues in both domestic and international markets derived from advertising sales, theatrical releases, home entertainment sales, television licensing and sales of consumer products. Global economic conditions can impact the businesses of our partners who purchase advertising on our networks and reduce their spending on advertising.

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

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

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

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

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

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

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

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

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

Consolidation among cable, satellite and telecommunications service providers and the development of alternative offerings for consumers could have an adverse effect on our revenue and profitability

Consolidation among cable and satellite distributors and telecommunications service providers could give the largest operators considerable leverage and market power in their relationships with programmers. We currently have agreements in place with the major U.S. cable and satellite operators and continued consolidation could affect our ability to maximize the value of our content through those distributors. In addition, many of the countries and territories in which we distribute our networks also have a small number of dominant distributors. Continued consolidation within the industry could reduce the number of distributors that carry our programming, subject our affiliate fee revenue to greater volume discounts, and further increase the negotiating leverage of the cable and satellite television system operators, which could have an adverse effect on our financial condition or results of operations.

In addition, in response to perceived consumer demand, distributors of programming and program services are continuing to develop alternative offerings for consumers. These alternative packages of networks are generally smaller than the traditional cable package, and some allow the consumer to customize its package of networks to a certain extent. Although our affiliation agreements effectively limit these alternative packages in a variety of ways, to the extent these alternative packages are widely accepted by consumers in lieu of traditional cable packages, we could experience a decline in subscribers to certain of our networks, which could lead to lower affiliate revenues and advertising revenues.

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

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

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

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

Our online, mobile and app offerings, as well as our internal and certain partners' systems, involve the storage and transmission of our and our users' proprietary and personal information, and we and our partners rely on various technology systems in connection with the production and distribution of our programming and motion pictures. Although we monitor our security measures regularly, they may be breached due to employee error, computer malware, viruses, hacking and phishing attacks, natural or other disasters, terrorist attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to our data or our users' data. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Moreover, the development and maintenance of these preventative measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. Any such breach or unauthorized access could result in a loss of our or our users' proprietary information, a disruption of our services or a reduction of the revenues we are able to generate from such services, damage to our brands and reputation, a loss of confidence in the security of our offerings and services, and significant legal and financial exposure, including from regulatory or consumer actions related to consumer data collection and other data privacy concerns, each of which could potentially have an adverse effect on our business and operating results.

We Could Be Adversely Affected by Strikes and Other Union Activity

We and our suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. Some of our collective bargaining agreements are industry-wide agreements, and we may lack practical control over the negotiations and terms of the agreements. In addition, any labor disputes may disrupt our operations and reduce our revenues, and we may not be able to negotiate favorable terms for a renewal, which could increase our costs.

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

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

International Political and Economic Risks Could Harm Our Financial Condition

Our businesses operate and have customers and partners worldwide, and we are focused on expanding our international operations in key markets, some of which are emerging markets. Inherent risks of doing business in international markets include, among other risks, changes in the economic and regulatory environment, export and market access restrictions, censorship, restrictions on foreign ownership or investment, currency exchange controls and/or fluctuations, regulations regarding repatriation of profits, taxation rules and procedures, tariffs or other trade barriers, permit requirements, longer payment cycles, corruption and, in some markets, increased risk of political instability, conflict and sanctions preventing us from accessing those markets. In particular, foreign currency fluctuations against the U.S. Dollar affect our results both positively and negatively, which may cause results to fluctuate. As we have expanded our international operations, our exposure to exchange rate fluctuations has increased, which could have an adverse effect on our results of operations and net asset balances. There is no assurance that downward trending currencies will rebound or that stable currencies will remain unchanged in any period or for any specific market. Furthermore, some foreign markets where we and our partners operate may have weaker economic conditions than the United States. For example, certain European countries have experienced significant economic downturns and related political turmoil in recent years and our operations in those regions could be significantly impacted by, among other things, reduced sales of our retail products and sharp foreign exchange movements. We also may incur substantial costs as a result of changes in the existing economic or political environment in the regions where we do business, including the imposition of new restrictions and sanctions. In addition, acts of terrorism or other hostilities, or other financial, political, economic or other uncertainties, could lead to a reduction in revenue or loss of investment, which could adversely affect our business, financial condition or results of operations.

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We Could be Subject to Material Liabilities as a Result of Changes in Tax Laws, Regulations and Policies

We are subject to taxation in the U.S. and numerous international jurisdictions. Our tax rates are impacted by the tax laws, regulations and policies in federal, state and local and international territories where our businesses operate, and may be subject to significant change. In addition, our tax returns are routinely audited and litigation or settlements may occur. Such changes, audit settlements or litigation may result in the recognition of an additional charge to our income tax provision in the period and may adversely affect our effective income tax rate or cash payments and may therefore affect our operating results, cash flows and financial condition.

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

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

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

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

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

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

The NAI ownership structure and the common directors could create, or appear to create, potential conflicts of interest when the management, directors and controlling stockholder of the commonly controlled entities face decisions that could have different implications for each entity. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and CBS Corporation. Potential conflicts of interest, or the appearance thereof, could also arise when we and CBS Corporation enter into any commercial arrangements with each other, despite review by our directors not affiliated with CBS Corporation. Our certificate of incorporation and the CBS Corporation certificate of incorporation both contain provisions related to corporate opportunities that may be of interest to us and to CBS Corporation, and these provisions create the possibility that a corporate opportunity of one company may be used for the benefit of the other company.

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

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

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

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

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

Viacom

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

Viacom Media Networks

- In addition to occupying space at 1515 Broadway in New York, we lease the following major office facilities: (a) approximately 400,000 square feet at 345 Hudson Street, New York, New York, through 2022, (b) approximately 175,000 square feet at two facilities in Santa Monica, California, under leases that expire between 2016 and 2017 and (c) approximately 278,000 square feet at 1540 Broadway, New York, New York, through 2021. Viacom Media Networks' Network Operations Center in Hauppauge, New York contains approximately 65,000 square feet of floor space on approximately 9 acres of land, and its Global Business Services Center in Franklin, Tennessee contains approximately 23,000 square feet of office space under a lease that expires in 2017.
- We have entered into a 12-year lease for approximately 180,000 square feet of office space at Columbia Square, 1575 North Gower Street, Los Angeles, California. Upon expected occupancy in late 2016, this facility will serve as the West Coast Headquarters for VMN and BET and will replace the current Santa Monica facilities.
- The Nickelodeon Animation Studio at 231 West Olive Avenue, Burbank, California contains approximately 72,000 square feet of studio and office space. We have entered into a lease for an office building currently under construction on property located at 203 West Olive Avenue, directly adjacent to the existing Animation Studio, which will contain approximately 103,000 square feet of office space. The leases for the existing and new facilities will be co-terminous, expiring 20 years from completion of the new building, anticipated to occur in late 2016. We also continue to occupy approximately 68,000 square feet of satellite office space in various Burbank locations under leases that will expire in late 2016.
- Nickelodeon's Live Action Studio contains approximately 108,000 square feet of stage and office space at Burbank Studios, 3000 West Alameda Avenue, Burbank, California, under a lease expiring in 2024.
- Viacom International Studios located at 50 NW 14th Street, Miami, Florida, contains approximately 60,000 square feet of sound stages, production facilities and office space, under a facilities license agreement expiring in 2018.
- CMT's headquarters in Nashville, Tennessee occupies approximately 86,000 square feet of space for its executive, administrative and business offices and its studios, under leases expiring in 2020.
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BET's headquarters at One BET Plaza in Washington, D.C. contains approximately 192,000 square feet of office and studio space, the majority of which is leased pursuant to ground leases that expire in 2024 (with renewal options for an additional 35 years), and the balance of which is owned.

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- Internationally, VIMN occupies approximately 126,000 square feet of space at its owned and leased Hawley Crescent facilities in London and leases approximately 84,000 square feet of space in Berlin through a lease expiring in 2017.

Filmed Entertainment

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

Item 3. Legal Proceedings.

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

In July 2015, the Directorate-General for Competition (“DG Comp”) of the EC issued a Statement of Objections (the “SO”) to the six major Hollywood film studios, including Paramount Pictures, and to Sky UK (“Sky”), in connection with DG Comp’s investigation into whether conventional territorial restrictions in agreements licensing content to pay television broadcasters impeded EU single market imperatives in an anti-competitive way. The SO directed at Paramount takes issue with certain geo-filtering provisions in Paramount’s 2009 and 2014 agreements with Sky, which are designed to enforce the territorial nature of the content Paramount licenses for distribution on Sky’s online and mobile pay television platforms. In addition, the SO challenges certain provisions in the 2009 agreement regarding Sky’s satellite distribution of Paramount content. Paramount has responded to the SO. If the SO directed at Paramount is not closed or resolved by settlement and the EC decides that violations have in fact occurred, it has the power to impose fines. Any such decision by the EC could be subject to judicial review in the EU’s General Court and, thereafter, the CJEU. The full process, including appeals, could last several years. We believe that Paramount’s licensing practices in the EU are consistent with the region’s competition and other rules, and the objections presented by the EC are without merit. We will vigorously defend against the claims made by the EC.

On November 5, 2015, Robert J. Casey, II, a Viacom shareholder, commenced a shareholder derivative action in the Court of Chancery of the State of Delaware naming, as defendants, all of the members of our Board of Directors, our Chief Financial Officer and our Controller. The complaint alleged breaches of fiduciary duties and unjust enrichment in connection with (i) our decision to recognize a pre-tax charge in the second quarter of fiscal 2015, reflecting the impact of write-downs of underperforming programming, costs associated with workforce reductions and the accelerated amortization of programming expenses, as we publicly announced on April 6, 2015, (ii) our decision to temporarily pause our stock repurchase program in order to stay within our target leverage ratio, also as publicly announced on April 6, 2015, and (iii) the matters relating to the European Statement of Objections, as discussed above. The complaint was filed following communication to Mr. Casey’s counsel that the Board unanimously determined not to authorize commencement of a civil action against members of management in connection with the above matters, as requested by Mr. Casey’s counsel in previous demand letters. We believe the complaint is meritless and intend to oppose the action vigorously on behalf of the Board members and the named officer defendants.

In February 2013, Cablevision Systems Corporation filed a lawsuit in the United States District Court for the Southern District of New York alleging that Viacom’s industry standard practice of offering discounts for additional network distribution constituted a “tying” arrangement in violation of federal and New York state antitrust laws. Similar arrangements have been upheld by numerous federal and state courts, including in a federal case in which Cablevision itself advocated for the legality of such arrangements. On October 16, 2015, Cablevision and Viacom announced that the litigation had been settled.

Item 4. Mine Safety Disclosures.

Not applicable.

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OUR EXECUTIVE OFFICERS

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

Name	Age	Position
Sumner M. Redstone	92	Executive Chairman of the Board and Founder
Philippe P. Dauman	61	President and Chief Executive Officer; Director
Wade Davis	43	Executive Vice President, Chief Financial Officer
Thomas E. Dooley	59	Senior Executive Vice President and Chief Operating Officer; Director
Carl D. Folta	58	Executive Vice President, Corporate Communications
Michael D. Fricklas	55	Executive Vice President, General Counsel and Secretary
Katherine Gill-Charest	51	Senior Vice President, Controller
DeDe Lea	51	Executive Vice President, Global Government Affairs
Scott Mills	47	Executive Vice President and Chief Administration Officer

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

Sumner M. Redstone	Mr. Redstone has been our Executive Chairman of the Board of Directors and Founder since January 1, 2006. He has also served as Executive Chairman and Founder of CBS Corporation since January 1, 2006. He was Chairman of the Board of former Viacom Inc. (“Former Viacom”), which is now known as CBS Corporation, beginning in 1987 and Chief Executive Officer of Former Viacom from 1996 to 2005. He has been Chairman of the Board of National Amusements, Inc., our controlling stockholder, since 1986, its Chief Executive Officer since 1967 and also served as its President from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Executive Committee. He has been a frequent lecturer at universities, including Harvard Law School, Boston University Law School and Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received an LL.B. from Harvard University School of Law in 1947. Upon graduation, he served as law secretary with the U.S. Court of Appeals and then as a special assistant to the U.S. Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan’s high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty, and the Army Commendation Award.
Philippe P. Dauman	Mr. Dauman has been our President and Chief Executive Officer since September 2006 and a member of our Board of Directors since January 1, 2006, having previously served as a director of Former Viacom beginning in 1987. Mr. Dauman was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dooley, from May 2000 until September 2006. Prior to that, Mr. Dauman held several positions at Former Viacom, which he first joined in 1993, including Deputy Chairman and member of its Executive Committee. Mr. Dauman is also a director of National Amusements, Inc. and has served as a director of LafargeHolcim Ltd since 2015, having previously served as a director of Lafarge S.A. beginning in 2007.
Wade Davis	Mr. Davis has been our Executive Vice President, Chief Financial Officer since November 2012. Prior to that, he served as Executive Vice President, Strategy and Corporate Development beginning in August 2009, as Senior Vice President, Mergers & Acquisitions and Strategic Planning from January 2007 to August 2009 and as Senior Vice President of Mergers & Acquisitions beginning January 1, 2006. Prior to joining Viacom, Mr. Davis

was an investment banker in the technology and media sectors for more than a decade.

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Thomas E. Dooley	Mr. Dooley has been our Senior Executive Vice President since September 2006, our Chief Operating Officer since May 2010 and a member of our Board of Directors since January 1, 2006. He served as our Chief Administrative Officer from September 2006 to May 2010 and as our Chief Financial Officer from January 2007 to September 2010. Mr. Dooley was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C., a private equity firm specializing in media and telecommunications investments that he co-founded with Mr. Dauman, from May 2000 until September 2006. Before that, Mr. Dooley held various corporate and divisional positions at Former Viacom, which he first joined in 1980, including Deputy Chairman and member of its Executive Committee. Mr. Dooley served as a director of Sapphire Industrials Corp. from 2007 to 2010.
Carl D. Folta	Mr. Folta has been our Executive Vice President, Corporate Communications since November 2006. Prior to that, he served as Executive Vice President, Office of the Chairman beginning January 1, 2006. He has served in senior communications positions with the Company since April 1994 and was appointed Executive Vice President, Corporate Relations, of Former Viacom in November 2004. Mr. Folta held various communications positions at Paramount Communications Inc., a predecessor, from 1984 to 1994.
Michael D. Fricklas	Mr. Fricklas has been our Executive Vice President, General Counsel and Secretary since January 1, 2006. Prior to that, he was Executive Vice President, General Counsel and Secretary of Former Viacom beginning in May 2000 and Senior Vice President, General Counsel and Secretary from October 1998 to May 2000. He first joined Former Viacom in July 1993, serving as Vice President and Deputy General Counsel and assuming the title of Senior Vice President in July 1994.
Katherine Gill-Charest	Ms. Gill-Charest has been our Senior Vice President, Controller and Chief Accounting Officer since October 2010. Prior to that, she was Senior Vice President, Deputy Controller beginning in April 2010 and Vice President, Deputy Controller from May 2007 to April 2010. Prior to joining Viacom, Ms. Gill-Charest served as Chief Accounting Officer of WPP Group USA from November 2005 to May 2007 and as its Vice President, Group Reporting from February 2001 to November 2005.
DeDe Lea	Ms. Lea has been our Executive Vice President, Global Government Affairs since January 2013, having previously served as Executive Vice President, Government Relations beginning in November 2005. Prior to that, she was Senior Vice President, Government Relations of Former Viacom beginning in September 2005. Prior to that, she served as Vice President of Government Affairs at Belo Corp. from 2004 to 2005 and as Vice President, Government Affairs of Former Viacom from 1997 to 2004.
Scott Mills	Mr. Mills has been our Executive Vice President and Chief Administrative Officer since May 2015. Previously, he was Executive Vice President, Human Resources and Administration beginning in October 2012. Prior to that, he was President and Chief Operating Officer of BET Networks beginning in July 2007, its President of Digital Media from August 2006 to July 2007 and its Chief Financial Officer beginning in 2003. He first joined BET Networks in 1997, serving as Senior Vice President of Strategy & Business Development, and served as Executive Vice President and Chief Operating Officer of BET Interactive from 1999 to 2003.

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PART II

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

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

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

	Sales Price Low	High
Class A common stock – Fiscal 2015		
4th Quarter	$38.06	$65.55
3rd Quarter	$64.27	$72.72
2nd Quarter	$63.50	$76.29
1st Quarter	$66.11	$78.08
Class A common stock – Fiscal 2014		
4th Quarter	$76.65	$89.64
3rd Quarter	$81.35	$88.47
2nd Quarter	$78.70	$89.30
1st Quarter	$79.01	$88.20
Class B common stock – Fiscal 2015		
4th Quarter	$36.32	$65.47
3rd Quarter	$63.98	$73.52
2nd Quarter	$63.11	$76.29
1st Quarter	$65.86	$78.00
Class B common stock – Fiscal 2014		
4th Quarter	$76.52	$89.76
3rd Quarter	$81.19	$88.50
2nd Quarter	$78.43	$89.27
1st Quarter	$78.83	$87.84

During fiscal 2015 and 2014, our Board of Directors declared the following cash dividends to stockholders of record on both our voting Class A common stock and non-voting Class B common stock:

Declaration Date	Dividend per Share	Record Date	Payment Date
August 4, 2015	$0.400	September 15, 2015	October 1, 2015
May 20, 2015	$0.400	June 15, 2015	July 1, 2015
January 15, 2015	$0.330	March 13, 2015	April 1, 2015
November 12, 2014	$0.330	December 15, 2014	January 2, 2015
July 22, 2014	$0.330	September 15, 2014	October 1, 2014
May 21, 2014	$0.330	June 13, 2014	July 1, 2014
January 16, 2014	$0.300	March 14, 2014	April 1, 2014
November 13, 2013	$0.300	December 13, 2013	December 31, 2013

As of November 4, 2015, there were 1,456 record holders of our Class A common stock and 21,905 record holders of our Class B common stock.

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Performance Graph
The following graph compares the cumulative total stockholder return of our Class A common stock and our Class B common stock with the cumulative total stockholder return of the companies listed in the Standard & Poor's 500 Index and a peer group of companies comprised of The Walt Disney Company, Twenty-First Century Fox Inc. (News Corporation prior to June 2013), Time Warner Inc., CBS Corporation, Discovery Communications, Inc. and Scripps Network Interactive Inc.
The performance graph assumes $100 invested on September 30, 2010 in each of our Class A common stock, our Class B common stock, the S&P 500 Index and the stock of our peer group companies, including reinvestment of dividends, for the years ended September 30, 2011, 2012, 2013, 2014 and 2015.
Total Cumulative Stockholder Return
For the Years Ended September 30, 2011, 2012, 2013, 2014 and 2015

	9/30/10	9/30/11	9/30/12	9/30/13	9/30/14	9/30/15
Class A Common	$100	$122	$140	$219	$204	$121
Class B Common	$100	$109	$154	$243	$227	$131
S&P 500	$100	$99	$126	$147	$173	$168
Peer Group	$100	$101	$172	$235	$272	$271

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Equity Compensation Plan Information

Information required by this item will be contained in the Proxy Statement for our 2016 Annual Meeting of Stockholders under the heading "Equity Compensation Plan Information," which information is incorporated herein by reference.

Item 6. Selected Financial Data.

The selected Consolidated Statement of Earnings data for the years ended September 30, 2015, 2014 and 2013 and the Consolidated Balance Sheet data as of September 30, 2015 and 2014 should be read in conjunction with the audited financial statements, Management's Discussion and Analysis of Results of Operations and Financial Condition and other financial information presented elsewhere in this report. The selected Consolidated Statement of Earnings for the years ended September 30, 2012 and 2011 and the Consolidated Balance Sheet data as of September 30, 2013, 2012 and 2011 have been derived from audited financial statements not included herein.

CONSOLIDATED STATEMENT OF EARNINGS DATA

	Year Ended September 30,				
(in millions, except per share amounts)	2015	2014	2013	2012	2011
Revenues	$13,268	$13,783	$13,794	$13,887	$14,914
Operating income	$3,112	$4,082	$3,836	$3,901	$3,710
Net earnings from continuing operations (Viacom and noncontrolling interests)	$2,002	$2,464	$2,449	$2,385	$2,183
Net earnings from continuing operations attributable to Viacom	$1,922	$2,392	$2,407	$2,345	$2,146
Net earnings from continuing operations per share attributable to Viacom:					
Basic	$4.78	$5.54	$4.95	$4.42	$3.65
Diluted	$4.73	$5.43	$4.86	$4.36	$3.61
Weighted average number of common shares outstanding:					
Basic	402.2	432.1	486.2	530.7	587.3
Diluted	406.0	440.2	494.8	537.5	594.3
Dividends declared per share of Class A and Class B common stock	$1.46	$1.26	$1.15	$1.05	$0.80

CONSOLIDATED BALANCE SHEET DATA

	September 30,				
(in millions)	2015	2014	2013	2012	2011
Total assets	$22,217	$23,047	$23,762	$22,213	$22,751
Total debt	$12,285	$12,699	$11,818	$8,112	$7,315
Total Viacom stockholders' equity	$3,538	$3,719	$5,193	$7,448	$8,644
Total equity	$3,599	$3,747	$5,190	$7,439	$8,633

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Management's discussion and analysis of results of operations and financial condition is provided as a supplement to and should be read in conjunction with the consolidated financial statements and related notes to enhance the understanding of our results of operations, financial condition and cash flows. References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.

Significant components of the management's discussion and analysis of results of operations and financial condition section include:

OVERVIEW

Summary

We are home to premier global media brands that create compelling television programs, motion pictures, short-form content, apps, games, consumer products, social media experiences and other entertainment content for audiences in 180 countries.

We operate through two reporting segments: Media Networks and Filmed Entertainment. Our measure of segment performance is adjusted operating income/(loss). We define adjusted operating income/(loss) for our segments as operating income/(loss), before equity-based compensation and certain other items identified as affecting comparability, including restructuring and programming charges, when applicable. Equity-based compensation is excluded from our segment measure of performance since it is set and approved by the Compensation Committee of Viacom's Board of Directors in consultation with corporate executive management, and is included as a component of consolidated adjusted operating income.

