How Many Photo Ops Does It Take To Cut A Stock In Half? Bringing Viacom Back

January 2016
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I. Executive Summary
Viadcom Overview

### Financial Snapshot (12/30/2015)

<table>
<thead>
<tr>
<th>($ in millions, except per share data)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Price</td>
<td>$40.99</td>
</tr>
<tr>
<td>52-Week High</td>
<td>$73.51</td>
</tr>
<tr>
<td>52-Week Low</td>
<td>$36.32</td>
</tr>
<tr>
<td>TTM Revenue</td>
<td>13,268</td>
</tr>
<tr>
<td>TTM EBITDA</td>
<td>4,142</td>
</tr>
<tr>
<td>TTM Net Income</td>
<td>1,920</td>
</tr>
<tr>
<td>Market Cap</td>
<td>16,291</td>
</tr>
<tr>
<td>Cash &amp; ST Investments</td>
<td>506.0</td>
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<tr>
<td>Total Debt</td>
<td>12,565</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>28,350</td>
</tr>
<tr>
<td>EV/Revenue (TTM)</td>
<td>2.1x</td>
</tr>
<tr>
<td>EV/EBITDA (TTM)</td>
<td>6.8x</td>
</tr>
<tr>
<td>EV/EBIT</td>
<td>9.11x</td>
</tr>
<tr>
<td>EV/FCFF</td>
<td>10.5x</td>
</tr>
<tr>
<td>Total Debt/EBITDA</td>
<td>3.0x</td>
</tr>
<tr>
<td>Trailing Annual Dividend Yield</td>
<td>3.7%</td>
</tr>
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</table>

### What is Viacom Inc.?  

Viacom, Inc. is a global entertainment content company, which connects with audiences through compelling television programs, motion pictures, short-form video, applications, games, brands for consumer products, social media and other entertainment content. The company operates business through two segments: Media 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. It creates, acquires and distributes programming and other content to its audiences across multiple platforms. The Media Networks segment produces, finances, acquires and distributes motion pictures, television programming and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, Insurge Pictures, MTV Films, Nickelodeon Movies and Paramount Television brands.
Lost Decade: Viacom vs. CBS Since 2006 Split

Note: As of 12/30/15
Source: Bloomberg

CBS: +72.0%
S&P 500: +59.0%
Viacom: -3.9%

Note: *The Standard & Poors 500 (S&P 500) is a weighted index of 500 stocks. The index is designed to measure the performance of the broad US economy through changes in the aggregate market value of 500 stocks representing all major industries.
Lost Decade: Viacom’s 1-Year Stock Performance

Note: As of 12/30/15
Source: Bloomberg
Lost Decade: Viacom’s 3-Year Stock Performance

Viacom: -21.4%
S&P 500: +47.1%

Note: As of 12/30/15
Source: Bloomberg
Lost Decade: Viacom’s 5-Year Stock Performance

Viacom: 3.0%

S&P 500: 64.2%

Note: As of 12/30/15
Source: Bloomberg
# Chronic Underperformance Against Peers

<table>
<thead>
<tr>
<th></th>
<th>VIAB</th>
<th>TWX</th>
<th>DIS</th>
<th>FOX</th>
<th>CBS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5-Year Returns</strong></td>
<td>+3.0%</td>
<td>+100.0%</td>
<td>+184.0%</td>
<td>+66.0%</td>
<td>+145.0%</td>
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<tr>
<td><strong>3-Year Returns</strong></td>
<td>-28.5%</td>
<td>+46.0%</td>
<td>+122.0%</td>
<td>+26.5%</td>
<td>+34.5%</td>
</tr>
<tr>
<td><strong>1-year Returns</strong></td>
<td>-45.6%</td>
<td>-20.6%</td>
<td>+20.6%</td>
<td>-19.9%</td>
<td>-11.6%</td>
</tr>
</tbody>
</table>

Note: As of 12/30/2015; We have chosen to use the peer group given by the ISS (Found in the Appendix) to have the most appropriate evaluation. 
Source: Bloomberg
## Selected Peer Group