When applicable, we use consolidated adjusted operating income, adjusted net earnings from continuing operations attributable to Viacom and adjusted diluted earnings per share ("EPS") from continuing operations, among other measures, to evaluate our actual operating performance and for planning and forecasting of future periods. We believe that the adjusted results provide relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as our management. Since these are not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"), they should not be considered in isolation of, or as a substitute for, operating income, net earnings from continuing operations attributable to Viacom and diluted EPS as indicators of operating performance and they may not be comparable to similarly titled measures employed by other companies. For a reconciliation of our adjusted measures and discussion of the items affecting comparability, refer to the section entitled "Factors Affecting Comparability".

Media Networks

Our Media Networks segment, which includes brands such as Nickelodeon, Comedy Central, MTV, VH1, SPIKE, BET, CMT, TV Land, Nick at Nite, Nick Jr., Channel 5 (UK), Logo, Nicktoons, TeenNick and Paramount Channel, among others, provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. We create, acquire and distribute programming and other content for our audiences across multiple platforms, which allows our audiences to engage and interact with our content in a variety of ways: through traditional cable and satellite distribution, on connected TVs, PCs, tablets and other mobile devices, and using apps, browsers and other interfaces.

Our Media Networks segment generates revenues in three categories: (i) the sale of advertising and marketing services, (ii) affiliate fees from cable television operators, direct-to-home satellite television operators, mobile networks, video-on-demand services, and other distributors of our programming and program services, and (iii) ancillary revenues, which include consumer products licensing, brand licensing, sale of content on DVDs and Blu-ray discs, licensing of our content for download-to-own and download-to-rent services and television syndication.

Demand and pricing for our advertising depend on the attractiveness of our offerings to advertisers, viewership, and overall market conditions. We also drive additional demand through integrated sales of multi-platform advertising and marketing opportunities and through our integrated marketing services, providing unique branded entertainment and custom sponsorship opportunities to our advertisers. Our advertising revenues may be affected by the strength of advertising markets and general economic conditions, and may fluctuate depending on the success of our programming, as measured by viewership, at any given time. Audience measurement ratings may vary due to the success of our programming, the timing of availability of new episodes of popular programming, and the performance of competing programs and other entertainment alternatives for viewers, as well as variations related to the methods used by third parties to measure ratings. Advertising revenues may also fluctuate due to seasonal variations, the timing of holidays and significant programming events such as awards shows or premieres. Typically, advertising revenues are highest in the first and fourth quarters of our fiscal year.

Affiliate revenue agreements with multichannel television service providers are generally multi-year carriage agreements with set rate increases that provide us with a reasonably stable source of revenues. The amount of the fees we receive is generally a function of the number of subscribers and the rates we receive per subscriber. Expirations of these affiliate agreements are staggered. Under certain other distribution agreements, we make multiple programs available for distribution on one or more dates, and our revenue under these arrangements may fluctuate depending on the initial availability of the programs licensed.

Our ancillary revenues vary based on consumer spending, the popularity of our programming, volume of content available during a particular period and acceptance of our or our partners’ products.

Media Networks segment expenses consist of operating expenses, selling, general and administrative (“SG&A”) expenses and depreciation and amortization. Operating expenses are comprised of costs related to original and acquired programming, including programming amortization, expenses associated with the distribution of home entertainment products and consumer products licensing, participation fees, integrated marketing expenses and other costs of sales. SG&A expenses consist primarily of employee compensation, marketing, research and professional service fees and facility and occupancy costs. Depreciation and amortization expenses reflect depreciation of fixed assets, including transponders financed under capital leases, and amortization of finite-lived intangible assets.

Filmed Entertainment

Our Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Paramount Animation, Insurge Pictures, Nickelodeon Movies, MTV Films and Paramount Television brands. Paramount Television develops and produces programming for television and video-on-demand platforms.

Motion pictures produced, acquired and/or distributed by the Filmed Entertainment segment are exhibited theatrically domestically and internationally, and then released in various ways such as download-to-own, DVDs and Blu-ray discs, transactional video-on-demand, pay television, subscription video-on-demand, basic cable television, free television, free video-on-demand and, in some cases, by airlines and hotels (the “distribution windows”).

Our Filmed Entertainment segment generates revenues worldwide principally from: (i) the theatrical release and/or distribution of motion pictures, (ii) home entertainment, which includes sales of DVDs and Blu-ray discs relating to the motion pictures we release theatrically and direct-to-DVD, as well as content distributed on behalf of Viacom and third parties, transactional video-on-demand and download-to-own services, (iii) licensing of film and television exhibition rights to pay and basic cable television, free television, subscription video-on-demand and free video-on-demand services and (iv) ancillary revenues from providing production services to third parties, primarily at Paramount’s studio lot, licensing of its brands for consumer products, theme parks, and other uses, and distribution of content specifically developed for digital platforms.

Paramount releases films theatrically in domestic and international markets and generates revenues from audience ticket sales. Each motion picture is a separate and distinct product with its revenues, and ultimate profitability, dependent upon many factors, among which audience response is of fundamental importance. Theatrical revenues may be also affected by the number, timing and mix of competitive releases in any given period, consumer tastes and consumption habits, and overall economic conditions, including trends in discretionary spending. The theatrical success of a motion picture is a significant factor in determining the revenues it is likely to generate in home entertainment sales and license fees for television and other platforms. Revenues from motion picture theatrical releases tend to be cyclical with increases around the holidays that fall during the first

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quarter of our fiscal year, and in the summer months during our fourth quarter. Our home entertainment revenues may be affected by the number, timing and mix of home entertainment releases in any given period, consumer tastes and consumption habits, the prominence given by distributors and retailers to our releases compared to those of our competitors, and overall economic conditions, including consumer preference for rental or purchase and trends in discretionary spending. The mix of our revenues from home entertainment continues to shift away from physical home entertainment toward consumption through various platforms and apps.

Filmed Entertainment segment expenses consist of operating expenses, SG&A expenses and depreciation and amortization. Operating expenses principally include the amortization of film costs of our released feature films (including participations and residuals), print and advertising expenses and other distribution costs. We incur marketing costs before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows. Such costs are incurred to generate public interest in our films and are expensed as incurred; therefore, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition and profitability may not be realized until well after a film's theatrical release. Therefore, the results of the Filmed Entertainment segment can be volatile as films work their way through the various distribution windows. SG&A expenses include employee compensation, facility and occupancy costs, professional service fees and other overhead costs. Depreciation and amortization expense principally consists of depreciation of fixed assets.

RESULTS OF OPERATIONS

YEAR ENDED SEPTEMBER 30, 2015 vs. 2014

Consolidated Results of Operations

Our summary consolidated results of operations are presented below for the years ended September 30, 2015 and 2014.

	Year Ended September 30,		Better/(Worse)	
(in millions, except per share amounts)	2015	2014	$	%
Revenues	$13,268	$13,783	$(515)	(4)%
Operating income	3,112	4,082	(970)	(24)
Adjusted operating income	3,920	4,125	(205)	(5)
Net earnings from continuing operations attributable to Viacom	1,922	2,392	(470)	(20)
Adjusted net earnings from continuing operations attributable to Viacom	2,210	2,376	(166)	(7)
Diluted EPS from continuing operations	4.73	5.43	(0.70)	(13)
Adjusted diluted EPS from continuing operations	$5.44	$5.40	$0.04	1%

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

Revenues

Worldwide revenues decreased $515 million, or 4%, to $13.268 billion in the year ended September 30, 2015. Excluding an unfavorable 2% impact of foreign exchange, revenues declined 2%. Media Networks revenues increased $319 million, or 3%, principally reflecting higher affiliate fees and advertising revenues. Filmed Entertainment revenues decreased $842 million, or 23%, due to lower revenues across the distribution windows. Excluding an unfavorable 2% and 4% impact of foreign exchange, Media Networks revenues increased 5% and Filmed Entertainment revenues declined 19%, respectively.

Operating Income

Adjusted operating income decreased $205 million, or 5%, to $3.920 billion in the year ended September 30, 2015. Media Networks adjusted operating income decreased $128 million, or 3%, to $4.143 billion, as higher revenues were more than offset by an increase in programming and marketing expenses. Filmed Entertainment adjusted operating

income decreased $94 million reflecting lower contribution from films in release across the distribution windows. Adjusted results exclude the impact of restructuring and programming charges totaling $784 million and a non-cash pension settlement loss of $24 million in 2015 and a non-cash impairment charge of $43 million in 2014. Including the impact of these items, operating income decreased $970 million, or 24%.
See the section entitled “Segment Results of Operations” for a more in-depth discussion of the revenues, expenses and adjusted operating income for each of the Media Networks and Filmed Entertainment segments.

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Net Earnings from Continuing Operations Attributable to Viacom

Adjusted net earnings from continuing operations attributable to Viacom decreased $166 million, or 7%, to $2.210 billion in the year ended September 30, 2015, principally due to the decline in tax-effected operating income described above, an increase in interest expense, reflecting higher levels of debt outstanding, and foreign currency exchange losses, partially offset by higher income from equity in net earnings of investee companies.

Our effective income tax rate was 31.2% in 2015, as compared with 31.4% in 2014, excluding the impact of discrete tax items.

Adjusted diluted EPS from continuing operations increased $0.04 per diluted share to $5.44, reflecting the impact of fewer outstanding shares, partially offset by lower net earnings. Foreign exchange had an unfavorable $0.14 impact on adjusted diluted EPS.

In addition to the operating items mentioned above, adjusted net earnings from continuing operations attributable to Viacom exclude a loss on the extinguishment of debt of $18 million in 2015 and $11 million in 2014, as well as discrete taxes in both years. Including these items in both years, net earnings from continuing operations attributable to Viacom decreased $470 million, or 20%, and diluted EPS from continuing operations decreased $0.70 per diluted share to $4.73.

Segment Results of Operations

Transactions between reportable segments are accounted for as third-party arrangements for the purposes of presenting segment results of operations. Typical intersegment transactions include the purchase of advertising by the Filmed Entertainment segment on Media Networks' properties and the purchase of Filmed Entertainment's feature films exhibition rights by Media Networks.

Media Networks

	Year Ended September 30,		Better/(Worse)	
(in millions)	2015	2014	$	%
Revenues by Component				
Advertising	$5,007	$4,953	$54	1 %
Affiliate fees	4,908	4,660	248	5
Ancillary	575	558	17	3
Total revenues by component	$10,490	$10,171	$319	3 %
Expenses				
Operating	$4,047	$3,622	$(425)	(12)%
Selling, general and administrative	2,138	2,130	(8)	—
Depreciation and amortization	162	148	(14)	(9)
Total expenses	$6,347	$5,900	$(447)	(8)%
Adjusted Operating Income	$4,143	$4,271	$(128)	(3)%

Revenues

Worldwide revenues increased $319 million, or 3%, to $10.490 billion in the year ended September 30, 2015, driven primarily by higher affiliate fees and advertising revenues. Excluding an unfavorable 2% impact of foreign exchange, worldwide revenues increased 5%. Domestic revenues were $8.635 billion, an increase of $10 million. International revenues were $1.855 billion, an increase of $309 million, or 20%, primarily due to the acquisition of Channel 5 Broadcasting Limited ("Channel 5"), partially offset by foreign exchange, which had a 10-percentage point unfavorable impact on international revenues.

Advertising

Worldwide advertising revenues increased $54 million, or 1%, to $5.007 billion in the year ended September 30, 2015. Domestic advertising revenues decreased 7%. While pricing remained essentially flat, softer ratings caused lower audience delivery, reducing impressions and associated revenue. International advertising revenues increased 60%, reflecting growth in Europe driven by the acquisition of Channel 5, partially offset by the impact of foreign exchange, which had a 10-percentage point unfavorable impact on international advertising revenues.

Affiliate Fees

Worldwide affiliate fees increased $248 million, or 5%, to $4.908 billion in the year ended September 30, 2015. Domestic affiliate revenues increased 8%, driven by rate increases as well as the benefit of distribution arrangements which are affected by the timing of available programming. Excluding the impact from the timing of product available under these distribution

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agreements, domestic affiliate revenues grew in the mid-single digits. International revenues decreased 7%, principally due to foreign exchange, which had an 11-percentage point unfavorable impact, partially offset by an increase in revenues driven by the launch of new channels and new distribution agreements.

Expenses

Media Networks segment expenses increased $447 million, or 8%, to $6.347 billion in the year ended September 30, 2015, driven by higher operating expenses.

Operating

Operating expenses increased $425 million, or 12%, to $4.047 billion in the year ended September 30, 2015. Programming costs increased $372 million, or 12%, driven by the acquisition of Channel 5 and our continuing investment in original programming, partially offset by the benefit associated with recent programming charges. Distribution and other expenses increased $53 million, or 12%, primarily driven by Channel 5 distribution costs.

Selling, General and Administrative

SG&A expenses were substantially flat at $2.138 billion in the year ended September 30, 2015. Higher advertising and promotional expenses related to marketing original programming was offset by lower employee costs, including the benefit of cost savings from our recent restructuring activities, as well as lower incentive compensation. In addition, SG&A expenses include Channel 5 expenses as well as an offsetting impact from foreign exchange.

Depreciation and Amortization

Depreciation and amortization increased $14 million, or 9%, to $162 million in the year ended September 30, 2015, driven by the acquisition of Channel 5.

Adjusted Operating Income

Adjusted operating income decreased $128 million, or 3%, to $4.143 billion in the year ended September 30, 2015, reflecting the operating results discussed above.

Filmed Entertainment

	Year Ended September 30,		Better/(Worse)	
(in millions)	2015	2014	$	%
Revenues by Component				
Theatrical	$841	$1,209	$(368)	(30)%
Home entertainment	871	1,164	(293)	(25)
License fees	980	1,115	(135)	(12)
Ancillary	191	237	(46)	(19)
Total revenues by component	$2,883	$3,725	$(842)	(23)%
Expenses				
Operating	$2,350	$3,031	$681	22
Selling, general and administrative	369	425	56	13
Depreciation and amortization	53	64	11	17
Total expenses	$2,772	$3,520	$748	21 %
Adjusted Operating Income	$111	$205	$(94)	(46)%

Revenues

Worldwide revenues decreased $842 million, or 23%, to $2.883 billion in the year ended September 30, 2015. Excluding an unfavorable 4% impact of foreign exchange, worldwide revenues declined 19%, due to lower revenues across the distribution windows reflecting the mix of films. Domestic revenues were $1.374 billion, a decrease of $347 million, or 20%. International revenues were $1.509 billion, a decrease of $495 million, or 25%, with foreign exchange having an 8-percentage point unfavorable impact on international revenues.

Theatrical

Worldwide theatrical revenues decreased $368 million, or 30%, to $841 million in the year ended September 30, 2015. Revenues from our current year releases were lower by $422 million due to the mix of releases, partially offset by higher carryover revenues of $54 million from prior year releases, principally from Teenage Mutant Ninja Turtles. Significant current

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year releases included Mission: Impossible - Rogue Nation, Terminator: Genisys, The SpongeBob Movie: Sponge Out of Water, Interstellar and Selma, while the prior year included Transformers: Age of Extinction, Teenage Mutant Ninja Turtles and Noah. Domestic theatrical revenues decreased 26% and international revenues decreased 34%. Foreign exchange had a 10-percentage point unfavorable impact on international theatrical revenues.

Home Entertainment

Worldwide home entertainment revenues decreased $293 million, or 25%, to $871 million in the year ended September 30, 2015, reflecting a decline in revenues from third-party distribution titles, carryover revenues from prior year releases and our current year releases due to the mix of titles. Significant titles in the current year included Teenage Mutant Ninja Turtles, Interstellar and The SpongeBob Movie: Sponge Out of Water, while the prior year included Transformers: Age of Extinction, The Wolf of Wall Street, Noah and Jackass: Bad Grandpa. Domestic and international home entertainment revenues decreased 16% and 35%, respectively. Foreign exchange had a 7-percentage point unfavorable impact on international home entertainment revenues.

License Fees

License fees decreased $135 million, or 12%, to $980 million in the year ended September 30, 2015, primarily driven by the mix of available titles.

Ancillary

Ancillary revenues decreased $46 million, or 19%, to $191 million in the year ended September 30, 2015, primarily driven by a benefit from the sale of certain distribution rights in the prior year.

Expenses

Filmed Entertainment segment expenses decreased $748 million, or 21%, to $2.772 billion in the year ended September 30, 2015, primarily driven by lower operating expenses.

Operating

Operating expenses decreased $681 million, or 22%, to $2.350 billion in the year ended September 30, 2015. Distribution and other costs, principally print and advertising expenses, decreased $454 million, or 33%, primarily driven by the mix of current year releases. Film costs decreased $227 million, or 14%, reflecting lower participation costs.

Selling, General and Administrative

SG&A expenses decreased $56 million, or 13%, to $369 million in the year ended September 30, 2015, principally driven by lower employee costs.

Depreciation and Amortization

Depreciation and amortization decreased $11 million, or 17%, driven by a decline in amortization expense associated with an intangible asset becoming fully amortized in the prior year.

Adjusted Operating Income

Adjusted operating income was $111 million in the year ended September 30, 2015, compared with $205 million in 2014, principally reflecting lower contributions from films in release across the distribution windows and the benefit from the sale of certain distribution rights in the prior year.

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YEAR ENDED SEPTEMBER 30, 2014 vs. 2013
Consolidated Results of Operations
Our summary consolidated results of operations are presented below for the years ended September 30, 2014 and 2013.

	Year Ended September 30,		Better/(Worse)	
(in millions, except per share amounts)	2014	2013	$	%
Revenues	$13,783	$13,794	$(11)	— %
Operating income	4,082	3,836	246	6
Adjusted operating income	4,125	3,942	183	5
Net earnings from continuing operations attributable to Viacom	2,392	2,407	(15)	(1)
Adjusted net earnings from continuing operations attributable to Viacom	2,376	2,316	60	3
Diluted EPS from continuing operations	5.43	4.86	0.57	12
Adjusted diluted EPS from continuing operations	$5.40	$4.68	$0.72	15 %

See the section entitled "Factors Affecting Comparability" for a reconciliation of our adjusted measures to our reported results.
Revenues
Worldwide revenues were substantially flat at $13.783 billion in the year ended September 30, 2014. Filmed Entertainment revenues decreased $557 million, principally due to lower revenues across the distribution windows reflecting the number and mix of films. Media Networks contributed a partially offsetting increase in revenues of $515 million principally reflecting higher affiliate fees and advertising revenues.
Operating Income
Adjusted operating income increased $183 million, or 5%, to $4.125 billion in the year ended September 30, 2014. Media Networks adjusted operating income increased $175 million, reflecting higher revenues, partially offset by an increase in expenses. Filmed Entertainment adjusted operating income decreased $29 million, reflecting the benefit of Marvel distribution rights sales in the prior year. Corporate expenses decreased 10% in the period, primarily due to lower deferred compensation costs. Adjusted results exclude the impact of a $43 million non-cash impairment charge in 2014 and the impact of $106 million of restructuring, asset impairment and other charges in 2013. Including these items in both years, operating income increased $246 million, or 6%.
See the section entitled "Segment Results of Operations" for a more in-depth discussion of the revenues, expenses and adjusted operating income for each of the Media Networks and Filmed Entertainment segments.
Net Earnings from Continuing Operations Attributable to Viacom
Adjusted net earnings from continuing operations attributable to Viacom increased $60 million, or 3%, to $2.376 billion in the year ended September 30, 2014. The increase in tax-effected adjusted operating income described above, higher equity in net earnings of investee companies and a lower effective income tax rate were partially offset by an increase in interest expense, reflecting higher levels of debt outstanding, and higher net earnings attributable to noncontrolling interests, which includes the renewal of a content distribution arrangement at a consolidated majority-owned joint venture.
Our effective income tax rate was 31.4% in 2014, as compared with 32.9% in 2013, excluding the impact of discrete tax items. The decrease in the effective income tax rate is principally due to incremental tax benefits associated with qualified production activities, as well as a change in the mix of domestic and international income.
Adjusted diluted EPS from continuing operations increased $0.72 per diluted share to $5.40, reflecting fewer outstanding shares and the impact of higher tax-effected adjusted operating income, partially offset by an increase in interest expense.

In addition to the operating items mentioned above, adjusted net earnings from continuing operations attributable to Viacom exclude a loss on the extinguishment of debt in 2014 and gains from the sales of our 20% interest in HBO Pacific Partners, V.O.F. ("HBO Pacific Partners") and our 22.5% interest in LAPTV, LLC ("LAPTV") in 2013, as well as discrete taxes in both years.
Including these items in both years, net earnings from continuing operations attributable to Viacom decreased $15 million, or 1%, and diluted EPS from continuing operations increased $0.57 per diluted share to $5.43.

Segment Results of Operations

Transactions between reportable segments are accounted for as third-party arrangements for the purposes of presenting segment results of operations. Typical intersegment transactions include the purchase of advertising by the Filmed Entertainment segment on Media Networks' properties and the purchase of Filmed Entertainment's feature films exhibition rights by Media Networks.

Media Networks

	Year Ended September 30,		Better/(Worse)	
(in millions)	2014	2013	$	%
Revenues by Component				
Advertising	$4,953	$4,855	$98	2 %
Affiliate fees	4,660	4,245	415	10
Ancillary	558	556	2	—
Total revenues by component	$10,171	$9,656	$515	5 %
Expenses				
Operating	$3,622	$3,405	$(217)	(6)%
Selling, general and administrative	2,130	2,011	(119)	(6)
Depreciation and amortization	148	144	(4)	(3)
Total expenses	$5,900	$5,560	$(340)	(6)%
Adjusted Operating Income	$4,271	$4,096	$175	4 %

Revenues

Worldwide revenues increased $515 million, or 5%, to $10.171 billion in the year ended September 30, 2014, driven primarily by higher affiliate fees and advertising revenues. Domestic revenues were $8.625 billion, an increase of $361 million, or 4%. International revenues were $1.546 billion, an increase of $154 million, or 11%, with foreign exchange having a 2-percentage point favorable impact.

Advertising

Worldwide advertising revenues increased $98 million, or 2%, to $4.953 billion in the year ended September 30, 2014. Domestic advertising revenues were flat. International advertising revenues increased 20%, including the acquisition of Channel 5, which contributed 6 percentage points. The remaining increase was driven by new channels, including MTV Italy, and European market improvements. Foreign exchange had a 3-percentage point favorable impact on international advertising revenues.

Affiliate Fees

Worldwide affiliate fees increased $415 million, or 10%, to $4.660 billion in the year ended September 30, 2014, primarily driven by rate increases, as well as the benefit of distribution arrangements which are affected by the timing of available programming. Domestic affiliate revenues increased 10%, and international revenues increased 9%. Foreign exchange had a 2-percentage point favorable impact on international affiliate revenues.

Expenses

Media Networks segment expenses increased $340 million, or 6%, to $5.900 billion in the year ended September 30, 2014, driven by higher operating and SG&A expenses.

Operating

Operating expenses increased $217 million, or 6%, to $3.622 billion in the year ended September 30, 2014. Due to our continuing investment in original content, programming costs increased $179 million, or 6%. Distribution and other expenses increased $38 million, or 10%, primarily driven by higher participations expense and costs from new channels in international markets.

Selling, General and Administrative

SG&A expenses increased $119 million, or 6%, to $2.130 billion in the year ended September 30, 2014, principally driven by higher advertising and promotional expenses related to marketing original programming, as well as increased expenses resulting from new channels in international markets.

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Adjusted Operating Income
Adjusted operating income increased $175 million, or 4%, to $4.271 billion in the year ended September 30, 2014, reflecting higher revenues partially offset by higher expenses as discussed above.
Filmed Entertainment

	Year Ended September 30,		Better/(Worse)	
(in millions)	2014	2013	$	%
Revenues by Component				
Theatrical	$1,209	$1,239	$(30)	(2)%
Home entertainment	1,164	1,577	(413)	(26)
License fees	1,115	1,206	(91)	(8)
Ancillary	237	260	(23)	(9)
Total revenues by component	$3,725	$4,282	$(557)	(13)%
Expenses				
Operating	$3,031	$3,516	$485	14 %
Selling, general and administrative	425	443	18	4
Depreciation and amortization	64	89	25	28
Total expenses	$3,520	$4,048	$528	13 %
Adjusted Operating Income	$205	$234	$(29)	(12)%

Revenues
Worldwide revenues decreased $557 million, or 13%, to $3.725 billion in the year ended September 30, 2014, principally due to lower revenues across the distribution windows reflecting the number and mix of films. Domestic revenues were $1.721 billion, a decrease of $300 million, or 15%. International revenues were $2.004 billion, a decrease of $257 million, or 11%, with 1 percentage point of decline resulting from foreign exchange.
Theatrical
Worldwide theatrical revenues decreased $30 million, or 2%, to $1.209 billion in the year ended September 30, 2014. Carryover revenues from the prior period were $55 million lower. Revenues from our current year releases were $25 million higher than the prior year, driven by the mix of titles released. During the year we released eleven films, including Transformers: Age of Extinction, Teenage Mutant Ninja Turtles, Noah, Hercules, Anchorman 2: The Legend Continues, Jackass: Bad Grandpa, The Wolf of Wall Street, Jack Ryan: Shadow Recruit, and Paranormal Activity: The Marked Ones, compared to thirteen films in the prior year. The prior year included the release of World War Z, Star Trek into Darkness and G.I. Joe: Retaliation. Domestic theatrical revenues increased 2% due to the strength of our current year releases, while international revenues decreased 6%. Foreign exchange had a 2-percentage point unfavorable impact on international theatrical revenues.
Home Entertainment
Worldwide home entertainment revenues decreased $413 million, or 26%, to $1.164 billion in the year ended September 30, 2014, driven by lower revenues from our current year releases of $385 million due to the number and mix of titles released and lower carryover and catalog revenues of $28 million. In the current year, we released nine titles, including Transformers: Age of Extinction, Noah, The Wolf of Wall Street, Jackass: Bad Grandpa, Anchorman 2: The Legend Continues, Jack Ryan: Shadow Recruit and Paranormal Activity: The Marked Ones. In the prior year period, we released fourteen titles, including Madagascar 3: Europe's Most Wanted, Star Trek into Darkness, Rise of the Guardians, G.I. Joe: Retaliation and World War Z. Domestic and international home entertainment revenues decreased 32% and 18%, respectively. Foreign exchange had a 1-percentage point unfavorable impact on international home entertainment revenues.
License Fees

License fees decreased $91 million, or 8%, to $1.115 billion in the year ended September 30, 2014, primarily driven by lower international syndication revenues due to mix of available titles.

Ancillary

Ancillary revenues decreased $23 million, or 9%, to $237 million in the year ended September 30, 2014, reflecting a higher benefit from distribution rights sales in the prior year.

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Expenses
Filmed Entertainment segment expenses decreased $528 million, or 13%, to $3.520 billion in the year ended September 30, 2014, primarily driven by lower operating expenses.
Operating
Operating expenses decreased $485 million, or 14%, to $3.031 billion in the year ended September 30, 2014, as a result of the number and mix of films. Distribution and other costs, principally print and advertising expenses, decreased $262 million, or 16%, primarily driven by the number and mix of current year theatrical and home entertainment releases. Film costs decreased $223 million, or 12%, reflecting lower participation costs on third-party distribution arrangements.
Selling, General and Administrative
SG&A expenses decreased $18 million, or 4%, to $425 million in the year ended September 30, 2014, principally driven by lower employee costs.
Adjusted Operating Income
Adjusted operating income was $205 million in the year ended September 30, 2014, compared with $234 million in 2013. The prior year results included the benefit of higher distribution rights sales.
Factors Affecting Comparability
The Consolidated Financial Statements as of and for the three years ended September 30, 2015 reflect our results of operations, financial position and cash flows reported in accordance with GAAP. Results for the aforementioned periods, as discussed in the section entitled "Overview", have been affected by certain items identified as affecting comparability. Accordingly, when applicable, we use adjusted measures to evaluate our actual operating performance.

The following tables reconcile our adjusted measures to our reported results for the three years ended September 30, 2015. The tax impacts included in the tables have been calculated using the rates applicable to the adjustments presented.
2015

	Year Ended September 30, 2015			
(in millions, except per share amounts)	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results	$3,112	$2,503	$1,922	$4.73
Factors Affecting Comparability:				
Restructuring and programming charges	784	784	520	1.28
Loss on pension settlement	24	24	15	0.04
Loss on extinguishment of debt	—	18	11	0.03
Discrete tax benefits	—	—	(258)	(0.64)
Adjusted results	$3,920	$3,329	$2,210	$5.44

Restructuring and programming charges: We recognized pre-tax charges of $784 million, reflecting $578 million of programming charges and a $206 million restructuring charge associated with workforce reductions. See Note 14 of the Consolidated Financial Statements for additional information.
Loss on pension settlement: The pre-tax non-cash charge of $24 million was driven by the settlement of pension benefits of certain participants of our funded pension plan.

Loss on extinguishment of debt: In September 2015, we redeemed $550 million of the total $918 million outstanding of our 6.250% Senior Notes due April 2016, at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling $568 million, and accrued interest of $14 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of $18 million.

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Discrete tax benefits: During 2015, we reorganized certain non-U.S. subsidiaries in order to facilitate a more efficient movement of non-U.S. cash and to support the expansion of key areas for growth internationally. The net discrete tax benefits are principally related to excess foreign tax credits attributable to a taxable repatriation of non-U.S. earnings from reorganized entities and the release of tax reserves with respect to certain effectively settled tax positions. Our effective income tax rate was 31.2% in 2015, excluding the impact of discrete tax items. Discrete tax benefits of $258 million, taken together with the other factors affecting comparability discussed above, contributed 11.2 percentage points of benefit to the effective tax rate, which reconciles to the reported effective rate of 20.0%.

2014

	Year Ended September 30, 2014			
(in millions, except per share amounts)	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results	$4,082	$3,514	$2,392	$5.43
Factors Affecting Comparability:				
Asset impairment	43	43	26	0.06
Loss on extinguishment of debt	—	11	7	0.02
Discrete tax benefits	—	—	(49)	(0.11)
Adjusted results	$4,125	$3,568	$2,376	$5.40

Asset impairment: As a result of strategic decisions made by us resulting in channel realignment in several international markets, we recorded a non-cash pre-tax impairment charge of $43 million related to an international trade name at Media Networks.

Loss on extinguishment of debt: In April 2014, we redeemed all $600 million of our outstanding 4.375% Senior Notes due September 2014 at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling $611 million, and accrued and unpaid interest of $1 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of $11 million.

Discrete tax benefits: Our net discrete tax benefits are principally related to the reversal of deferred taxes on earnings deemed permanently reinvested and the recognition of capital loss carryforwards. Our effective income tax rate was 31.4% in 2014, excluding the impact of discrete tax items. Discrete tax benefits of $49 million, taken together with the other factors affecting comparability discussed above, contributed 1.5 percentage points of benefit to the effective tax rate, which reconciles to the reported effective rate of 29.9%.

2013

	Year Ended September 30, 2013			
(in millions, except per share amounts)	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported results	$3,836	$3,519	$2,407	$4.86
Factors Affecting Comparability:				
	106	106	74	0.15

Restructuring, asset impairment and other charges				
Gain on sale of HBO Pacific Partners and LAPTV	—	(111)	(111)	(0.22)
Discrete tax benefits	—	—	(54)	(0.11)
Adjusted results	$3,942	$3,514	$2,316	$4.68

Restructuring, asset impairment and other charges: During 2013, we approved a restructuring plan which included severance charges of $86 million ($61 million at Media Networks and $25 million at Filmed Entertainment). We also incurred a $7 million intangible asset impairment charge resulting from the decision to abandon the asset and $13 million of charges related to management's decision to cease use of certain original and acquired programming on one of our Media Networks channels.

Gain on sale of HBO Pacific Partners and LAPTV: In 2013, we completed the sales of our 20% interest in HBO Pacific Partners and our 22.5% interest in LAPTV, partnerships that own pay television channels under various brand names and that were accounted for under the equity method. The sales resulted in aggregate total proceeds of $124 million and gain of $111 million. The tax provision associated with the gains was offset by the reversal of a valuation allowance on capital loss carryforwards.

Discrete tax benefits: Our net discrete tax benefits principally reflect the release of tax reserves with respect to certain effectively settled tax positions, as well as the recognition of certain capital loss carryforward and tax credit benefits. Our effective income tax rate was 32.9% in 2013, excluding the impact of discrete tax items. Discrete tax benefits of $54 million, taken together with the effective income tax rate impact of the other factors affecting comparability discussed above, contributed 2.5 percentage points of benefit to the effective tax rate, which reconciles to the reported effective tax rate of 30.4%.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Sources and Uses of Cash

Our primary source of liquidity is cash provided through the operations of our businesses. We have access to external financing sources such as our $2.5 billion five-year revolving credit facility and the capital markets. Our principal uses of cash from operations include the creation of new programming and film content, acquisitions of third-party content, and interest and income tax payments. We also use cash for discretionary share repurchases under our stock repurchase program, as deemed appropriate, as well as quarterly cash dividends, capital expenditures and acquisitions of businesses.

The Media Networks segment consistently generates a significant percentage of our cash flow from operating activities. Advertising is generally purchased by large media buying agencies and our affiliate fees are earned from cable and satellite television operators and other distributors. The Filmed Entertainment segment's operational results and ability to generate cash flow from operations substantially depend on the number and timing of films in development and production, the level and timing of print and advertising costs and the public's response to our theatrical film and home entertainment releases. In general, our segments require relatively low levels of capital expenditures in relation to our annual cash flow from operations. This contributes to our ability to generate cash flow for future investment in our content and business operations, which we expect to be able to maintain over time.

We use commercial paper borrowings, backstopped by our credit facility, to fund short-term domestic liquidity needs principally driven by the timing of our domestic operating cash flows and the amount of share repurchases in the period. Our cash and cash equivalents totaled $506 million as of September 30, 2015, of which $446 million was held by our foreign subsidiaries and is substantially all deemed permanently reinvested in our foreign operations. While we currently do not intend or foresee a need for repatriating funds held in our foreign subsidiaries, should we require additional capital in the United States ("U.S."), we could elect to repatriate these funds or access external financing. Repatriating funds could result in a higher effective tax rate and cash taxes paid.

We believe that our cash flows from operating activities together with our credit facility provide us with adequate resources to fund our anticipated ongoing cash requirements. We anticipate that future debt maturities will be funded with cash and cash equivalents, cash flows from operating activities and future access to capital markets, including our credit facility.

We may continue to access external financing from time to time depending on our cash requirements, assessments of current and anticipated market conditions and after-tax cost of capital. Our access to capital markets can be impacted by factors outside our control, including economic conditions; however, we believe that our strong cash flows and balance sheet, our credit facility and our credit rating will provide us with adequate access to funding given our expected cash needs. Any new borrowing cost would be affected by market conditions and short and long-term debt ratings assigned by independent rating agencies, and there can be no assurance that we will be able to access capital markets on terms and conditions that will be favorable to us.

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Cash Flows
The net change in cash and cash equivalents for each of the years ended September 30, 2015, 2014 and 2013 is detailed below:

Cash Flows (in millions)	Year Ended September 30, 2015	2014	2013
Cash provided by operations	$2,313	$2,597	$3,083
Net cash flow used in investing activities	(257)	(855)	(335)
Net cash flow used in financing activities	(2,477)	(3,100)	(1,159)
Effect of exchange rate changes on cash and cash equivalents	(73)	(45)	(34)
Net change in cash and cash equivalents	$(494)	$(1,403)	$1,555

Operating Activities
Cash provided by operations was $2.313 billion in 2015, a decrease of $284 million compared with 2014. The decrease primarily reflects an increase in programming spending, partially offset by lower income tax payments.
Cash provided by operations was $2.597 billion in 2014, a decrease of $486 million compared with 2013. The decrease is primarily driven by higher income tax payments.
See Note 17 of the Consolidated Financial Statements for more information regarding income tax payments.
Investing Activities
Cash used in investing activities was $257 million in 2015, principally reflecting capital expenditures and our investment in Prism TV Private Limited.
Cash used in investing activities was $855 million in 2014, principally reflecting the purchase price for the acquisition of Channel 5 and capital expenditures.
Cash used in investing activities was $335 million in 2013, which included payments related to the earn-out dispute with the former shareholders of a discontinued operation and capital expenditures, partially offset by $124 million of proceeds received from the sales of our investments in HBO Pacific Partners and LAPTV.
Financing Activities
Cash used in financing activities was $2.477 billion in 2015, primarily driven by the settlement of share repurchases totaling $1.548 billion, dividend payments of $564 million and net payments of $410 million from debt transactions. Proceeds of $990 million from the issuance of senior notes and debentures with an aggregate face value of $1.0 billion were more than offset by debt repayments of $1.400 billion.
Cash used in financing activities was $3.100 billion in 2014, driven by the settlement of share repurchases totaling $3.529 billion and dividend payments of $541 million, partially offset by net proceeds of $884 million from debt transactions. Proceeds of $1.484 billion from the issuance of senior notes and debentures with an aggregate face value of $1.5 billion were partially offset by the debt extinguishment payment of $600 million.
Cash used in financing activities was $1.159 billion in 2013, driven by the settlement of share repurchases totaling $4.664 billion and dividend payments of $555 million, partially offset by the issuance of senior notes and debentures for aggregate net cash proceeds of $3.732 billion, stock option proceeds of $403 million and $97 million from excess tax benefits, which represents the actual tax deductions in excess of amounts previously recognized.
In May 2015, we increased our quarterly dividend to $0.40 per share of Class A and Class B common stock from $0.33 per share, beginning with the dividend paid on July 1, 2015.

Capital Resources
Capital Structure and Debt
At September 30, 2015, total debt was $12.285 billion, a decrease of $414 million from $12.699 billion at September 30, 2014.
The decrease in debt reflects the impact of the repayment of senior notes, partially offset by new issuances of senior notes and debentures.

Debt (in millions)	September 30, 2015	2014
Senior notes and debentures	$12,142	$12,531
Capital leases and other obligations	143	168
Total debt	$12,285	$12,699

Amounts classified in the current portion of debt consist of the portion of capital leases and other obligations payable in the next twelve months.
Senior Notes and Debentures
In December 2014, we issued a total of $1.0 billion of senior notes and debentures as follows:

- 2.750% Senior Notes due December 2019 with an aggregate principal amount of $400 million at a price equal to 99.986% of the principal amount.
- 4.850% Senior Debentures due December 2034 with an aggregate principal amount of $600 million at a price equal to 99.543% of the principal amount.

The proceeds, net of the discount and other issuance fees and expenses, from the issuance of the senior notes and debentures were $990 million. We utilized a portion of the proceeds for the repayment of the $600 million aggregate principal amount of our 1.250% Senior Notes due February 2015. We utilized the remaining proceeds for general corporate purposes, including the repurchase of shares under our stock repurchase program.
In September 2015, we repaid the $250 million aggregate principal amount of our 4.250% Senior Notes. We also redeemed $550 million of the total $918 million outstanding of our 6.250% Senior Notes due April 2016 (the "April 2016 Notes"), at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling $568 million, and accrued interest of $14 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of $18 million. The remaining portion of the April 2016 Notes are classified as long-term debt as we have the intent as well as the ability, through utilization of our $2.5 billion revolving credit facility, to refinance this debt.
Our outstanding senior notes and debentures provide for certain covenant packages typical for an investment grade company. There is one acceleration trigger for certain of the senior notes and debentures in the event of a change in control under certain specified circumstances coupled with ratings downgrades due to the change in control.
At September 30, 2015 and 2014, the total unamortized discount and issuance fees and expenses related to the fixed rate senior notes and debentures was $478 million and $489 million, respectively.
Credit Facility: In November 2014, we amended our revolving credit agreement, originally dated as of October 8, 2010, to, among other things, extend the maturity date of the $2.5 billion revolving credit facility from November 9, 2017 to November 18, 2019. The credit facility is used for general corporate purposes and to support commercial paper outstanding, if any. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 0.75% to 1.75% based on our current public debt rating. At September 30, 2015 and 2014, there were no amounts outstanding under the credit facility. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of September 30, 2015.
Commercial Paper: At September 30, 2015 and 2014 there was no commercial paper outstanding. The average commercial paper outstanding for the twelve months ending September 30, 2015, was $1.2 billion, which had a

weighted average interest rate of 0.44%.

Stock Repurchase Program: During 2015, we repurchased 21.1 million shares of Class B common stock for an aggregate price of $1.5 billion. From October 1, 2015 through November 11, 2015, we repurchased an additional 1.3 million shares for an aggregate purchase price of $60 million, leaving $4.9 billion of remaining capacity under our program. Share repurchases under the program are expected to be funded through a combination of debt and cash generated by operations, as deemed appropriate. During 2014 and 2013, we repurchased 40.7 million and 69.2 million shares for an aggregate price of $3.4 billion and $4.8 billion, respectively.

Commitments and Contingencies

Our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years. Additionally, we are subject to a redeemable put option (see Note 10 to our Consolidated Financial Statements).

Guarantees: In the course of our business, we both provide and receive the benefit of indemnities that are intended to allocate certain risks associated with business transactions. Similarly, we may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification agreement.

Leases - We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. (“Famous Players”). In addition, we have certain indemnities provided by the acquirer of Famous Players.

Other - We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business.

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

See Note 11 of the Consolidated Financial Statements for additional information related to our guarantees and legal matters.

Film Financing Arrangements: From time to time we enter into film financing arrangements that involve the sale of a partial copyright interest in a film to third-party investors. Since the investors typically have the risks and rewards of ownership proportionate to their ownership in the film, we generally record the amounts received for the sale of copyright interest as a reduction of the cost of the film and related cash flows are reflected in net cash flow from operating activities. We also enter into collaborative arrangements with other studios to jointly finance and distribute theatrical productions (“co-financing arrangements”). A co-financing arrangement typically involves joint ownership of the film asset with each partner responsible for distribution of the film in specific territories. The partners share in the profits and losses of the film in accordance with their respective ownership interest.

Contractual Obligations

Our contractual obligations include amounts reflected on our balance sheet, as well as off-balance sheet arrangements. At September 30, 2015, our significant contractual obligations, including payments due for the next five fiscal years and thereafter, were as follows:

Contractual Obligations (in millions)	Total	1 year	2-3 years	4-5 years	After 5 years
Off-balance Sheet Arrangements					
Programming and talent commitments (1)	$1,907	$730	$863	$219	$95
Operating leases (2)	1,887	237	403	212	1,035
Purchase obligations (3)	1,121	518	376	179	48
On-Balance Sheet Arrangements					
Capital lease obligations (4)	108	22	46	33	7
Debt	12,620	368	1,900	1,350	9,002
Interest payments	8,941	581	1,068	931	6,361
Other long-term obligations (5)	$2,270	$1,563	$588	$108	$11

(1) Programming and talent commitments include $1.5 billion relating to media networks programming and $425 million for talent contracts.

(2) Operating leases include long-term non-cancelable operating lease commitments for office space, equipment, transponders, studio facilities and vehicles.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

(4) Capital lease obligations include capital leases for satellite transponders.

(5) Other long-term obligations principally consist of participations, residuals and programming obligations for content that is available for airing.

Note: Not included in the amounts above are payments which may result from our defined benefit pension plans of $444 million, unrecognized tax benefits of $214 million, including interest and penalties, interest payments to be made under our credit facility, $219 million of redeemable noncontrolling interest and lease indemnification obligations of approximately $274 million. The amount and timing of payments with respect to these items are subject to a number of uncertainties such that we are unable to make sufficiently reliable estimations of future payments.

MARKET RISK

We are exposed to market risk related to foreign currency exchange rates and interest rates. We use or expect to use derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure, and we do not hold or enter into financial instruments for speculative trading purposes.