<table>
<thead>
<tr>
<th>Company</th>
<th>Enterprise Value ($M)</th>
<th>Total Revenue ($M)</th>
<th>EBITDA ($M)</th>
<th>EV/EBITDA (Trailing)</th>
<th>Total Debt / EBITDA</th>
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<tbody>
<tr>
<td>TWX</td>
<td>77,990</td>
<td>28,560</td>
<td>8,020</td>
<td>9.7x</td>
<td>0.3x</td>
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<td>DIS</td>
<td>180,800</td>
<td>52,460</td>
<td>15,640</td>
<td>11.6x</td>
<td>1.2x</td>
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<tr>
<td>FOX</td>
<td>65,290</td>
<td>27,180</td>
<td>6,130</td>
<td>10.6x</td>
<td>3.0x</td>
</tr>
<tr>
<td>CBS</td>
<td>30,840</td>
<td>13,660</td>
<td>3,070</td>
<td>10.0x</td>
<td>2.8x</td>
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<td>VIAB</td>
<td>28,350</td>
<td>13,268</td>
<td>4,142</td>
<td>6.8x</td>
<td>3.0x</td>
</tr>
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</table>

Note: As of 01/13/2016  
Source: Bloomberg
# Mind The Gap Between Viacom & Its Peers

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>TWX</td>
<td>10.9x</td>
<td>7.8x</td>
<td>7.1x</td>
<td>7.2x</td>
<td>8.5x</td>
<td>11.3x</td>
<td>12.2x</td>
<td>9.7x</td>
</tr>
<tr>
<td>DIS</td>
<td>8.2x</td>
<td>8.2x</td>
<td>8.8x</td>
<td>6.9x</td>
<td>9.9x</td>
<td>11.2x</td>
<td>12.0x</td>
<td>11.6x</td>
</tr>
<tr>
<td>FOX</td>
<td>N/A</td>
<td>6.7x</td>
<td>6.4x</td>
<td>10.4x</td>
<td>14.2x</td>
<td>14.2x</td>
<td>11.7x</td>
<td>10.6x</td>
</tr>
<tr>
<td>CBS</td>
<td>4.4x</td>
<td>8.7x</td>
<td>7.8x</td>
<td>7.3x</td>
<td>8.4x</td>
<td>13.2x</td>
<td>10.7x</td>
<td>10.0x</td>
</tr>
<tr>
<td>Avg.</td>
<td>7.6x</td>
<td>9.1x</td>
<td>11.2x</td>
<td>8.2x</td>
<td>15x</td>
<td>20x</td>
<td>15x</td>
<td>10.4x</td>
</tr>
<tr>
<td>VIAB</td>
<td>6.5x</td>
<td>7.3x</td>
<td>8.7x</td>
<td>6.9x</td>
<td>8.4x</td>
<td>11.3x</td>
<td>10.1x</td>
<td>6.8x</td>
</tr>
<tr>
<td>Difference</td>
<td>1.1x</td>
<td>1.8x</td>
<td>2.5x</td>
<td>1.3x</td>
<td>6.6x</td>
<td>8.7x</td>
<td>4.9x</td>
<td>3.6x</td>
</tr>
</tbody>
</table>

Note: As of 12/30/2015
Source: 1. Jefferies, Data: Bloomberg
Viacom Management Has Under Performed for Years With No Accountability

The Viacom Board Is Too Large, Too Cozy, and Too Overpaid For Under Performance

- Viacom’s Board of 11 is Among the Largest in the Media Sector
- Deborah Norville – host of CBS-produced Inside Edition – is Classified by Viacom as an Independent Director
- We Believe that Almost 75% of the Board Should be Classified as Not Independent
- Outside Directors are Among the Highest Paid in the Media Sector, Perhaps Explaining their Generosity Towards Viacom’s CEO and COO

Sumner Redstone is an Absent Chair. It’s No Way To Run a Board

- Part of the Explanation for the Stock’s Chronic Under Performance, in our Opinion, Relative to its Peers is Lack of Clarity Around the Succession Plans for Sumner Redstone
- Redstone’s Recent Absence From Earnings Calls and Shareholder meetings Only Exacerbate the Discount to the Stock.
- A New Chair May Help Remove the Heavy Discount Attached to the Stock
Viacom Management Has Under Performed for Years With No Accountability