Foreign Exchange Risk

We conduct business in various countries outside the U.S., resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. Dollar.

We use foreign currency forward contracts to economically hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Indian Rupee, the Euro, the Brazilian Real, the Japanese Yen, the Australian Dollar, the Singapore Dollar and the Canadian Dollar. We also enter into forward contracts to hedge future production costs or programming obligations. The change in fair value of non-designated foreign exchange contracts is included in current period earnings as part of Other items, net in the Consolidated Statements of Earnings. We manage the use of foreign exchange derivatives centrally.

At September 30, 2015 and 2014, the notional value of all foreign exchange contracts was $1.040 billion and $628 million, respectively. In 2015, $769 million related to our foreign currency balances and $271 million related to future production costs. In 2014, $390 million related to our foreign currency balances, $154 million related to anticipated investing cash flows and $84 million related to future production costs.

Interest Rate Risk
A portion of our interest expense is exposed to movements in short-term rates. Also, interest expense for future long-term debt issues is exposed to movements in long-term rates. Interest rate hedges may be used to modify both of these exposures at our discretion. There were no interest rates hedges outstanding at September 30, 2015 and 2014. Since the majority of our debt is fixed rate, we do not expect that a 1% increase or decrease in the level of interest rates would have a material impact on our Consolidated Financial Statements.
Viacom has issued senior notes and debentures that, at September 30, 2015, had an outstanding balance of $12.1 billion and an estimated fair value of $12.0 billion. A 1% increase or decrease in the level of interest rates would decrease or increase the fair value of the senior notes and debentures by approximately $854 million and $993 million, respectively.
Credit Risk
We continually monitor our positions with, and credit quality of, our customers and the financial institutions that are counterparties to our financial instrument agreements. We are exposed to credit loss in the event of nonpayment by our customers and nonperformance by the counterparties to our financial instrument agreements. However, we do not anticipate nonperformance by the counterparties to our financial instrument agreements and we believe our allowance for doubtful accounts is sufficient to cover any anticipated nonpayment by our customers.
CRITICAL ACCOUNTING POLICIES AND ESTIMATES
The preparation of our financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, which are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates.
Our critical accounting policies are those that are considered by management to require significant judgment and use of estimates and that could have a significant impact on our financial statements. An understanding of our critical accounting policies is necessary to analyze our financial results. Our critical accounting policies include our accounting for original production costs, acquired programming rights, multiple-element arrangements, revenue allowances, income taxes and goodwill and other intangible assets. The risks and uncertainties involved in applying our critical accounting policies are provided below. Unless otherwise noted, we applied our critical accounting policies and estimation methods consistently in all material respects and for all periods presented, and have discussed such policies with our Audit Committee. For a summary of our significant accounting policies see Note 2 of the Consolidated Financial Statements.
Original Production Costs
We capitalize original programming and feature film costs, on a title-specific basis, as Inventory, net in the Consolidated Balance Sheets. We use an individual-film-forecast-computation method to amortize original production costs and to accrue estimated liabilities for residuals and participations over the applicable title's life cycle based upon the ratio of current period to estimated remaining total gross revenues ("ultimate revenues") for each title. The estimate of ultimate revenues impacts the timing of amortization and accrual of residuals and participations.
Our estimate of ultimate revenues for feature films includes revenues from all sources that are estimated to be earned within ten years from the date of a film's initial theatrical release. For acquired film libraries, our estimate of ultimate revenues is for a period within 20 years from the date of acquisition. Prior to the release of a feature film and throughout its life, we estimate the ultimate revenues based on the historical performance of similar content, as well as incorporating factors of the content itself, including, but not limited to, the expected number of theaters and markets in which the original content will be released, the genre of the original content and the past box office performance of the lead actors and actresses. We believe the most sensitive factor affecting our estimate of ultimate revenues for films

intended for theatrical release is domestic theatrical exhibition, as subsequent markets have historically exhibited a high correlation to domestic theatrical performance. Upon a film's release and determination of domestic theatrical performance, our estimates of revenues from succeeding windows and markets are revised based on historical relationships and an analysis of current market trends. The most sensitive factor affecting our estimates for films subsequent to their initial release is the extent of home entertainment sales achieved. In addition to theatrical performance, home entertainment sales vary based on a variety of factors including demand for our titles, the volume and quality of competing home entertainment products, marketing and promotional strategies, as well as economic conditions.

Upon a film's initial release we update our estimate of ultimate revenues based on expected future and actual results. We also review and revise estimates of ultimate revenue and participation costs as of each reporting date to reflect the most current available information. If estimates for a film are revised, the difference between amortization expense determined using the new estimate and any amounts previously expensed during that fiscal year are charged or credited to our Consolidated Statement of Earnings in the quarter in which the estimates are revised.

For original programming, capitalized program costs are amortized over the projected useful life of the programming, depending on genre and historical experience, beginning with the month of initial exhibition. The most sensitive factor affecting ultimate revenues is ratings, which are an indication of audience acceptance and directly impact the level of advertising revenues we will be able to generate during the airing of the programming. Poor ratings may result in abandonment of a program, which would require the immediate write-off of any unamortized production costs.

If we believe that the release of our content will not be or has not been favorably received, then we would assess whether the fair value of such content is less than the unamortized portion of its capitalized costs and, if need be, recognize an impairment charge for the amount by which the unamortized capitalized costs exceed the fair value. We utilize the individual-film-forecast-computation method (adjusted to incorporate revenue and related costs, including future exploitation costs, if any, expected to occur in periods beyond 10 years from the date of a film's initial release) to develop the cash flows which are subsequently discounted to compute the fair value of a title that is being assessed for impairment. The discount rate utilized takes into account the time value of money as well as a risk premium. The risk premium reflects the uncertainties of realizing the expected cash flows of a title which is impacted by the title's position within its product life cycle.

Acquired Programming Rights

We report an asset and liability for the rights acquired and obligations incurred at the commencement of the licensing period when the cost of the programming is known or reasonably determinable, the program material has been accepted and the programming is available for airing. The asset is amortized to operating expenses over the license period or projected useful life of the programming, if shorter, commencing upon availability, based on estimated future airings. If initial airings are expected to generate higher revenues an accelerated method of amortization is used. Determining factors used in estimating the useful life of programming include the expected number of future airings, which may differ from the contracted number of airings, the length of the license period and expected future revenues to be generated from the programming. The cost basis of acquired programming is the capitalized cost of each program and is equal to the cost of the programming pursuant to the license agreement less the cumulative amortization recorded for the program. Capitalized costs of rights to program materials are reported in our Consolidated Balance Sheets at the lower of unamortized cost or estimated net realizable value. We evaluate net realizable value of acquired rights programming quarterly on a daypart basis. A daypart is defined as an aggregation of programs broadcast during a particular time of day or an aggregation of programs of a similar type. We aggregate similar programming based on the specific demographic targeted by each respective program service. Net realizable value is determined by estimating advertising revenues to be derived from the future airing of the programming within the daypart as well as an allocation of affiliate fee revenue to programming. An impairment charge may be necessary if our estimates of future cash flows of similar programming are insufficient or if programming is abandoned.

Multiple-Element Arrangements

We enter into arrangements under which we perform multiple revenue-generating activities. We must allocate consideration to separate units of account in the arrangement, which could impact the timing of revenue recognition. Advertising revenues are principally generated from the sale of advertising time comprised of multiple commercial units. Each advertising spot comprises a deliverable for accounting purposes. Consideration for these arrangements is allocated among the individual advertising spots based on relative fair value using Viacom-specific prices.

Certain arrangements include multiple programs made available to distributors on one or more dates for a fixed fee. Consideration for such arrangements is allocated among the programs based on relative fair value using management's best estimate considering viewing performance and other factors.

Revenue Allowances

In accordance with the accounting guidance related to revenue recognition when a right of return exists, revenue allowances are recorded to adjust amounts originally invoiced to the estimated net realizable value of a particular product. Upon the sale of home entertainment products to wholesalers and retailers, we record a reduction of revenue for the impact of estimated future returns, rebates and other incentives (“estimated returns”). In determining estimated returns, we consider numerous sources of qualitative and quantitative evidence including forecasted sales data, customers’ rights of return, units shipped and units remaining at retail, historical return rates for similar product, current economic trends, competitive environment, promotions and sales strategies.

Forecasted sales data is determined by comparing a particular release to product that has similar characteristics where applicable, such as franchise, genre, box office levels and release patterns, using regression analysis, decay rates and other tools. Based on the results of this analysis and the sales strategies to be used for the release, we reserve an appropriate percentage of each dollar of product revenue on a title taking into consideration the qualitative and quantitative factors described above. Forecasted sales data is reviewed and updated throughout each quarter and is consistent with the projections of ultimate revenues used in applying the individual-film-forecast-computation method to amortize our film costs. Accordingly, a change in forecasted sales affects both the revenue allowance and related expenses. Actual sell-through data is reviewed as it becomes available against the forecasted sales data to ensure that estimates continue to be consistent with actual sales performance.

Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue and related expenses in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue and related expenses in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for home entertainment products would have a $12 million impact on our total revenue for the year ended September 30, 2015. This revenue impact would be partially offset by a corresponding impact on related expenses depending on the margin associated with a specific film and other factors.

We also continually evaluate accounts receivable and establish judgments as to their ultimate collectability. Judgments and estimates involved include an analysis of specific risks on a customer-by-customer basis for larger accounts and an analysis of actual historical write-off experience in conjunction with the length of time the receivables are past due. Using this information, management reserves an amount that is estimated to be uncollectible. An incremental change of 1% in our allowance for uncollectible accounts relative to our trade accounts receivables would have a $25 million impact on our operating results for the year ended September 30, 2015.

Income Taxes

Significant judgment is required in determining our annual provision for income taxes and evaluating our income tax positions. Our tax rates are impacted by the tax laws, regulations and policies in federal, state and local and international territories where our businesses operate. Changes to these laws and regulations and uncertainty generated by the prospect of future tax legislation may also affect our income tax positions, in addition to other factors, including our global mix of earnings, acquisitions and dispositions, as well as the tax characteristics of our income. In determining our income tax provisions on a jurisdiction basis, we are required to make judgments on the need to record deferred tax assets and liabilities, including the realizability of deferred tax assets. A valuation allowance for deferred tax assets is established if it is more likely than not that a deferred tax asset will not be realized. In evaluating uncertain tax positions, we make determinations of the application of complex tax rules, regulations and practices. We evaluate our uncertain tax positions quarterly based on many factors including, but not limited to, new facts, changes in tax law and information received from regulators. A change in any one of these factors could change our evaluation of an existing uncertain tax position, resulting in the recognition of an additional charge or benefit to our income tax provision in the period and may result in fluctuations in our effective income tax rate. Additionally, our income tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our income tax provisions. The resolution of audit issues and income tax positions taken may take extended periods of time due to the length of examinations by tax authorities and the possible extension of statutes of limitations.

A 1% change in our effective income tax rate, excluding discrete items, would result in additional income tax expense of approximately $33 million for the year ended September 30, 2015.

We permanently reinvest the earnings of substantially all of our foreign subsidiaries outside the United States. We do not provide for U.S. taxes on earnings of our foreign subsidiaries for which the earnings are permanently reinvested.

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Goodwill

Goodwill at September 30, 2015 relates to our reporting units Music & Entertainment ($3.5 billion), Kids & Family ($3.7 billion), BET Networks ($2.7 billion) and Paramount ($1.6 billion). We have elected to perform the two-step quantitative goodwill impairment test in 2015. We test goodwill for impairment on August 31 of each year. The first step of a quantitative goodwill impairment test is to identify a potential impairment by comparing the fair value of a reporting unit with its carrying amount. The second step, if necessary, compares the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

The estimates of fair value of a reporting unit are determined based on a discounted cash flow analysis. A discounted cash flow analysis requires us to make various judgmental assumptions, including assumptions about the timing and amount of future cash flows, growth rates and discount rates. Given the inherent uncertainty in determining these assumptions, actual results may differ from those used in our valuations. To facilitate a better understanding of how these valuations are determined, a discussion of our significant assumptions, including a sensitivity analysis with respect to their impact on the estimated value of our reporting units, is provided below.

The assumptions about future cash flows and growth rates are based on the budget and long-term business plans of each reporting unit. Such assumptions take into account numerous factors including historical experience, anticipated economic conditions, advertising sales and ratings trends, terms of affiliate license arrangements and anticipated terms of renewals, projected costs for production and programming, number and expected financial performance of films expected to be produced and distributed each year and changes in the reporting unit cost structures.

Discount rate assumptions for each reporting unit take into account our assessment of the risks inherent in the future cash flows of the respective reporting unit and our weighted-average cost of capital. We also review marketplace data to assess the reasonableness of our computation of Viacom’s overall weighted-average cost of capital and, when available, the discount rates utilized for each of our reporting units.

In determining the fair value of our reporting units, we used the following assumptions:

- Expected cash flows underlying our business plans for the periods 2016 through 2020.
- Cash flows beyond 2020 are projected to grow at a perpetual growth rate, which we estimated at between 2.5% and 3%.
- In order to risk adjust the cash flow projections in determining fair value, we utilized a discount rate of approximately 7.5% to 9.5% for each of our reporting units.

Based on our assessment using the assumptions described above, a hypothetical 20% reduction in the estimated fair value in each of our reporting units would not result in an impairment condition.

We have performed a sensitivity analysis to illustrate the impact of changes in assumptions underlying the first step of the impairment test. Based on our assessment:

- a one percentage point decrease in the growth rate of cash flow over the periods 2016 through 2020 would reduce the indicated fair value of our reporting units by a range of approximately 3% to 5% and would not result in an impairment of any reporting unit;
- a one percentage point decrease in the perpetual growth rate would reduce the indicated fair value of each of our reporting units by a range of approximately 12% to 14% and would not result in an impairment of any reporting unit; and
- a one percentage point increase in the discount rate would reduce the indicated fair value of each of our reporting units by a range of approximately 15% to 16% and would not result in an impairment of any reporting unit.

Finite-Lived Intangible Assets

We evaluate whether there has been an impairment of finite-lived intangible assets if a triggering event indicates that an impairment may exist. The impairment test employed for finite-lived intangible assets (e.g., broadcast license, trade names and customer lists) first requires a comparison of undiscounted future cash flows against the carrying value of the asset. If the carrying value exceeds the undiscounted cash flows, the asset would be written down to its fair value. Significant judgments in this area involve determining whether a triggering event has occurred, the determination of the cash flows for the assets involved and the discount rate to be applied in determining fair value. See Notes 14 and 19 of the Consolidated Financial Statements for information on intangible asset impairments in 2014 and 2013.

OTHER MATTERS

Related Parties

In the ordinary course of business we enter into transactions with related parties, including National Amusements, Inc., CBS, their respective subsidiaries and affiliates, and companies that we account for under the equity method of accounting. See Note 20 to the Consolidated Financial Statements for details regarding the related party transactions and their impact on the Financial Statements.

Agreements with CBS Corporation

In connection with our separation from CBS, effective as of January 1, 2006 (the "separation"), we and CBS entered into a Separation Agreement, a Transition Services Agreement and a Tax Matters Agreement, as well as certain other agreements to govern the terms of the separation and certain of the ongoing relationships between CBS and us after the separation. These related party arrangements are more fully described below.

Pursuant to the Separation Agreement, each company is obligated to indemnify the other company and the other company's officers, directors and employees for any losses arising out of its failure to perform or discharge any of the liabilities it assumed pursuant to the Separation Agreement, including with respect to certain legal matters, its businesses as conducted as of the date of the separation and its breaches of shared contracts.

Subject to limited exceptions, the Separation Agreement provides that none of Viacom, any subsidiary of Viacom or any person that is controlled by Viacom after the separation will own or acquire an interest in a radio or television broadcast station, television broadcast network or daily newspaper, if such ownership or acquisition would (i) cause CBS, any subsidiary of CBS or any entity controlled by CBS after the date of the separation to be in violation of U.S. federal laws limiting the ownership or control of radio broadcast stations, television broadcast stations and/or television broadcast networks or (ii) limit in any manner at any time under such laws CBS's ability to acquire additional interests in a radio or television broadcast station and/or television broadcast network. These restrictions will terminate when none of Mr. Redstone, NAI, NAIRI Inc. or any of their successors, assigns or transferees are deemed to have interests in both CBS and Viacom that are attributable under applicable U.S. federal laws.

The Separation Agreement also provides that neither Viacom, any subsidiary of Viacom or any person controlled by Viacom nor CBS, any subsidiary of CBS or any person controlled by CBS will acquire any asset, enter into any agreement or accept or agree to any condition that purports to bind, or subjects to a legal order, the other company, its subsidiaries or any person it controls without such other party's written consent.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Disclosures on our market risk are included in "Management's Discussion and Analysis of Results of Operations and Financial Condition – Market Risk."

Item 8. Financial Statements and Supplementary Data.
Index to financial statements and supplementary data:

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has prepared and is responsible for our consolidated financial statements and related notes. Management is also responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Viacom Inc. and its subsidiaries' (the "Company") internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our personal participation, we conducted an assessment of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that as of September 30, 2015, Viacom maintained effective internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of September 30, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

VIACOM INC.

By:	/S/ PHILIPPE P. DAUMAN Philippe P. Dauman President and Chief Executive Officer
By:	/S/ WADE DAVIS Wade Davis Executive Vice President, Chief Financial Officer
By:	/S/ KATHERINE GILL-CHAREST Katherine Gill-Charest Senior Vice President, Controller (Chief Accounting Officer)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of Viacom Inc.
November 12, 2015
In our opinion, the consolidated financial statements listed in the index appearing under Item 8 present fairly, in all material respects, the financial position of Viacom Inc. and its subsidiaries (the “Company”) at September 30, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2015, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 8 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.
A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
/s/ PricewaterhouseCoopers LLP
New York, New York

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VIACOM INC.
CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended September 30,		
(in millions, except per share amounts)	2015	2014	2013
Revenues	$13,268	$13,783	$13,794
Expenses:			
Operating	6,868	6,542	6,799
Selling, general and administrative	2,860	2,899	2,829
Depreciation and amortization	222	217	237
Asset impairment	—	43	7
Restructuring	206	—	86
Total expenses	10,156	9,701	9,958
Operating income	3,112	4,082	3,836
Interest expense, net	(657)	(615)	(464)
Equity in net earnings of investee companies	102	69	41
Loss on extinguishment of debt	(18)	(11)	—
Other items, net	(36)	(11)	106
Earnings from continuing operations before provision for income taxes	2,503	3,514	3,519
Provision for income taxes	(501)	(1,050)	(1,070)
Net earnings from continuing operations	2,002	2,464	2,449
Discontinued operations, net of tax	—	(1)	(12)
Net earnings (Viacom and noncontrolling interests)	2,002	2,463	2,437
Net earnings attributable to noncontrolling interests	(80)	(72)	(42)
Net earnings attributable to Viacom	$1,922	$2,391	$2,395
Amounts attributable to Viacom:			
Net earnings from continuing operations	$1,922	$2,392	$2,407
Discontinued operations, net of tax	—	(1)	(12)
Net earnings attributable to Viacom	$1,922	$2,391	$2,395
Basic earnings per share attributable to Viacom:			
Continuing operations	$4.78	$5.54	$4.95
Discontinued operations	—	(0.01)	(0.02)
Net earnings	$4.78	$5.53	$4.93
Diluted earnings per share attributable to Viacom:			
Continuing operations	$4.73	$5.43	$4.86
Discontinued operations	—	—	(0.02)
Net earnings	$4.73	$5.43	$4.84
Weighted average number of common shares outstanding:			
Basic	402.2	432.1	486.2
Diluted	406.0	440.2	494.8
Dividends declared per share of Class A and Class B common stock	$1.46	$1.26	$1.15

See accompanying notes to Consolidated Financial Statements

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VIACOM INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30,		
(in millions)	2015	2014	2013
Net earnings (Viacom and noncontrolling interests)	$2,002	$2,463	$2,437
Other comprehensive income/(loss), net of tax:			
Foreign currency translation adjustments	(237)	(85)	(42)
Defined benefit pension plans	(7)	(104)	190
Cash flow hedges	1	(2)	9
Available for sale securities	—	—	3
Other comprehensive income/(loss) (Viacom and noncontrolling interests)	(243)	(191)	160
Comprehensive income	1,759	2,272	2,597
Less: Comprehensive income attributable to noncontrolling interests	78	73	39
Comprehensive income attributable to Viacom	$1,681	$2,199	$2,558

See accompanying notes to Consolidated Financial Statements

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VIACOM INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except par value)	September 30, 2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$506	$1,000
Receivables, net	2,807	3,066
Inventory, net	786	846
Prepaid and other assets	559	340
Total current assets	4,658	5,252
Property and equipment, net	947	1,016
Inventory, net	3,616	3,897
Goodwill	11,456	11,535
Intangibles, net	340	399
Other assets	1,200	948
Total assets	$22,217	$23,047
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$506	$475
Accrued expenses	748	969
Participants' share and residuals	860	993
Program obligations	703	703
Deferred revenue	481	350
Current portion of debt	18	18
Other liabilities	538	427
Total current liabilities	3,854	3,935
Noncurrent portion of debt	12,267	12,681
Participants' share and residuals	351	403
Program obligations	356	459
Deferred tax liabilities, net	223	266
Other liabilities	1,348	1,340
Redeemable noncontrolling interest	219	216
Commitments and contingencies (Note 11)		
Viacom stockholders' equity:		
Class A common stock, par value $0.001, 375.0 authorized; 50.1 and 50.9 outstanding, respectively	—	—
Class B common stock, par value $0.001, 5,000.0 authorized; 348.0 and 363.3 outstanding, respectively	—	—
Additional paid-in capital	10,017	9,772
Treasury stock, 398.0 and 377.0 common shares held in treasury, respectively	(20,725)	(19,225)
Retained earnings	14,780	13,465
Accumulated other comprehensive loss	(534)	(293)
Total Viacom stockholders' equity	3,538	3,719
Noncontrolling interests	61	28
Total equity	3,599	3,747
Total liabilities and equity	$22,217	$23,047

See accompanying notes to Consolidated Financial Statements

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VIACOM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30,		
(in millions)	2015	2014	2013
OPERATING ACTIVITIES			
Net earnings (Viacom and noncontrolling interests)	$2,002	$2,463	$2,437
Discontinued operations, net of tax	—	1	12
Net earnings from continuing operations	2,002	2,464	2,449
Reconciling items:			
Depreciation and amortization	222	217	237
Asset impairment	—	43	7
Feature film and program amortization	4,925	4,206	4,371
Equity-based compensation	101	122	128
Equity in net earnings and distributions from investee companies	(95)	(39)	15
Gain on sale of HBO Pacific Partners and LAPTV	—	—	(111)
Deferred income taxes	(82)	(290)	494
Operating assets and liabilities, net of acquisitions:			
Receivables	124	(106)	(423)
Inventory, program rights and participations	(4,826)	(4,245)	(4,063)
Accounts payable and other current liabilities	(9)	252	(31)
Other, net	(49)	(27)	41
Discontinued operations, net	—	—	(31)
Cash provided by operations	2,313	2,597	3,083
INVESTING ACTIVITIES			
Acquisitions and investments, net	(115)	(732)	124
Capital expenditures	(142)	(123)	(160)
Discontinued operations, net	—	—	(299)
Net cash flow used in investing activities	(257)	(855)	(335)
FINANCING ACTIVITIES			
Borrowings	990	1,484	3,732
Debt repayments	(1,400)	(600)	—
Purchase of treasury stock	(1,548)	(3,529)	(4,664)
Dividends paid	(564)	(541)	(555)
Excess tax benefits on equity-based compensation awards	43	84	97
Exercise of stock options	146	173	403
Other, net	(144)	(171)	(172)
Net cash flow used in financing activities	(2,477)	(3,100)	(1,159)
Effect of exchange rate changes on cash and cash equivalents	(73)	(45)	(34)
Net change in cash and cash equivalents	(494)	(1,403)	1,555
Cash and cash equivalents at beginning of period	1,000	2,403	848
Cash and cash equivalents at end of period	$506	$1,000	$2,403

See accompanying notes to Consolidated Financial Statements

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VIACOM INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions)	Common Stock (shares)	Common Stock/ Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Viacom Stockholders' Equity	Noncontrolling Interests	Total Equity
September 30, 2012	507.0	$ 8,917	$ (11,025)	$ 9,820	$ (264)	$ 7,448	$ (9)	$ 7,439
Net earnings	—	—	—	2,395	—	2,395	42	2,437
Other comprehensive income (loss), net of income tax expense of $119	—	—	—	—	163	163	(3)	160
Noncontrolling interests	—	—	—	(24)	—	(24)	(33)	(57)
Dividends declared	—	—	—	(562)	—	(562)	—	(562)
Purchase of treasury stock	(69.2)	—	(4,800)	—	—	(4,800)	—	(4,800)
Equity-based compensation and other	11.5	573	—	—	—	573	—	573
September 30, 2013	449.3	9,490	(15,825)	11,629	(101)	5,193	(3)	5,190
Net earnings	—	—	—	2,391	—	2,391	72	2,463
Other comprehensive income (loss), net of income tax benefit of $68	—	—	—	—	(192)	(192)	1	(191)
Noncontrolling interests	—	—	—	(8)	—	(8)	(42)	(50)
Dividends declared	—	—	—	(547)	—	(547)	—	(547)
Purchase of treasury stock	(40.7)	—	(3,400)	—	—	(3,400)	—	(3,400)
Equity-based compensation and other	5.6	282	—	—	—	282	—	282
September 30, 2014	414.2	9,772	(19,225)	13,465	(293)	3,719	28	3,747
Net earnings	—	—	—	1,922	—	1,922	80	2,002
Other comprehensive loss, net of income tax benefit of $8	—	—	—	—	(241)	(241)	(2)	(243)
Noncontrolling interests	—	—	—	(18)	—	(18)	(45)	(63)
Dividends declared	—	—	—	(589)	—	(589)	—	(589)
Purchase of treasury stock	(21.1)	—	(1,500)	—	—	(1,500)	—	(1,500)

Equity-based compensation and other	5.0	245	—	—	—	245	—	245
September 30, 2015	398.1	$ 10,017	$ (20,725)	$ 14,780	$ (534)	$ 3,538	$ 61	$ 3,599

See accompanying notes to Consolidated Financial Statements

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VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOTE 1. BASIS OF PRESENTATION
Description of Business
Viacom is home to premier global media brands that create compelling television programs, motion pictures, short-form content, apps, games, consumer products, social media experiences and other entertainment content for audiences in 180 countries. Viacom operates through two reporting segments: Media Networks, which includes the Music & Entertainment Group, the Kids & Family Group and BET Networks, and Filmed Entertainment. The Media Networks segment provides entertainment content and related branded products for consumers in targeted demographics attractive to advertisers, content distributors and retailers. The Filmed Entertainment segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Paramount Animation, Insurge Pictures, Nickelodeon Movies, MTV Films and Paramount Television brands. References in this document to “Viacom,” “Company,” “we,” “us” and “our” mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise.
The consolidated financial statements present the Company’s financial results for the years ended September 30, 2015 (“2015”), September 30, 2014 (“2014”) and September 30, 2013 (“2013”).
Use of Estimates
Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the dates presented and the reported amounts of revenues and expenses during the periods presented. Significant estimates inherent in the preparation of the accompanying Consolidated Financial Statements include estimates of film ultimate revenues, product returns, potential outcome of uncertain tax positions, fair value of acquired assets and liabilities, fair value of equity-based compensation and pension benefit assumptions. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.
Reclassifications
Certain prior year amounts have been reclassified to conform to the 2015 presentation.
Recent Accounting Pronouncements
In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-03, which changes the presentation of debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the related debt rather than as an asset. The guidance is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted, and must be applied on a retrospective basis to all prior periods presented in the financial statements. In the third quarter of 2015, we adopted the new guidance. As of September 30, 2015 and 2014, approximately $70 million of debt issuance costs has been reclassified from Other assets to Noncurrent portion of debt in our Consolidated Balance Sheets.
In May 2014, the FASB issued ASU 2014-09 - Revenue from Contracts with Customers (“ASU 2014-09”), a comprehensive revenue recognition model that supersedes the current revenue recognition requirements and most industry-specific guidance. The underlying core principle of ASU 2014-09 is that a company should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. ASU 2014-09 will be effective for the first interim period within annual reporting periods beginning after December 15, 2017, and allows adoption either under a full retrospective or a modified retrospective approach. Early adoption is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact of the new standard.
NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Principles of Consolidation
Our consolidated financial statements include the accounts of Viacom Inc., its subsidiaries and variable interest entities (“VIEs”) where we are considered the primary beneficiary, after elimination of intercompany accounts and transactions. Investments in business entities in which Viacom lacks control but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Our

proportionate share of net income or loss of the entity is recorded in Equity in net earnings of investee companies in the Consolidated Statements of Earnings. Related party transactions between the Company and CBS Corporation (“CBS”) and National Amusements, Inc. (“NAI”) have not been eliminated.

Business Combinations

We account for business combinations using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, 100% of the assets, liabilities and certain contingent liabilities acquired, including amounts attributed to noncontrolling interests, are recorded at fair value. Any transaction costs are expensed as incurred.

Foreign Currency Translation

Assets and liabilities of subsidiaries with a functional currency other than the United States (“U.S.”) Dollar are translated into U.S. Dollars using period-end exchange rates, while results of operations are translated at exchange rates during the period. Foreign currency translation gains and losses are included as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets. Substantially all of our foreign operations use the local currency as the functional currency. Foreign subsidiaries using the U.S. Dollar as the functional currency include remeasurement adjustments in earnings, which are reflected within Other items, net in the Consolidated Statements of Earnings.

Revenue Recognition

We recognize revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. Determining whether some or all of these criteria have been met involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report. This includes the evaluation of multiple element arrangements for bundled advertising sales and content licenses, which involves allocating the consideration among individual deliverables within the bundled arrangement.

Advertising Revenues: Revenue from the sale of advertising earned by the Media Networks segment is recognized, net of agency commissions, when the advertisement is aired and the contracted audience rating is met. For advertising sold based on impression guarantees, audience deficiency may result in an obligation to deliver additional units. To the extent we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience rating has been satisfied.

Feature Film Revenues: Revenue is recognized from theatrical distribution of motion pictures upon exhibition. For sales of DVDs and Blue-ray discs to wholesalers and retailers, revenue is recognized upon the later of delivery or the date that those products are made widely available for sale by retailers. Revenue for transactional video-on-demand and download-to-own arrangements are recognized as the feature films are exhibited based on end-customer purchases as reported by the distributor. Revenue from the licensing of feature films for exhibition in television markets and to subscription video-on-demand and free video-on-demand services is recognized upon availability for airing by the licensee.

Affiliate Fees: Affiliate fees from cable television operators, direct-to-home satellite television operators and mobile networks are recognized by the Media Networks segment as the service is provided to the distributor. Fees associated with certain distribution arrangements are recognized upon program availability.

Ancillary Revenues: Revenue associated with consumer products and brand licensing is typically recognized utilizing contractual royalty rates applied to sales amounts reported by licensees. Revenue from licensing of our programming content for download-to-own and download-to-rent services is recognized when we are notified by the multi-platform retailer that the product has been downloaded and all other revenue recognition criteria are met.

Gross versus Net Revenue: We earn and recognize revenues as a distributor on behalf of third parties and through outsourced agency agreements. In such cases, determining whether revenue should be reported on a gross or net basis is based on management’s assessment of who our customer is in the transaction. To the extent the end consumer is our customer, we act as the principal in a transaction and revenues earned from the end user are reported on a gross basis.

This determination involves judgment and is based on an evaluation of whether we have the substantial risks and rewards under the terms of an arrangement.

Revenue Allowances: We record a provision for sales returns and allowances at the time of sale based upon an estimate of future returns, rebates and other incentives ("estimated returns"). In determining estimated returns, we consider numerous sources of qualitative and quantitative evidence including forecasted sales data, customers' rights of return, units shipped and units remaining at retail, historical return rates for similar product, current economic trends, competitive environment, promotions and sales strategies. Reserves for accounts receivable are based on amounts estimated to be uncollectible. Our reserve for sales returns and allowances was $126 million and $199 million at September 30, 2015 and 2014, respectively. Our allowance for doubtful accounts was $37 million and $30 million at September 30, 2015 and 2014, respectively.

Advertising Expense

We expense advertising costs as they are incurred. We incurred total advertising expenses of $748 million in 2015, $1.020 billion in 2014 and $1.117 billion in 2013.

Equity-Based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value received is recognized in earnings over the period during which an employee is required to provide service.

Income Taxes

Our provision for income taxes includes the current tax owed on the current period earnings, as well as a deferred provision which reflects the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in existing tax laws and rates, their related interpretations, as well as the uncertainty generated by the prospect of tax legislation in the future may affect the amounts of deferred tax liabilities or the realizability of deferred tax assets.

For tax positions we have taken or expect to take in a tax return, we apply a more likely than not assessment (i.e., there is a greater than 50 percent chance) about whether the tax position will be sustained upon examination by the appropriate tax authority with full knowledge of all relevant information. Amounts recorded for uncertain tax positions are periodically assessed, including the evaluation of new facts and circumstances, to ensure sustainability of the position. Interest and penalties related to uncertain tax positions are included in the Provision for income taxes in the Consolidated Statements of Earnings. Liabilities for uncertain tax positions are classified as Other liabilities – noncurrent in the Consolidated Balance Sheets.

Earnings per Common Share

Basic earnings per common share is computed by dividing Net earnings attributable to Viacom by the weighted average number of common shares outstanding during the period. The determination of diluted earnings per common share includes the weighted average number of common shares plus the dilutive effect of equity awards based upon the application of the treasury stock method. Anti-dilutive common shares are excluded from the calculation of diluted earnings per common share.

Comprehensive Income

Comprehensive income includes net earnings, foreign currency translation adjustments, amortization of amounts related to defined benefit plans, unrealized gains and losses on certain derivative financial instruments, and unrealized gains and losses on investments in equity securities which are publicly traded.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

Inventory

Inventories related to film and original media network programming content (which include direct production costs, production overhead, acquisition costs and development costs) are stated at the lower of amortized cost or fair value. Acquired program rights and obligations are recorded based on the gross amount of the liability when the license period has begun, and when the program is accepted and available for airing. Acquired programming is stated at the lower of unamortized cost or net realizable value. Film and programming inventories are included as a component of Inventory, net, in the Consolidated Balance Sheets. Film and programming costs, including inventory amortization, development costs, participations and residuals and impairment charges, if any, are included within Operating expenses in the Consolidated Statements of Earnings.

Film inventory: Film inventories are amortized and estimated liabilities for residuals and participations are accrued using an individual-film-forecast-computation method based on the ratio of current period to estimated remaining total revenues (“ultimate revenues”). Ultimate revenues for feature films include revenues from all sources that are estimated to be earned within 10 years from the date of a film’s initial theatrical release. For acquired film libraries, our estimate of ultimate revenues is for a period within 20 years from the date of acquisition. These estimates are periodically reviewed and adjustments, if any, will result in changes to inventory amortization rates, estimated accruals for participations and residuals or possibly the recognition of an impairment charge to operating income. Film development costs that have not been set for production are expensed within three years unless they are abandoned earlier, in which case these projects are written down to their estimated fair value in the period the decision to abandon the project is determined. We have a rigorous greenlight process designed to manage the risk of loss or abandonment. We have entered into film financing arrangements that involve the sale of a partial copyright interest in a film. Amounts received under these arrangements are deducted from the film's cost.

Original programming: Capitalized original program costs are amortized utilizing an individual-film-forecast-computation method over the applicable title's ultimate revenues. Original programming development costs that have not been greenlit for production are expensed. An impairment charge is recorded when the fair value of the original programming is less than the unamortized production cost or the programming is abandoned.

Acquired programming: The costs incurred in acquiring programs are capitalized and amortized over the license period or projected useful life of the programming if shorter, commencing upon availability, based on estimated future airings. If initial airings are expected to generate higher revenues an accelerated method of amortization is used. Net realizable value of acquired rights programming is evaluated quarterly by us on a daypart basis, which is defined as an aggregation of programs broadcast during a particular time of day or an aggregation of programs of a similar type. We aggregate similar programming based on the specific demographic targeted by each respective program service. Net realizable value is determined by estimating advertising revenues to be derived from the future airing of the programming within the daypart as well as an allocation of affiliate fee revenue to the programming. An impairment charge may be necessary if our estimates of future cash flows of similar programming are insufficient or if programming is abandoned.

Home entertainment inventory: Home entertainment inventory is valued at the lower of cost or net realizable value. Cost is determined using the average cost method.

Property and Equipment

Property and equipment is stated at cost. Depreciation is calculated using the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. Costs associated with repairs and maintenance of property and equipment are expensed as incurred.

Goodwill, Intangible Assets and Other Long-Lived Assets

Goodwill represents the residual difference between the fair value of consideration paid for a business and the net assets acquired. Goodwill is not amortized, but rather is tested annually for impairment, on August 31 each year, or sooner when circumstances indicate impairment may exist. Goodwill is tested for impairment at the reporting unit level, which is an operating segment, or a business which is one level below that operating segment.

Identifiable intangible assets with finite lives are amortized over their estimated useful lives, which range up to 20 years, and identifiable intangible assets with indefinite lives are not amortized, but rather are tested annually for impairment, or sooner when circumstances indicate impairment may exist. Amortizable intangible assets and other long-lived assets are tested for impairment utilizing an income approach based on undiscounted cash flows upon the occurrence of certain triggering events and, if impaired, are written down to fair value.

Investments

Our investments primarily consist of investments in equity. Investments in which we have a significant influence, but not a controlling interest, are accounted for using the equity method. Other investments are carried at fair value, to the extent publicly traded, with unrealized gains and losses recorded in other comprehensive income, or at cost. We monitor our investments for impairment at least annually and make appropriate reductions in carrying values if we determine that an impairment charge is required based on qualitative and quantitative information. Our investments are included in Other assets – noncurrent in the Consolidated Balance Sheets.

Guarantees

At the inception of a guarantee, we recognize a liability for the fair value of an obligation assumed by issuing the guarantee. The related liability is subsequently reduced as utilized or extinguished and increased if there is a probable

loss associated with the guarantee which exceeds the value of the recorded liability.
Treasury Stock
Treasury stock is accounted for using the cost method.

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VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Fair Value Measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Our recurring fair value measures include marketable securities and derivative instruments and our non-recurring fair value measures include goodwill and intangible assets.
Derivative Financial Instruments
Derivative financial instruments are recorded on the Consolidated Balance Sheets as assets or liabilities and measured at fair value. For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivatives and the hedged items are recorded in current earnings as part of Other items, net in the Consolidated Statements of Earnings. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives is recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets and subsequently recognized in earnings when the hedged items impact income. The fair value of derivative financial instruments is included in Prepaid and other assets and Other liabilities – current in the Consolidated Balance Sheets. Changes in the fair value of derivatives not designated as hedges and the ineffective portion of cash flow hedges are recorded in earnings. We do not hold or enter into financial instruments for speculative trading purposes.
Pension Benefits
Our defined benefit pension plans principally consist of both funded and unfunded noncontributory plans covering the majority of domestic employees and retirees. The funded defined benefit pension plan and unfunded pension plans are currently frozen to future benefit accruals. The expense we recognize is determined using certain assumptions, including the expected long-term rate of return and discount rate, among others. We recognize the funded status of our defined benefit plans (other than a multiemployer plan) as an asset or liability in the Consolidated Balance Sheets and recognize the changes in the funded status in the year in which the changes occur through Accumulated other comprehensive loss in the Consolidated Balance Sheets.
NOTE 3. ACCOUNTS RECEIVABLE
We had $577 million and $482 million of noncurrent trade receivables as of September 30, 2015 and 2014, respectively. Accounts receivables are principally related to content distribution arrangements at Media Networks and long-term television license arrangements at Filmed Entertainment. These amounts are included within Other assets - noncurrent in our Consolidated Balance Sheets. Such amounts are due in accordance with the underlying terms of the respective agreements with companies that are investment grade or with which we have historically done business under similar terms. We have determined that credit loss allowances are generally not considered necessary for these amounts.
NOTE 4. ACQUISITION & INVESTMENTS
Acquisition

On September 10, 2014, we acquired Channel 5 Broadcasting Limited, a UK television public service broadcaster, for £450 million. The acquisition complements our pay television networks and increased our investment in content produced in the UK.

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VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The following table summarizes our allocation of the purchase price:

Purchase Price Allocation	
(in millions)	
Inventory, net	$149
Other current assets	102
Goodwill	490
Intangibles, net	203
Other assets	71
Total assets acquired	1,015
Program obligations and other current liabilities	106
Program obligations	64
Other liabilities	98
Total liabilities assumed	268
	$747

The goodwill, which is not deductible for tax purposes, reflects the Company-specific synergies arising from the acquisition, as well as the value of the workforce. Intangible assets primarily consist of a broadcast license with a useful life of 20 years and trade names with useful lives ranging from 4 to 20 years.

Investments

We had equity method investments totaling $434 million and $207 million, as of September 30, 2015 and 2014, respectively.

In July 2015, we acquired a 50% interest in Prism TV Private Limited (“Prism”), an owner and operator of regional entertainment channels in India, for 9.4 billion rupees ($149 million). We account for our investment in Prism under the equity method of accounting. The purchase price substantially represents the difference between the carrying amount of our investment and our share of the underlying net assets of Prism. The difference includes other intangible assets that will be amortized over their estimated useful lives of 7 to 20 years.

In addition to the recently acquired 50% interest in Prism, we hold an equity interest of 50% in Viacom 18, a joint venture in India with Network 18 Media and Investments Limited. We also hold an equity interest of approximately 50% in EPIX, a joint venture formed with Lionsgate and Metro-Goldwyn-Mayer to exhibit certain motion pictures on behalf of the equity partners’ movie studios through a premium pay television channel and video-on-demand services available on multiple platforms.

In addition, we had cost method investments totaling $71 million and $81 million as of September 30, 2015 and 2014, respectively.

In 2013, we completed the sales of our 20% interest in HBO Pacific Partners, V.O.F. (“HBO Pacific Partners”) and our 22.5% interest in LAPTV, LLC (“LAPTV”), partnerships that own pay television channels under various brand names and that were accounted for under the equity method. The sales resulted in aggregate total proceeds of $124 million and a gain of $111 million. The gain is included in Other items, net, in the Consolidated Statement of Earnings.

Variable Interest Entities

In the normal course of business, we enter into joint ventures or make investments with business partners that support our underlying business strategy and provide us the ability to enter new markets to expand the reach of our brands, develop new programming and/or distribute our existing content. In certain instances, an entity in which we make an investment may qualify as a VIE. In determining whether we are the primary beneficiary of a VIE, we assess whether we have the power to direct matters that most significantly impact the activities of the VIE and have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Unconsolidated Variable Interest Entities: Our investment in Prism qualifies as a VIE. In connection with our investment, we do not have the power to direct matters that most significantly impact the activities of Prism and therefore we do not qualify as the primary beneficiary. Our carrying value in Prism was $145 million as of September 30, 2015 and we funded an additional $10 million in October 2015. Our risk of loss is limited to our carrying value.

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VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Consolidated Variable Interest Entities: Our Consolidated Balance Sheets include amounts related to consolidated VIEs totaling $207 million in assets and $54 million in liabilities as of September 30, 2015, and $138 million in assets and $54 million in liabilities as of September 30, 2014. We have certain rights and obligations related to our investments, including the guarantee of certain third-party bank debt. The consolidated VIEs' revenues, expenses and operating income were not significant for all periods presented.