The CEO & COO Are Far Too Richly Compensated Given Their Lagging Five-Year Performance

- In the Last 5 Years, Viacom Shareholders Have Paid CEO Philippe Dauman and COO Thomas Dooley a combined $432 million in compensation[^1], Far Ahead of Any Other Media Company
- Yet, Viacom’s Stock Performance has Been Nearly the Worst Among its Media Peers Over That Same Period

Wholesale Leadership Change Is Needed Now To Change Non-Creative Culture

- Viacom Needs a New Chair, CEO, COO, and Board
- The company’s Bloated Cost Structure Lags Behind Peers
- We Believe That a new Board and Management Team Can Put an End to Viacom’s Disappointing Performance Compared to its Peers

[^1]: Image: Google Images
Source: 1. Company Fillings (Form DEF 14a), SpringOwl Asset Management LLC
Missing The Shift To Digital & Creatively Bankrupt Culture

Viacom Sped Its Destruction When CEO Dauman Heavily Licensed Content to Netflix in 2011

- Netflix Didn’t Just Come Along and Disrupt Viacom; Viacom Helped Make Netflix as Powerful as it is
- In 2011, Dauman Heavily Licensed Viacom Content to Netflix to Boost Revenues
- In Doing so, he Heavily Trained a Generation of Nick Viewers to go to Netflix for Dora Instead of Nick

Dauman Sued YouTube Instead of Using YouTube to Promote Viacom

- In 2010, Dauman Decided to Sue YouTube for Copyright Infringement
- Since then, Viacom Brands Miss Out on the Opportunity to Promote Themselves on YouTube Compared to Their Competitors

Viacom Has Been Asleep At The Switch In The Shift To Digital

- Unlike its Peers, Viacom has Made no Investments in Digital Companies or M&A
- Viacom Actually Owned half of Vice Media in 2006 but Decided to Sell it Back to Vice for $3m in 2007; Fox, Disney & Hearst are Now all Major Investors in Vice
- While Most of their Peers Have Strong Over The Top (OTT) Offerings, Viacom Only has Noggin for Pre-Schoolers at $5.99 a Month

Viacom Isn’t Going Through A Creative Lull; It’s Creatively Bankrupt

- We Believe Its Most Creative Executives Have Quit
- Its Most Successful Shows Were all Developed Before Dauman Assumed the CEO Role in 2006
- The Viacom Culture Today is: Keep Your High-paying Job With Fancy Perks
## Viacom Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

<table>
<thead>
<tr>
<th>Strengths:</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Big Cable Networks in The U.S.</td>
<td>- Controlling Shareholder</td>
<td>- Change in Management and Board</td>
<td>- Continued Advertising Decline To Media Sector and Nick/ MTV/CC</td>
</tr>
<tr>
<td>- Locked in, High Margin Cash Flows for Next Few Years Despite Recent</td>
<td>- Perceived poor Management</td>
<td>- International Growth</td>
<td>- Specifically</td>
</tr>
<tr>
<td>Market Concerns Over Future of Big Media</td>
<td>- Missed Move To Digital</td>
<td>- Renewal of Carriage Deals</td>
<td>- No Renewal with DISH</td>
</tr>
<tr>
<td>- Paramount still a major studio</td>
<td>- MTV &amp; Nick Hurt by SVOD Growth Disproportionately</td>
<td>- Clarity on Controlling Shareholder</td>
<td>- Ratings Declines</td>
</tr>
<tr>
<td>- Strong International Assets</td>
<td>- Had No TV Production Company post-split –</td>
<td>- Digital Growth/Investment</td>
<td>- General Economic Slowdown</td>
</tr>
<tr>
<td>- Lowest of Peers Trough Multiple – Ability to Move Up</td>
<td>- Smaller Size of Paramount to Peers</td>
<td>- Merger With an AMC to Help Strengthen Creativity and Management Talent</td>
<td>- Not Possible To Buy Back Many