NOTE 5. PROPERTY AND EQUIPMENT

Property and Equipment, net (in millions)	September 30, 2015	2014	Estimated Life (in years)
Land	$238	$238	—
Buildings	449	445	up to 40
Capital leases	257	266	up to 15
Equipment and other	1,871	1,852	up to 20
Property and equipment	2,815	2,801	
Less: Accumulated depreciation	(1,868)	(1,785)	
Property and equipment, net	$947	$1,016	

Depreciation expense, including assets under capital leases, was $188 million in 2015, $177 million in 2014 and $174 million in 2013. Depreciation expense related to capital leases was $20 million in 2015, $21 million in 2014 and $21 million in 2013. Accumulated depreciation of capital leases was $171 million and $156 million at September 30, 2015 and 2014, respectively.

NOTE 6. INVENTORY

Inventory (in millions)	September 30, 2015	2014
Film inventory:		
Released, net of amortization	$576	$664
Completed, not yet released	55	131
In process and other	806	436
Total film inventory, net of amortization	1,437	1,231
Original programming:		
Released, net of amortization	1,161	1,409
In process and other	607	631
Total original programming, net of amortization	1,768	2,040
Acquired program rights, net of amortization	1,108	1,367
Home entertainment inventory	89	105
Total inventory, net	4,402	4,743
Less current portion	(786)	(846)
Total inventory-noncurrent, net	$3,616	$3,897

We expect to amortize approximately $1.4 billion of original programming and film inventory, including released and completed, not yet released, during the fiscal year ending September 30, 2016 using the individual-film-forecast-computation method. In addition, we expect to amortize 91% of unamortized released original programming and film inventory, excluding acquired film libraries, at September 30, 2015, within the next three years.

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VIACOM INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7. GOODWILL AND INTANGIBLES
Goodwill
The following table details the change in goodwill by segment for 2015 and 2014:

Goodwill (in millions)	Media Networks	Filmed Entertainment	Total
Balance at September 30, 2013	$9,486	$1,593	$11,079
Acquisitions	479	—	479
Dispositions	(5)	—	(5)
Foreign currency translation	(18)	—	(18)
Balance at September 30, 2014	9,942	1,593	11,535
Dispositions	(3)	—	(3)
Foreign currency translation	(92)	—	(92)
Other	16	—	16
Balance at September 30, 2015	$9,863	$1,593	$11,456

Intangibles
The following table details our intangible asset balances by major asset classes:

Intangibles (in millions)	September 30, 2015	2014
Finite-lived intangible assets:		
Trade names	$175	$181
Licenses	131	150
Subscriber agreements	54	57
Other intangible assets	152	153
Total finite-lived intangible assets	512	541
Accumulated amortization on finite-lived intangible assets:		
Trade names	(63)	(52)
Licenses	(8)	(2)
Subscriber agreements	(40)	(38)
Other intangible assets	(116)	(105)
Total accumulated amortization on finite-lived intangible assets	(227)	(197)
Finite-lived intangible assets, net	$285	$344
Indefinite-lived intangible assets	55	55
Total intangibles, net	$340	$399

Amortization expense relating to intangible assets was $34 million for 2015, $40 million for 2014 and $63 million for 2013. We expect our aggregate annual amortization expense for existing intangible assets subject to amortization at September 30, 2015 to be as follows for each of the next five fiscal years:

Amortization of Intangibles (in millions)	2016	2017	2018	2019	2020
Amortization expense	$33	$30	$26	$22	$20

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NOTE 8. DEBT

Our total debt consists of the following:

Debt (in millions)	September 30, 2015	 2014
Senior Notes and Debentures:		
Senior notes due February 2015, 1.250%	$—	$600
Senior notes due September 2015, 4.250%	—	250
Senior notes due April 2016, 6.250%	368	916
Senior notes due December 2016, 2.500%	399	398
Senior notes due April 2017, 3.500%	498	497
Senior notes due October 2017, 6.125%	499	498
Senior notes due September 2018, 2.500%	497	495
Senior notes due April 2019, 2.200%	398	398
Senior notes due September 2019, 5.625%	550	551
Senior notes due December 2019, 2.750%	398	—
Senior notes due March 2021, 4.500%	494	492
Senior notes due December 2021, 3.875%	592	591
Senior notes due June 2022, 3.125%	296	295
Senior notes due March 2023, 3.250%	297	296
Senior notes due September 2023, 4.250%	1,233	1,230
Senior notes due April 2024, 3.875%	543	543
Senior debentures due December 2034, 4.850%	592	—
Senior debentures due April 2036, 6.875%	1,066	1,065
Senior debentures due October 2037, 6.750%	75	75
Senior debentures due February 2042, 4.500%	244	243
Senior debentures due March 2043, 4.375%	1,085	1,081
Senior debentures due June 2043, 4.875%	246	246
Senior debentures due September 2043, 5.850%	1,228	1,227
Senior debentures due April 2044, 5.250%	544	544
Capital lease and other obligations	143	168
Total debt	12,285	12,699
Less current portion	(18)	(18)
Total noncurrent portion of debt	$12,267	$12,681

The amounts classified in the current portion of debt consist of the portion of capital leases payable in the next twelve months.

Senior Notes and Debentures

In December 2014, we issued a total of $1.0 billion of senior notes and debentures as follows:

- 2.750% Senior Notes due December 2019 with an aggregate principal amount of $400 million at a price equal to 99.986% of the principal amount.
- 4.850% Senior Debentures due December 2034 with an aggregate principal amount of $600 million at a price equal to 99.543% of the principal amount.

The proceeds, net of discount and other issuance fees and expenses, from the issuance of the senior notes and debentures were $990 million.

In February 2015, we repaid the $600 million aggregate principal amount of our 1.250% Senior Notes.
In September 2015, we repaid the $250 million aggregate principal amount of our 4.250% Senior Notes. We also redeemed $550 million of the total $918 million outstanding of our 6.250% Senior Notes due April 2016 (the "April 2016 Notes"), at a redemption price equal to the sum of the principal amount and a make-whole amount, together totaling $568 million, and accrued interest of $14 million. As a result of the redemption, we recognized a pre-tax extinguishment loss of $18 million. The

remaining portion of the April 2016 Notes is classified as long-term debt as we have the intent as well as the ability, through utilization of our $2.5 billion revolving credit facility, to refinance this debt.

Our outstanding senior notes and debentures provide for certain covenant packages typical for an investment grade company. There is one acceleration trigger for certain of the senior notes and debentures in the event of a change in control under certain specified circumstances coupled with ratings downgrades due to the change in control.

At September 30, 2015 and 2014, the total unamortized discount and issuance fees and expenses related to the fixed rate senior notes and debentures was $478 million and $489 million, respectively.

The fair value of our senior notes and debentures was approximately $12.0 billion and $13.7 billion as of September 30, 2015 and 2014, respectively. The valuation of our publicly traded debt is based on quoted prices in active markets.

Credit Facility

In November 2014, we amended our revolving credit agreement, originally dated as of October 8, 2010, to, among other things, extend the maturity date of the $2.5 billion revolving credit facility from November 9, 2017 to November 18, 2019. The credit facility is used for general corporate purposes and to support commercial paper outstanding, if any. The borrowing rate under the credit facility is LIBOR plus a margin ranging from 0.75% to 1.75% based on our current public debt rating. At September 30, 2015 and 2014, there were no amounts outstanding under the credit facility. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of September 30, 2015.

Commercial Paper

At September 30, 2015 and 2014, there was no commercial paper outstanding.

Scheduled Debt Maturities

Our scheduled maturities of debt at face value for each of the next five fiscal years and thereafter, excluding capital leases, outstanding at September 30, 2015 are as follows:

Maturities of Debt Excluding Capital Leases (in millions)	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 Years
Debt	$368	$900	$1,000	$950	$400	$9,002

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

Our defined benefit pension plans principally consist of both funded and unfunded noncontributory plans covering the majority of domestic employees and retirees. The funded plan provides a defined benefit based on a percentage of eligible compensation for periods of service. The funded defined benefit pension plan and unfunded pension plans are currently frozen to future benefit accruals.

The following tables summarize changes in the benefit obligation, the plan assets and the funded status of our pension plans utilizing a measurement date as of September 30, 2015 and 2014, respectively:

Change in Benefit Obligation (in millions)	Year Ended September 30, 2015	2014
Benefit obligation, beginning of period	$1,060	$893
Service cost	—	—
Interest cost	43	46
Actuarial (gain)/loss	(38)	159
Benefits paid	(128)	(38)

Benefit obligation, end of period	$937	$1,060

Change in Plan Assets (in millions)	Year Ended September 30, 2015	2014
Fair value of plan assets, beginning of period	$656	$638
Actual return on plan assets	(44)	46
Employer contributions	9	10
Benefits paid	(128)	(38)
Fair value of plan assets, end of period	$493	$656

Funded status (in millions)	September 30, 2015	2014
Funded status*	$(444)	$(404)

* These unfunded amounts are included in Other liabilities – noncurrent in the Consolidated Balance Sheets.

In December 2014, we offered certain participants of our funded pension plan the option to receive a one-time lump-sum payment equal to the present value of their respective pension benefit. The settlement triggered a remeasurement of the net pension obligation and settlement accounting. The settlement resulted in the recognition of a non-cash settlement loss of $24 million reclassified from unrecognized actuarial loss included within Accumulated other comprehensive loss in the Consolidated Balance Sheets. The amount paid to the participants making the one-time election totaled $90 million which is included within Benefits paid in the tables above.

Accumulated Benefit Obligation

The accumulated benefit obligation includes no assumption about future compensation levels since our plans are frozen. Included in the change in benefit obligation table above are the following funded and unfunded plans with an accumulated benefit obligation equal to or in excess of plan assets at the end of the fiscal year.

Accumulated Benefit Obligation	Funded Plans September 30,		Unfunded Plans September 30,		Total Plans September 30,	
(in millions)	2015	2014	2015	2014	2015	2014
Accumulated benefit obligation	$635	$761	$302	$299	$937	$1,060
Fair value of plan assets	493	656	—	—	493	656
Funded Status	$(142)	$(105)	$(302)	$(299)	$(444)	$(404)

Net Periodic Benefit Costs

Our net periodic benefit cost under Viacom's pension plans consists of the following:

Net Periodic Benefit Costs	Year Ended September 30,		
(in millions)	2015	2014	2013
Service cost	$—	$—	$8
Interest cost	43	46	43
Expected return on plan assets	(46)	(50)	(45)
Recognized actuarial loss	8	2	9
Loss on pension settlement	24	—	—
Prior service cost	—	—	1

Net periodic benefit costs	$29	$(2)	$16

The items reflected in Accumulated other comprehensive loss in the Consolidated Balance Sheets and not yet recognized as a component of net periodic benefit cost are:

Unrecognized Benefit Cost (in millions)	Year Ended September 30, 2015	2014
Unrecognized actuarial loss	$291	$271

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The amounts recognized in other comprehensive income during the year are:

Other Comprehensive Income (in millions)	Year Ended September 30,
Net actuarial loss	$52
Recognized actuarial loss	(32)
Total pretax loss	$20

Key Assumptions	Year Ended September 30, 2015	2014
Weighted-average assumptions - benefit obligations		
Discount rate	4.50%	4.50%
Weighted-average assumptions - net periodic costs		
Discount rate	4.37%	5.25%
Expected long-term return on plan assets	8.00%	8.00%

Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the estimated rate at which the pension benefit obligations could effectively be settled. We used investment grade corporate bond yields to support our discount rate assumption. The expected long-term returns on plan assets were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the risk-free rate plus a premium for equity securities. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration.

Investment Policies and Strategies

The Viacom Investments Committee is responsible for managing the investment of assets under the funded pension plan in a prudent manner with regard to preserving principal while providing reasonable returns. The Viacom Investments Committee has established an investment policy through careful study of the returns and risks associated with alternative investment strategies in relation to the current and projected liabilities of the plan, after consulting with an outside investment advisor as it deems appropriate. The investment advisor's role is to provide guidance to the Viacom Investments Committee on matters pertaining to the investment of plan assets including investment policy, investment selection, monitoring the plan's performance and compliance with the plan's investment policies.

The investment policy establishes target asset allocations based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns. Our practice is to review asset allocations regularly with our investment advisor and rebalance as necessary. The range of target asset allocations under our investment policy are 55-75% domestic and non-U.S. equity securities, 25-40% domestic and non-U.S. debt securities and 0-10% in cash and other instruments.

The investment advisor implements the investment policy through investments in mutual funds and other pooled asset portfolios. Investments will be diversified within asset classes with the intent to minimize the risk of large losses to the plan.

The percentage of asset allocations of our funded pension plan at September 30, 2015 and 2014, by asset category were as follows:

	September 30,			
Asset Allocations of Funded Pension Plan	2015		2014	
Equity securities	63	%	65	%
Debt securities	34		30	
Cash and Cash Equivalents	3		5	
Total	100	%	100	%

Viacom Class B common stock represents approximately 2% and 3% of the plan assets fair values at September 30, 2015 and 2014, respectively.

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Fair Value Measurement of Plan Assets

The following table sets forth the plan's assets at fair value as of September 30, 2015 and 2014. For investments held at the end of the reporting period that are measured at fair value on a recurring basis, there were no transfers between levels from 2014 to 2015. The funded pension plan has no investments classified within level 3 of the valuation hierarchy.

Fair Value of Plan Assets (in millions)	Total September 30, 2015	Total September 30, 2014	Level 1 September 30, 2015	Level 1 September 30, 2014	Level 2 September 30, 2015	Level 2 September 30, 2014
Cash and Cash Equivalents [1]	$15	$32	$—	$2	$15	$30
Equity Securities						
Common and preferred stock	33	48	33	48	—	—
World funds [2]	230	304	—	—	230	304
Emerging markets funds [2]	46	73	—	—	46	73
Debt Securities						
U.S. treasury securities	10	14	—	—	10	14
Municipal & government issued bonds	1	1	—	—	1	1
Corporate bonds	46	46	—	—	46	46
Mortgage-backed & asset-backed securities	39	44	—	—	39	44
Emerging markets funds[3]	19	27	19	27	—	—
Multi-strategy funds [4]	54	67	—	—	54	67
Total	$493	$656	$52	$77	$441	$579

(1) Assets categorized as Level 2 reflect investments in money market funds.
(2) Assets reflect common/collective trust funds.
(3) Assets reflect mutual funds.
(4) Reflects investments in common/collective trust funds and limited partnerships

Money market funds are carried at amortized cost which approximates fair value due to the short-term maturity of these investments. Common and preferred stocks are reported at fair value based on quoted market prices on national securities exchanges. Investments in registered investment companies (mutual funds) are stated at the respective funds' net asset value ("NAV"), which is determined based on market values at the closing price on the last business day of the year and is a quoted price in an active market. The fair value of common/collective trust funds are based on their NAV at period-end. The fair value of U.S. Treasury securities and bonds is determined based on quoted market prices on national security exchanges, when available, or using valuation models which include certain other observable inputs including recent trading activity and broker quoted prices. Corporate bonds include securities of diverse industries, substantially all investment grade. Mortgage-backed and asset-backed securities are valued using valuation models which incorporate available dealer quotes and market information. The fair value of limited partnerships is valued at period-end based on its underlying investments.

Future Benefit Payments

The estimated future benefit payments for the next ten fiscal years are as follows:

Future Benefit Payments (in millions)	2016	2017	2018	2019	2020	2021-2025
Pension benefits	$32	$35	$36	$39	$42	$248

Postretirement Health Care and Life Insurance Plans

Eligible employees participate in Viacom-sponsored health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Most of the health and welfare plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Claims are paid either through certain trusts funded by Viacom or by our own funds. The amounts related to these plans were not material for all periods presented.

401(k) Plans

Viacom has defined contribution (401(k)) plans for the benefit of substantially all our employees meeting certain eligibility requirements. Our costs recognized for such plans were $46 million in 2015, $47 million in 2014 and $42 million in 2013.

Multiemployer Benefit Plans

We contribute to various multiemployer pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans such that (i) contributions made by us to these plans may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

While no multiemployer pension plan that we contributed to is considered individually significant to us, we were listed on two Form 5500s as providing more than 5% of total contributions to each plan based on current information available. The most recent filed zone status (which denotes the financial health of a plan) under the Pension Protection Act of 2006 for these two plans is green, indicating that the plans are at least 80% funded. Total contributions that we made to multiemployer pension plans were $54 million in 2015, $52 million in 2014 and $43 million in 2013.

We also contribute to various other multiemployer benefit plans that provide health and welfare benefits to active and retired participants. Total contributions that we made to these non-pension multiemployer benefit plans were $77 million in 2015, $74 million in 2014 and $69 million in 2013.

NOTE 10. REDEEMABLE NONCONTROLLING INTEREST

We are subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary, which was recently renewed. The put option expires in February 2019 and is classified as Redeemable noncontrolling interest in the Consolidated Balance Sheets. The activity reflected within redeemable noncontrolling interest for the fiscal years 2015, 2014 and 2013 is presented below.

Redeemable Noncontrolling Interest	Year Ended September 30,		
(in millions)	2015	2014	2013
Beginning balance	$216	$200	$179
Net earnings	15	20	14
Distributions	(20)	(17)	(13)
Translation adjustment	(10)	5	(4)
Redemption value adjustment	18	8	24
Ending balance	$219	$216	$200

NOTE 11. COMMITMENTS AND CONTINGENCIES

Commitments

Our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years.

Our programming and talent commitments that are not recorded on the balance sheet, which aggregated to approximately $1.907 billion as of September 30, 2015, included $1.5 billion relating to media networks programming and $425 million for talent contracts. At September 30, 2015, we have recorded, on the balance sheet, programming commitments of $1.059 billion. Amounts expected to be paid over the next five fiscal years, beginning with fiscal year 2016, are as follows: $703 million, $240 million, $83 million, $18 million and $5 million.

We have long-term noncancelable operating and capital lease commitments for office space, equipment, transponders, studio facilities and vehicles.

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At September 30, 2015, minimum rental payments under noncancelable leases by fiscal year are as follows:

Noncancelable Lease Commitments (in millions)	Capital	Operating
2016	$22	$237
2017	23	213
2018	23	190
2019	23	82
2020	10	130
2021 and thereafter	7	1,035
Total minimum payments	$108	$1,887
Amounts representing interest	(14)	
Total	$94	

Future minimum operating lease payments have been reduced by future minimum sublease income of $25 million. Rent expense amounted to $268 million in 2015, $227 million in 2014 and $205 million in 2013.

We also have purchase obligations which include agreements to purchase goods or services in the future that totaled $1.121 billion as of September 30, 2015.

Our collaborative arrangements principally relate to contractual arrangements with other studios to jointly finance and distribute theatrical productions (“co-financing arrangements”). A co-financing arrangement typically involves joint ownership of the film asset with each partner responsible for distribution of the film in specific territories. The partners share in the profits and losses of the film in accordance with their respective ownership interest. The amounts recorded in the Consolidated Statements of Earnings related to collaborative arrangements were not material.

Contingencies

Guarantees: In the course of our business, we both provide and receive the benefit of indemnities that are intended to allocate certain risks associated with business transactions.

Leases - We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. (“Famous Players”). In addition, we have certain indemnities provided by the acquirer of Famous Players. These lease commitments amounted to approximately $274 million as of September 30, 2015. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We have recorded a liability of $192 million with respect to such obligations as of September 30, 2015. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

Other - We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. The outstanding letters of credit and surety bonds at September 30, 2015 were $41 million and are not recorded on our Consolidated Balance Sheet.

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

In July 2015, the Directorate-General for Competition ("DG Comp") of the European Commission (the "EC") issued a Statement of Objections (the "SO") to the six major Hollywood film studios, including Paramount Pictures, and to Sky

UK ("Sky"), in connection with DG Comp's investigation into whether conventional territorial restrictions in agreements licensing content to pay television broadcasters impeded European Union (the "EU") single market imperatives in an anti-competitive way. The SO directed at Paramount takes issue with certain geo-filtering provisions in Paramount’s 2009 and 2014 agreements with Sky, which are designed to enforce the territorial nature of the content Paramount licenses for distribution on Sky’s online and mobile pay television platforms. In addition, the SO challenges certain provisions in the 2009 agreement regarding Sky’s satellite distribution of Paramount content. Paramount has responded to the SO. If the SO directed at Paramount is not closed or resolved by settlement and the EC decides that violations have in fact occurred, it has the power to impose fines. Any such

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decision by the EC could be subject to judicial review in the EU's General Court and, thereafter, the Court of Justice of the EU. The full process, including appeals, could last several years. We believe that Paramount's licensing practices in the EU are consistent with the region's competition and other rules, and the objections presented by the EC are without merit. We will vigorously defend against the claims made by the EC.

On November 5, 2015, Robert J. Casey, II, a Viacom shareholder, commenced a shareholder derivative action in the Court of Chancery of the State of Delaware naming, as defendants, all of the members of our Board of Directors, our Chief Financial Officer and our Controller. The complaint alleged breaches of fiduciary duties and unjust enrichment in connection with (i) our decision to recognize a pre-tax charge in the second quarter of fiscal 2015, reflecting the impact of write-downs of underperforming programming, costs associated with workforce reductions and the accelerated amortization of programming expenses, as we publicly announced on April 6, 2015, (ii) our decision to temporarily pause our stock repurchase program in order to stay within our target leverage ratio, also as publicly announced on April 6, 2015, and (iii) the matters relating to the European Statement of Objections, as discussed above. The complaint was filed following communication to Mr. Casey's counsel that the Board unanimously determined not to authorize commencement of a civil action against members of management in connection with the above matters, as requested by Mr. Casey's counsel in previous demand letters. We believe the complaint is meritless and intend to oppose the action vigorously on behalf of the Board members and the named officer defendants.

In February 2013, Cablevision Systems Corporation filed a lawsuit in the United States District Court for the Southern District of New York alleging that Viacom's industry standard practice of offering discounts for additional network distribution constituted a "tying" arrangement in violation of federal and New York state antitrust laws. Similar arrangements have been upheld by numerous federal and state courts, including in a federal case in which Cablevision itself advocated for the legality of such arrangements. On October 16, 2015, Cablevision and Viacom announced that the litigation had been settled.

NOTE 12. STOCKHOLDERS' EQUITY

Common Stock

The Viacom Board of Directors has the power to issue shares of authorized but unissued Class A common stock and Class B common stock without further stockholder action, subject to the requirements of applicable law and stock exchanges. Viacom's certificate of incorporation authorizes 375 million shares of Class A common stock and 5 billion shares of Class B common stock. The number of authorized shares of Class A common stock and Class B common stock could be increased with the approval of the stockholders of a majority of the outstanding shares of Class A common stock and without any action by the holders of shares of Class B common stock.

The following is a description of the material terms of Viacom's capital stock. The following description is not meant to be complete and is qualified by reference to Viacom's certificate of incorporation and bylaws and Delaware General Corporation Law.

Voting Rights: Holders of Class A common stock are entitled to one vote per share. Holders of Class B common stock do not have any voting rights, except as required by Delaware law. Generally, all matters to be voted on by Viacom stockholders must be approved by a majority of the aggregate voting power of the shares of Class A common stock present in person or represented by proxy at a meeting of stockholders, except in certain limited circumstances and as required by Delaware law.

Dividends: Stockholders of Class A common stock and Class B common stock will share ratably in any cash dividend declared by the Board of Directors, subject to any preferential rights of any outstanding preferred stock.

Conversion: So long as there are 5,000 shares of Class A common stock outstanding, each share of Class A common stock will be convertible at the option of the holder of such share into one share of Class B common stock.

Liquidation Rights: In the event of liquidation, dissolution or winding-up of Viacom, all stockholders of common stock, regardless of class, will be entitled to share ratably in any assets available for distributions to stockholders of shares of Viacom common stock subject to the preferential rights of any outstanding preferred stock.

Split, Subdivisions or Combination: In the event of a split, subdivision or combination of the outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other class of common stock will be divided proportionally.

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Preemptive Rights: Shares of Class A common stock and Class B common stock do not entitle a stockholder to any preemptive rights enabling a stockholder to subscribe for or receive shares of stock of any class or any other securities convertible into shares of stock of any class of Viacom.

Preferred Stock

Our capital stock includes 25 million authorized shares of preferred stock with a par value of $0.001 per share. At September 30, 2015 and 2014, none of the 25 million authorized shares of the preferred stock were issued and outstanding.

Stock Repurchase Program

During 2015, we repurchased 21.1 million shares of Class B common stock for an aggregate price of $1.5 billion. From October 1, 2015 through November 11, 2015, we repurchased an additional 1.3 million shares for an aggregate purchase price of $60 million, leaving $4.9 billion of remaining capacity under our $20.0 billion stock repurchase program. During 2014 and 2013, we repurchased 40.7 million and 69.2 million shares under the program for an aggregate price of $3.4 billion and $4.8 billion, respectively.

Accumulated Other Comprehensive Loss

The components of Accumulated other comprehensive loss are as follows:

Accumulated Other Comprehensive Loss	September 30,		
(in millions)	2015	2014	2013
Foreign currency translation adjustments	$(341)	$(106)	$(20)
Defined benefit pension plans	(193)	(186)	(82)
Cash flow hedges	—	(1)	1
Total	$(534)	$(293)	$(101)

NOTE 13. EQUITY-BASED COMPENSATION

Our 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011 (the “LTMIP”), provides for various types of equity awards, including stock options, stock appreciation rights, restricted shares, restricted share units (“RSUs”), unrestricted shares of Class B common stock, phantom shares, dividend equivalents, performance share units (“PSUs”), performance-based RSUs (“PRSUs”) and other awards, or a combination of any of the above. In addition, our equity plans for outside directors provide for an annual grant of RSUs. We have primarily granted stock options and RSUs to employees. Certain senior executives have also received PSUs and PRSUs.

Stock options generally vest ratably over a four-year period from the date of grant and expire eight to ten years after the date of grant. Employee RSUs typically vest ratably over a four-year period from the date of the grant. Director RSUs typically vest one year from the date of grant. The target number of PSUs granted to an executive represents the right to receive a corresponding number of shares of Class B common stock, subject to adjustment depending 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 measurement period is generally three years. The number of shares of Class B common stock an executive is entitled to receive at the end of the applicable measurement period ranges from 0% to 300% of the target PSU award. If Viacom’s percentile rank of TSR relative to the TSR for the companies in the S&P 500 Index is less than the 25th percentile, the target grant is forfeited unless we have achieved a specified level of earnings per share set in advance for the measurement period, in which case the executive would receive a percentage of the target award. The PRSUs generally vest in three or four equal annual installments and will 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 our achievement of certain financial targets over specified periods. RSUs, PSUs and PRSUs accrue dividends each time we declare a quarterly cash dividend while the award is outstanding, which are paid upon vesting on the number of shares delivered and are forfeited if the award does not vest.

Upon the exercise of a stock option award or the vesting of RSUs, PSUs or PRSUs, shares of Class B common stock are issued from authorized but unissued shares or from treasury stock. At September 30, 2015, we had 398.0 million shares in treasury. The aggregate number of equity awards authorized and available under the LTMIP for future grants as of September 30, 2015 was approximately 20.5 million, assuming that outstanding PSU and PRSU awards are paid at target except for those awards for which the measurement period has been completed.

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Presented below is a summary of the compensation cost we recognized in the accompanying Consolidated Statements of Earnings:

Equity-Based Compensation Expense	Year Ended September 30,		
(in millions)	2015	2014	2013
Recognized in earnings:			
Stock options	$33	$37	$42
RSUs, PSUs and PRSUs	68	85	86
Total compensation cost in earnings	$101	$122	$128
Tax benefit recognized	$35	$40	$41
Capitalized equity-based compensation expense	$5	$6	$6

Stock Options
The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The determination of volatility is principally based upon implied volatilities from traded options. The expected term, representing the period of time that options granted are expected to be outstanding, is estimated using a lattice-based model incorporating historical post vest exercise and employee termination behavior. The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant. The expected dividend yield is estimated by dividing the expected annual dividend by the market price of our common stock at the date of grant. Below are the weighted average fair value of awards granted in the periods presented and the weighted average of the applicable assumptions used to value stock options at grant date.

	Year Ended September 30,					
Key Assumptions	2015		2014		2013	
Weighted average fair value of grants	$11.34		$16.52		$13.02	
Weighted average assumptions:						
Expected stock price volatility	23.8	%	25.0	%	25.7	%
Expected term of options (in years)	4.8		4.6		4.7	
Risk-free interest rate	1.6	%	1.5	%	0.8	%
Expected dividend yield	2.4	%	1.6	%	1.7	%

The following table summarizes information about our stock option transactions:

	Year Ended September 30, 2015		Year Ended September 30, 2014		Year Ended September 30, 2013	
Stock Options (number of options in thousands)	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at the beginning of the period	19,058.5	$47.67	21,441.9	$42.85	29,269.5	$40.22
Granted	3,303.1	66.35	2,040.7	84.46	2,363.3	69.56

Exercised	(4,097.4	)	35.53	(4,233.2	)	40.71	(9,792.1	)	41.23
Forfeited or expired	(492.9	)	66.19	(190.9	)	54.21	(398.8	)	47.61
Outstanding at the end of the period	17,771.3		$53.43	19,058.5		$47.67	21,441.9		$42.85
Exercisable at the end of the period	11,109.1		$44.83	12,656.1		$38.75	13,024.6		$37.43

The weighted average remaining contractual life of stock options outstanding and exercisable at September 30, 2015 was 5 years and 3 years, respectively. The aggregate intrinsic value of stock options outstanding and exercisable at September 30, 2015 was $50 million.

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The following table summarizes information relating to stock option exercises during the periods presented:

Stock Option Exercises (in millions)	Year Ended September 30, 2015	2014	2013
Proceeds from stock option exercises	$146	$173	$403
Intrinsic value	$153	$182	$270
Excess Tax benefit	$39	$53	$77

Total unrecognized compensation cost related to unvested stock option awards at September 30, 2015 was approximately $67 million and is expected to be recognized on a straight-line basis over a weighted-average period of 3 years.

Other Equity-Based Awards

The grant date fair value for RSUs and PRSUs is based on our stock price on the date of the grant. The grant date fair value for the PSUs subject to the market and performance condition indicated earlier in this note is computed using a Monte Carlo model to estimate the total return ranking of Viacom among the S&P 500 Index companies on the date of grant over the measurement periods. Compensation cost assumes all performance goals will be met and is being recognized as the requisite service period is fulfilled.

The following table summarizes activity relating to our RSUs, PSUs and PRSUs:

RSUs, PSUs and PRSUs (number of shares in thousands)	Year Ended September 30, 2015		Year Ended September 30, 2014		Year Ended September 30, 2013	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Unvested at the beginning of the period	3,138.3	$67.35	4,311.4	$53.54	5,721.5	$44.22
Granted*	1,430.2	71.22	1,570.8	81.86	1,750.2	62.51
Vested	(1,644.8)	57.18	(2,593.8)	53.88	(3,005.2)	41.49
Forfeited	(278.6)	68.17	(150.1)	55.20	(155.1)	44.33
Unvested at the end of the period	2,645.1	$75.68	3,138.3	$67.35	4,311.4	$53.54

* Grant activity includes 0.4 million, 0.2 million and 0.2 million of performance-based share units at target for 2015, 2014 and 2013, respectively.

The total weighted average remaining contractual life and aggregate intrinsic value of unvested RSUs, PSUs and PRSUs at September 30, 2015 was 2 years and $114 million, respectively.

The fair value of RSUs, PSUs and PRSUs vested was $110 million in 2015, $212 million in 2014 and $175 million in 2013. Total unrecognized compensation cost related to these awards at September 30, 2015 was approximately $149 million and is expected to be recognized over a weighted-average period of 3 years.

NOTE 14. RESTRUCTURING, PROGRAMMING AND IMPAIRMENT CHARGES

Following a company-wide review across our worldwide Media Networks, Filmed Entertainment operations and corporate functions earlier in the year, we implemented significant strategic and operational improvements. These included the reorganization of three of our operating segments (Music, Entertainment and Nickelodeon) into two new segments (Music & Entertainment and Kids & Family). The new structure realigns sales, marketing, creative and support functions, increases efficiencies in program and product development, enhances opportunities to share expertise, and promotes greater cross-marketing and cross channel programming activity. We are also reallocating resources to expand our capabilities in critical business areas including data analysis, technology development and consumer insights, reflecting the rapidly changing media marketplace, shifting consumer behavior and evolving measurement practices. In connection with the strategic realignment, we recognized a pre-tax charge of $784 million in the quarter ending March 31, 2015, reflecting $578 million of programming charges, of which $432 million reflect write-downs, and a $206 million restructuring charge associated with workforce reductions. The programming charges are included within Operating expenses in the Consolidated Statement of Earnings.

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Media Networks recognized programming charges of $411 million for the write-down of underperforming programming, including the abandonment of select acquired titles, and $123 million of accelerated amortization of programming expenses associated with a change in our ultimate revenue projections for certain original programming genres that have been impacted by changing media consumption habits. Filmed Entertainment recognized charges of $21 million for the write-down of certain films not yet released and $23 million related to the abandonment of development projects.
The following table presents the 2015 restructuring and programming charges by segment:

2015 Restructuring and Programming Charges (in millions)	Media Networks	Filmed Entertainment	Corporate	Total
Restructuring charge	137	57	12	206
Programming charges	534	44	—	578
Total	$671	$101	$12	$784

Our restructuring liability related to future severance payments as of September 30, 2015 by reporting segment is as follows:

Restructuring Liability (in millions)	Media Networks	Filmed Entertainment	Corporate	Total
March 31, 2015	137	57	12	206
Severance payments	(42)	(6)	(2)	(50)
Revisions to initial estimates	(8)	—	(1)	(9)
September 30, 2015	$87	$51	$9	$147

The strategic realignment is largely complete and we anticipate that a majority of the severance will be paid by March 31, 2016.
In 2014 we recognized a non-cash impairment charge of $43 million related to an international trade name at Media Networks. See Note 18 for additional information regarding the impairment.
In 2013 we recognized restructuring, asset impairment and programming charges of $106 million that included severance charges of $86 million ($61 million at Media Networks and $25 million at Filmed Entertainment), a $7 million impairment charge resulting from the decision to abandon an intangible asset and $13 million of charges related to management’s decision to cease use of certain original and acquired programming on one of our Media Networks channels. The programming charge was included within Operating expenses in the Consolidated Statement of Earnings.

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NOTE 15. INCOME TAXES

Earnings from continuing operations before provision for income taxes consist of the following:

Earnings from Continuing Operations before Provision for Income Taxes (in millions)	Year Ended September 30, 2015	2014	2013
United States	$2,047	$2,924	$3,040
International	456	590	479
Pre-tax earnings from continuing operations	$2,503	$3,514	$3,519

The provision for income taxes from continuing operations consists of the following:

Provision for Income Taxes from Continuing Operations (in millions)	Year Ended September 30, 2015	2014	2013
Current provision for income taxes:			
Federal	$404	$1,049	$401
State and local	65	122	23
International	114	169	152
Total current provision for income taxes	583	1,340	576
Deferred provision for income taxes	(82)	(290)	494
Provision for income taxes	$501	$1,050	$1,070

A reconciliation of the effective income tax rate on continuing operations to the U.S. federal statutory income tax rate is as follows:

Effective Tax Rate	Year Ended September 30, 2015	2014	2013
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State and local taxes, net of federal benefit	1.8	1.9	2.2
Effect of international operations	(2.9)	(3.6)	(2.6)
Qualified production activities deduction	(3.0)	(3.2)	(2.1)
Change in valuation allowance	(2.7)	(0.3)	(1.8)
Foreign tax credits of repatriated non-U.S. earnings	(7.4)	—	—
All other, net	(0.8)	0.1	(0.3)
Effective tax rate, continuing operations	20.0 %	29.9 %	30.4 %

We recognized net discrete tax benefits of $258 million in 2015, $49 million in 2014 and $54 million in 2013, which served to reduce the provision for income taxes for those periods. During 2015, we reorganized certain non-U.S. subsidiaries in order to facilitate a more efficient movement of non-U.S. cash and to support the expansion of key areas for growth internationally. The benefits in 2015 are principally related to excess foreign tax credits attributable to a taxable repatriation of non-U.S. earnings from reorganized entities and the release of tax reserves with respect to certain effectively settled tax positions.

The benefits in 2014 are principally related to the reversal of deferred taxes on earnings deemed permanently reinvested and the recognition of capital loss carryforwards. The benefits in 2013 principally reflect the release of tax reserves with respect to certain effectively settled tax positions, as well as the recognition of certain capital loss carryforward and tax credit benefits.

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The tax effects of the items recorded as deferred tax assets and liabilities are:

Deferred Taxes	September 30,	
(in millions)	2015	2014
Deferred tax assets:		
Accrued liabilities	$191	$175
Postretirement and other employee benefits	407	391
Tax credit and loss carryforwards	245	356
All other	214	213
Total deferred tax assets	1,057	1,135
Valuation allowance	(202)	(308)
Total deferred tax assets, net	$855	$827
Deferred tax liabilities:		
Property, equipment and intangible assets	$(527)	$(498)
Unbilled revenue	(146)	(142)
Financing obligations	(115)	(121)
Film & TV production expenditures	(166)	(252)
Total deferred tax liabilities	(954)	(1,013)
Deferred taxes, net	$(99)	$(186)

We have recorded valuation allowances for certain deferred tax assets, which are primarily related to capital losses in the U.S. and net operating losses in foreign jurisdictions, as sufficient uncertainty exists regarding the future realization of these assets.

We have $224 million of U.S. tax loss carryforwards at September 30, 2015. The utilization of these carryforwards as an available offset to future taxable income is subject to limitations under U.S. federal income tax laws. These carryforwards begin to expire in fiscal year 2017. In addition, we have $430 million of tax losses in various international jurisdictions that are primarily from countries with unlimited carry forward periods and $362 million of tax losses that expire in the fiscal years 2016 through 2025. The pre-valuation allowance deferred tax asset amount related to these U.S. and international tax loss carryforwards is $245 million.

The net deferred tax assets and deferred tax liabilities included in the Consolidated Balance Sheets were as follows:

Deferred Tax Assets / (Liabilities)	September 30,	
(in millions)	2015	2014
Current deferred tax assets	$80	$8
Noncurrent deferred tax assets	45	105
Current deferred tax liabilities	(1)	(33)
Noncurrent deferred tax liabilities	(223)	(266)
Deferred taxes, net	$(99)	$(186)

Current and noncurrent deferred tax assets are included within Prepaid and other assets and Other assets, respectively and current deferred tax liabilities are included within Other liabilities-current in the Consolidated Balance Sheets.

As of September 30, 2015, we have not made any provision for U.S. income taxes on approximately $1.8 billion of unremitted earnings of our international subsidiaries since these earnings are permanently reinvested outside the U.S. If these earnings were to be remitted in the future, the related U.S. income tax liability may be reduced by any foreign income taxes previously paid on these earnings. Under current U.S. tax laws, repatriating unremitted earnings could result in incremental taxes of 10% -15% on the repatriated amounts depending on the territory. To the extent that any tax reform legislation were to lower the U.S. federal statutory income tax rate from its current 35%, there could be a corresponding reduction in the estimate of incremental taxes that would result from repatriating unremitted earnings.

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A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, is as follows:

Unrecognized Tax Benefits	Year Ended September 30,		
(in millions)	2015	2014	2013
Balance at beginning of the period	$185	$159	$207
Gross additions based on tax positions related to the current year	60	25	29
Gross additions for tax positions of prior years	8	10	5
Gross reductions for tax positions of prior years	(63)	(5)	(50)
Settlements	(1)	—	(25)
Expiration of the statute of limitation	(10)	(4)	(7)
Balance at end of the period	$179	$185	$159

The total amount of unrecognized tax benefits at September 30, 2015, if recognized, would favorably affect the effective tax rate.

As discussed in Note 2, we recognize interest and penalties accrued related to unrecognized tax benefits as a component of the Provision for income taxes in the Consolidated Statements of Earnings. We recognized interest and penalties of $8 million in 2015, $10 million in 2014 and $9 million in 2013. We had accruals of $35 million and $40 million related to interest and penalties recorded as a component of Other liabilities – noncurrent in the Consolidated Balance Sheets at September 30, 2015 and 2014, respectively.

We and our subsidiaries file income tax returns with the Internal Revenue Service (“IRS”) and various state and international jurisdictions. The IRS, along with the Joint Committee on Taxation, concluded their examinations of our 2011 and 2012 tax returns in 2015. Tax authorities are also conducting examinations of Viacom subsidiaries in various state and local jurisdictions, including New York State and New York City. Due to potential resolution of unrecognized tax positions involving multiple tax periods and jurisdictions, it is reasonably possible that a reduction of up to $65 million of unrecognized income tax benefits may occur within 12 months, some of which, depending on the nature of the settlement, may affect our income tax provision and therefore benefit the resulting effective tax rate. The majority of these uncertain tax positions, when recognized in the financial statements, would be recorded in the Consolidated Statements of Earnings as part of the Provision for income taxes. The actual amount could vary significantly depending on the ultimate timing and nature of any settlements.

NOTE 16. EARNINGS PER SHARE

The following table sets forth the weighted average number of common shares outstanding used in determining basic and diluted earnings per common share and anti-dilutive shares:

Weighted Average Number of Common Shares Outstanding and Anti-Dilutive Common Shares	Year Ended September 30,		
(in millions)	2015	2014	2013
Weighted average number of common shares outstanding, basic	402.2	432.1	486.2
Dilutive effect of equity awards	3.8	8.1	8.6
Weighted average number of common shares outstanding, diluted	406.0	440.2	494.8
Anti-dilutive common shares	6.9	1.1	3.2

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NOTE 17. SUPPLEMENTAL CASH FLOW
Our supplemental cash flow information is as follows:

Supplemental Cash Flow Information	Year Ended September 30,		
(in millions)	2015	2014	2013
Cash paid for interest*	$636	$568	$475
Cash paid for income taxes	$566	$1,021	$463

* Includes cash payments related to discontinued operations of $28 million 2013.
Cash paid for income taxes in the year ended September 30, 2015 includes a benefit from the retroactive reenactment of legislation allowing for accelerated tax deductions on certain qualified film and television productions.
NOTE 18. FAIR VALUE MEASUREMENTS
Assets/Liabilities Measured and Recorded at Fair Value on a Recurring Basis
The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2015 and 2014:

Financial Asset (Liability) (in millions)	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
September 30, 2015				
Marketable securities	$100	$100	$—	$ —
Derivatives	(10)	—	(10)	—
Total	$90	$100	$(10)	$ —
September 30, 2014				
Marketable securities	$107	$107	$—	$ —
Derivatives	(8)	—	(8)	—
Total	$99	$107	$(8)	$ —

The fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end. These investments are included within Prepaid and other assets in the Consolidated Balance Sheets.
The fair value for derivatives is determined utilizing a market-based approach. We use derivative financial instruments to modify our exposure to market risks from changes in foreign exchange rates and interest rates. We conduct business in various countries outside the U.S., resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. Dollar. We use foreign currency forward contracts to economically hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Indian Rupee, the Euro, the Brazilian Real, the Japanese Yen, the Australian Dollar, the Singapore Dollar and the Canadian Dollar. We also enter into forward contracts to hedge future production costs or programming obligations. The change in fair value of non-designated foreign exchange contracts is included in current period earnings as part of Other items, net in the Consolidated Statements of Earnings. We manage the use of foreign exchange derivatives centrally.
At September 30, 2015 and 2014, the notional value of all foreign exchange contracts was $1.040 billion and $628 million, respectively. In 2015, $769 million related to our foreign currency balances and $271 million related to future production costs. In 2014, $390 million related to our foreign currency balances, $154 million related to anticipated investing cash flows and $84 million related to future production costs.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Certain assets, such as intangible assets and investments, are recorded at fair value only if an impairment charge is recognized.

As described in Note 14, in 2015, we recognized charges related to the write-down of certain programming and films. The charges reflect the excess of the unamortized cost of the programs and films over their estimated fair value using discounted cash flows, which is a Level 3 valuation technique.

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In 2014, we recognized an impairment charge of $43 million related to an international trade name at Media Networks. The fair value of the trade name (Level 3) was $28 million calculated utilizing the relief-from-royalty method. Under this method, fair value is calculated as the discounted cash flows based on applying a royalty rate to the revenues derived from the trade name. The royalty rate was derived from market data.
In 2013, we recognized an impairment loss of $23 million to write-down a cost method investment to its fair value. The impairment charge is included in Other items, net, in the Consolidated Statement of Earnings. The fair value of the investment (Level 3) was based on a discounted cash flow analysis.

NOTE 19. REPORTING SEGMENTS

The following tables set forth our financial performance by reporting segment. Our reporting segments have been determined in accordance with our internal management structure. We manage our operations through two reporting segments: (i) Media Networks and (ii) Filmed Entertainment. Typical intersegment transactions include the purchase of advertising by the Filmed Entertainment segment on Media Networks' properties and the purchase of Filmed Entertainment's feature films exhibition rights by Media Networks. The elimination of such intercompany transactions in the Consolidated Financial Statements is included within eliminations in the tables below.
Our measure of segment performance is adjusted operating income. Adjusted operating income is defined as operating income, before equity-based compensation and certain other items identified as affecting comparability, including restructuring and programming charges, when applicable.

Revenues by Segment	Year Ended September 30,		
(in millions)	2015	2014	2013
Media Networks	$10,490	$10,171	$9,656
Filmed Entertainment	2,883	3,725	4,282
Eliminations	(105)	(113)	(144)
Total revenues	$13,268	$13,783	$13,794

Adjusted Operating Income	Year Ended September 30,		
(in millions)	2015	2014	2013
Media Networks	$4,143	$4,271	$4,096
Filmed Entertainment	111	205	234
Corporate expenses	(235)	(227)	(251)
Eliminations	2	(2)	(9)
Equity-based compensation	(101)	(122)	(128)
Asset impairment	—	(43)	(7)
Restructuring and programming charges	(784)	—	(99)
Loss on pension settlement	(24)	—	—
Operating income	3,112	4,082	3,836
Interest expense, net	(657)	(615)	(464)
Equity in net earnings of investee companies	102	69	41
Loss on extinguishment of debt	(18)	(11)	—
Other items, net	(36)	(11)	106
Earnings from continuing operations before provision for income taxes	$2,503	$3,514	$3,519

Depreciation and Amortization and Total Assets (in millions)	Depreciation and Amortization Year Ended September 30,			Total Assets September 30,	
	2015	2014	2013	2015	2014
Media Networks	$162	$148	$144	$17,251	$17,647
Filmed Entertainment	53	64	89	5,928	5,440
Corporate/Eliminations	7	5	4	(962)	(40)
Total	$222	$217	$237	$22,217	$23,047

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Capital Expenditures	Year Ended September 30,		
(in millions)	2015	2014	2013
Media Networks	$115	$85	$103
Filmed Entertainment	22	34	53
Corporate	5	4	4
Total capital expenditures	$142	$123	$160

Revenues by Component	Year Ended September 30,		
(in millions)	2015	2014	2013
Advertising	$5,007	$4,953	$4,855
Feature film	2,692	3,488	4,022
Affiliate fees	4,908	4,660	4,245
Ancillary	766	795	816
Eliminations	(105)	(113)	(144)
Total revenues	$13,268	$13,783	$13,794

Certain prior year revenues for the Filmed Entertainment segment have been reclassified to conform to the current year presentation.
Revenues generated from international markets were approximately 25%, 26% and 26% of total consolidated revenues in 2015, 2014, and 2013, respectively. Our principal international businesses are in Europe. The United Kingdom and Germany together accounted for approximately 55%, 45%, and 44% of total revenues in the Europe, Middle East and Africa ("EMEA") region in 2015, 2014, and 2013, respectively.

	Revenues*			Long-lived Assets**	
Geographic Information	Year Ended September 30,			September 30,	
(in millions)	2015	2014	2013	2015	2014
United States	$9,928	$10,252	$10,152	$4,850	$5,018
EMEA	2,193	2,046	2,173	309	406
All other	1,147	1,485	1,469	54	110
Total	$13,268	$13,783	$13,794	$5,213	$5,534

*Revenue classifications are based on customers' locations. Transactions within Viacom between geographic areas are not significant.
**Excludes deferred tax assets, goodwill, other intangible assets and investments.

NOTE 20. RELATED PARTY TRANSACTIONS

NAI, directly and indirectly, is the controlling stockholder of both Viacom and CBS. Sumner M. Redstone, the controlling shareholder, Chairman and Chief Executive Officer of NAI, serves as our Executive Chairman and Founder and as the Executive Chairman and Founder of CBS. Shari Redstone, who is Sumner Redstone's daughter, is the President and a director of NAI, and serves as non-executive Vice Chair of the Board of Directors of both Viacom and CBS. George Abrams, one of our directors, serves on the boards of both NAI and Viacom, and Frederic Salerno, another of our directors, serves on the boards of both Viacom and CBS. Philippe Dauman, our President and Chief Executive Officer, also serves on the boards of both NAI and Viacom. Transactions between Viacom and related parties are overseen by our Governance and Nominating Committee.

Viacom and NAI Related Party Transactions

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. During the years ended September 30, 2015, 2014 and 2013, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately $10 million, $15 million and $19 million, respectively.

Viacom and CBS Corporation Related Party Transactions

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

Our Filmed Entertainment segment earns revenues and recognizes expenses associated with its distribution of certain television products into the home entertainment market on behalf of CBS. Pursuant to its agreement with CBS, which was extended in

May 2015, Paramount distributes CBS’s library of television and other content on DVD and Blu-ray disc on a worldwide basis. 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 amounts paid. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

Our Media Networks segment recognizes advertising revenues and purchases television programming from CBS. The cost of the programming purchases is initially recorded as acquired program rights inventory and amortized over the estimated period that revenues will be generated.

Both of our segments recognize advertising expenses related to the placement of advertisements with CBS.

The following table summarizes the transactions with CBS as included in our Consolidated Financial Statements:

CBS Related Party Transactions	Year Ended September 30,		
(in millions)	2015	2014	2013
Consolidated Statements of Earnings			
Revenues	$169	$213	$264
Operating expenses	$284	$296	$327

	September 30,	
	2015	2014
Consolidated Balance Sheets		
Accounts receivable	$5	$5
Accounts payable	$1	$2
Participants' share and residuals, current	77	100
Program obligations, current	62	87
Program obligations, noncurrent	55	104
Other liabilities	2	9
Total due to CBS	$197	$302

Other Related Party Transactions

In the ordinary course of business, we are involved in related party transactions with equity investees. These related party transactions primarily relate to the provision of advertising services, licensing of film and programming content, distribution of films and provision of certain administrative support services, for which the impact on our Consolidated Financial Statements is as follows:

Other Related Party Transactions	Year Ended September 30,		
(in millions)	2015	2014	2013
Consolidated Statements of Earnings			
Revenues	$174	$196	$216
Operating expenses	$61	$71	$63
Selling, general and administrative	$(15)	$(14)	$(17)

	September 30,	
	2015	2014
Consolidated Balance Sheets		

Accounts receivable	$60	$84
Other assets	1	1
Total due from other related parties	$61	$85
Accounts payable	$5	$2
Other liabilities	55	37
Total due to other related parties	$60	$39

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

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NOTE 21. QUARTERLY FINANCIAL DATA (unaudited):

2015 (in millions, except per share information)	First	Second	Third	Fourth	Year Ended September 30, 2015
Revenues	$3,344	$3,078	$3,058	$3,788	$13,268
Operating income	$935	$38	$1,084	$1,055	$3,112
Net earnings/(loss) from continuing operations (Viacom and noncontrolling interests)	$513	$(48)	$645	$892	$2,002
Net earnings/(loss) (Viacom and noncontrolling interests)	$513	$(48)	$645	$892	$2,002
Net earnings/(loss) from continuing operations attributable to Viacom	$500	$(53)	$591	$884	$1,922
Net earnings/(loss) attributable to Viacom	$500	$(53)	$591	$884	$1,922
Basic earnings/(loss) per share, continuing operations attributable to Viacom	$1.22	$(0.13)	$1.49	$2.22	$4.78
Basic earnings/(loss) per share attributable to Viacom	$1.22	$(0.13)	$1.49	$2.22	$4.78
Diluted earnings/(loss) per share, continuing operations attributable to Viacom	$1.20	$(0.13)	$1.47	$2.21	$4.73
Diluted earnings/(loss) per share attributable to Viacom	$1.20	$(0.13)	$1.47	$2.21	$4.73

2014 (in millions, except per share information)	First	Second	Third	Fourth	Year Ended September 30, 2014
Revenues	$3,197	$3,174	$3,421	$3,991	$13,783
Operating income	$960	$872	$1,086	$1,164	$4,082
Net earnings from continuing operations (Viacom and noncontrolling interests)	$557	$511	$654	$742	$2,464
Net earnings (Viacom and noncontrolling interests)	$557	$511	$653	$742	$2,463
Net earnings from continuing operations attributable to Viacom	$547	$502	$611	$732	$2,392
Net earnings attributable to Viacom	$547	$502	$610	$732	$2,391
Basic earnings per share, continuing operations attributable to Viacom	$1.23	$1.15	$1.43	$1.74	$5.54
Basic earnings per share attributable to Viacom	$1.23	$1.15	$1.43	$1.74	$5.53
Diluted earnings per share, continuing operations attributable to Viacom	$1.20	$1.13	$1.40	$1.72	$5.43
Diluted earnings per share attributable to Viacom	$1.20	$1.13	$1.40	$1.72	$5.43

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.
None.
Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

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Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2015. Based on that evaluation, management has concluded that, as of such date, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management's Report on Internal Control over Financial Reporting is set forth on page 54.

Audit Opinion on Internal Control over Financial Reporting

The effectiveness of the Company's internal control over financial reporting has been audited by PricewaterhouseCoopers, LLP an independent registered public accounting firm, as stated in their report, which is included herein on page 55.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item with respect to our directors and certain corporate governance practices will be contained in our Proxy Statement for our 2016 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Corporate Governance," "Our Board of Directors," "Item 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference. The information required by this item with respect to our executive officers (i) will be contained in the Proxy Statement under the headings "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" and (ii) is included in Part I of this Form 10-K under the caption "Our Executive Officers," which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be contained in the Proxy Statement under the headings "Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report," which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be contained in the Proxy Statement under the headings "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be contained in the Proxy Statement under the headings "Related Person Transactions" and "Our Board of Directors," which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be contained in the Proxy Statement under the heading "Services Provided by the Independent Auditor and Fees Paid," which information is incorporated herein by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) 1. Financial Statements.

2. Financial Statement Schedules.

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

3. Exhibits.

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page 94.

(b) Exhibits.

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page 94.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIACOM INC.

By:	/s/ Philippe P. Dauman
	Philippe P. Dauman
	President and Chief Executive Officer

Date: November 12, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of Viacom Inc. and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Philippe P. Dauman Philippe P. Dauman	President and Chief Executive Officer; Director	November 12, 2015
/s/ Thomas E. Dooley Thomas E. Dooley	Senior Executive Vice President and Chief Operating Officer; Director	November 12, 2015
/s/ Wade Davis Wade Davis	Executive Vice President, Chief Financial Officer	November 12, 2015
/s/ Katherine Gill-Charest Katherine Gill-Charest	Senior Vice President, Controller (Chief Accounting Officer)	November 12, 2015
* Sumner M. Redstone	Executive Chairman of the Board and Founder	November 12, 2015
* Shari Redstone	Vice Chair of the Board	November 12, 2015
* George S. Abrams	Director	November 12, 2015
* Cristiana Falcone Sorrell	Director	November 12, 2015

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Signature	Title	Date
* Blythe J. McGarvie	Director	November 12, 2015
* Deborah Norville	Director	November 12, 2015
* Charles E. Phillips, Jr.	Director	November 12, 2015
* Frederic V. Salerno	Director	November 12, 2015
* William Schwartz	Director	November 12, 2015

*By: /s/ Michael D. Fricklas
Michael D. Fricklas
Attorney-in-Fact for the Directors

November 12, 2015

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Item 15(a).
VIACOM INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in millions)	Beginning of period	Additions - expense and other	Deductions	End of period
Year Ended September 30, 2015:				
Allowance for doubtful accounts	$30	$ 10	$(3)	$37
Sales returns and allowances	$199	$ 344	$(417)	$126
Deferred tax valuation allowance	$308	$ 14	$(120)	$202
Year Ended September 30, 2014:				
Allowance for doubtful accounts	$33	$ 2	$(5)	$30
Sales returns and allowances	$261	$ 468	$(530)	$199
Deferred tax valuation allowance	$277	$ 54	$(23)	$308
Year Ended September 30, 2013:				
Allowance for doubtful accounts	$36	$ 8	$(11)	$33
Sales returns and allowances	$282	$ 503	$(524)	$261
Deferred tax valuation allowance	$324	$ 75	$(122)	$277

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Item 15(b).
INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Viacom Inc. effective December 31, 2005 (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K of Viacom Inc. filed March 16, 2006) (File No. 001-32686).
3.2	Amended and Restated Bylaws of Viacom Inc. effective September 15, 2011 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Viacom Inc. filed September 21, 2011) (File No. 001-32686).
4.1	Indenture, dated as of April 12, 2006, between Viacom Inc. and The Bank of New York (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed April 17, 2006) (File No. 001-32686).
4.2	First Supplemental Indenture, dated as of April 12, 2006, between Viacom Inc. and The Bank of New York, including Form of 6.25% Senior Note due 2016 and Form of 6.875% Senior Debenture due 2036 (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Viacom Inc. filed April 17, 2006) (File No. 001-32686).
4.3	Fourth Supplemental Indenture, dated as of October 5, 2007, between Viacom Inc. and The Bank of New York, including Form of 6.125% Senior Note due 2017 and Form of 6.75% Senior Debenture due 2037 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed October 9, 2007) (File No. 001-32686).
4.4	Fifth Supplemental Indenture, dated as of August 26, 2009, between Viacom Inc. and The Bank of New York Mellon, including Form of 5.625% Senior Note due 2019 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed August 26, 2009) (File No. 001-32686).
4.5	Sixth Supplemental Indenture, dated as of September 29, 2009, between Viacom Inc. and The Bank of New York Mellon, including Form of 5.625% Senior Note due 2019 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed September 30, 2009) (File No. 001-32686).
4.6	Seventh Supplemental Indenture, dated as of February 22, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.500% Senior Note due 2021 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed February 23, 2011) (File No. 001-32686).
4.7	Eighth Supplemental Indenture, dated as of March 31, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.500% Senior Note due 2017 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 31, 2011) (File No. 001-32686).
4.8	Ninth Supplemental Indenture, dated as of December 12, 2011, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.500% Senior Note due 2016 and 3.875% Senior Note due 2021 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 12, 2011) (File No. 001-32686).
4.9	Tenth Supplemental Indenture, dated as of February 28, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.500% Senior Debenture due 2042 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed February 28, 2012) (File No. 001-32686).
4.10	Eleventh Supplemental Indenture, dated as of June 14, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.125% Senior Note due 2022 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed June 14, 2012)

	(File No. 001-32686).
4.11	Twelfth Supplemental Indenture, dated as of November 26, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed November 30, 2012) (File No. 001-32686).
4.12	Thirteenth Supplemental Indenture, dated as of December 4, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).

Exhibit No.	Description of Exhibit
4.13	Fourteenth Supplemental Indenture, dated as of December 17, 2012, between Viacom Inc. and The Bank of New York Mellon, including Form of 4.375% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Viacom Inc. filed December 21, 2012) (File No. 001-32686).
4.14	Fifteenth Supplemental Indenture, dated as of March 14, 2013, between Viacom Inc. and The Bank of New York Mellon, including Form of 3.250% Senior Notes due 2023 and 4.875% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 14, 2013) (File No. 001-32686).
4.15	Sixteenth Supplemental Indenture, dated as of August 19, 2013, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.500% Senior Notes due 2018, 4.250% Senior Notes due 2023 and 5.850% Senior Debentures due 2043 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed August 19, 2013) (File No. 001-32686).
4.16	Seventeenth Supplemental Indenture, dated as of March 11, 2014, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.200% Senior Notes due 2019, 3.875% Senior Notes due 2024 and 5.250% Senior Debentures due 2044 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed March 11, 2014) (File No. 001-32686).
4.17	Eighteenth Supplemental Indenture, dated as of December 10, 2014, between Viacom Inc. and The Bank of New York Mellon, including Form of 2.750% Senior Notes due 2019 and 4.850% Senior Debentures due 2034 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Viacom Inc. filed December 10, 2014) (File No. 001-32686).
10.1	$2.0 Billion Three-Year Credit Agreement, dated as of October 8, 2010, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).
10.2	First Amendment, dated as of December 2, 2011, to the $2.0 Billion Three-Year Credit Agreement, dated as of October 8, 2010, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed February 2, 2012) (File No. 001-32686).
10.3	Second Amendment, dated as of November 9, 2012, to the Credit Agreement, dated as of October 8, 2010, as amended on December 2, 2011, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 31, 2013) (File No. 001-32686).
10.4	Third Amendment, dated as of November 18, 2014, to the Credit Agreement, dated as of October 8, 2010, as amended on December 2, 2011, among Viacom Inc., the subsidiaries of Viacom Inc. designated as borrowers from time to time thereunder, the Lenders named therein,

	JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and Deutsche Bank Securities Inc., Morgan Stanley MUFG Loan Partners, LLC, The Royal Bank of Scotland PLC and Wells Fargo Bank, N.A., as Documentation Agents (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).
10.5	Summary of Viacom Inc. Compensation for Outside Directors (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.6	Amended Compensation Arrangement for Non-Executive Vice Chair (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of Viacom Inc. filed November 9, 2006) (File No. 001-32686).**
10.7	Viacom Inc. 2006 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K of Viacom Inc. filed March 16, 2006) (File No. 001-32686).**
10.8	Viacom Inc. 2006 RSU Plan for Outside Directors (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K of Viacom Inc. filed March 16, 2006) (File No. 001-32686).**

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Exhibit No.	Description of Exhibit
10.9	Viacom Inc. 2011 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to the Definitive Proxy Statement of Viacom Inc. filed April 16, 2010) (File No. 001-32686), as amended by Amendment No. 1 to Viacom Inc. 2011 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 31, 2013) (File No. 001-32686).**
10.10	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.11	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of January 1, 2016 (incorporated by reference to Exhibit B to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).**
10.12	Amendment No. 1, dated January 16, 2014, to the Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.13	Viacom Inc. Deferred Compensation Plan for Outside Directors, as amended and restated as of November 13, 2013 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 30, 2014) (File No. 001-32686).**
10.14	Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012 (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed January 27, 2012) (File No. 001-32686).**
10.15	Viacom Inc. 2006 Long-Term Management Incentive Plan, as amended and restated effective January 1, 2011 (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed April 16, 2010) (File No. 001-32686).**
10.15.1	Form of Stock Option/RSU Confirmation Sheet (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2011) (File No. 001-32686).**
10.15.2	Form of Terms and Conditions to the Stock Option Certificate (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2011) (File No. 001-32686).**
10.15.3	Form of Terms and Conditions to the Restricted Share Units Certificate (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2011) (File No. 001-32686).**
10.15.4	Form of Terms and Conditions to the Performance Share Units (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2011) (File No. 001-32686).**
10.16	Viacom Inc. 2016 Long-Term Management Incentive Plan (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).**
10.17	Viacom Excess Pension Plan, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**
10.18	Amendment, effective as of March 31, 2009, to Viacom Excess Pension Plan, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.13 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**
10.19	Viacom Excess 401(k) Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**

10.20	Amendments, effective as of April 1, 2009 and December 31, 2009, to Viacom Excess 401(k) Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.15 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**
10.21	Viacom Bonus Deferral Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Viacom Inc. filed February 12, 2009) (File No. 001-32686).**
10.22	Amendment, effective as of December 31, 2009, to Viacom Bonus Deferral Plan for Designated Senior Executives, as amended and restated January 1, 2009 (incorporated by reference to Exhibit 10.17 to the Transition Report on Form 10-K of Viacom Inc. filed November 12, 2010) (File No. 001-32686).**

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Exhibit No.	Description of Exhibit
10.23	Employment Agreement with Sumner M. Redstone, dated September 25, 2006 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed September 26, 2006) (File No. 001-32686).**
10.24	Employment Agreement between Viacom Inc. and Philippe P. Dauman, effective as of January 15, 2015 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).**
10.25	Employment Agreement between Viacom Inc. and Thomas E. Dooley, as amended and restated as of May 27, 2010 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 5, 2010) (File No. 001-32686).**
10.26	Employment Agreement between Viacom Inc. and Michael D. Fricklas, dated as of October 2, 2009 (incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Viacom Inc. filed February 11, 2010) (File No. 001-32686), as amended by Letter Agreement dated August 6, 2012 (incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K of Viacom Inc. filed November 15, 2012), as amended by Amendment dated May 20, 2015 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Viacom Inc. filed August 6, 2015) (File No. 001-32686).**
10.27	Employment Agreement between Viacom Inc. and Wade Davis, effective as of November 27, 2014 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Viacom Inc. filed January 29, 2015) (File No. 001-32686).**
10.28	Service Agreement, dated as of March 1, 1994, between George S. Abrams and Former Viacom (incorporated by reference to Exhibit 10(q) to the Annual Report on Form 10-K of Former Viacom filed on March 31, 1995) (File No. 001-09553), assigned to Viacom Inc.**
10.29	Separation Agreement dated as of December 19, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of New Viacom Corp. filed December 21, 2005) (File No. 001-32686).
10.30	Tax Matters Agreement dated as of December 30, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Viacom Inc. filed January 5, 2006) (File No. 001-32686).
21.1*	Subsidiaries of Viacom Inc.
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm for Viacom Inc.
24.1*	Powers of Attorney.
31.1*	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

* Filed herewith.

** Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit.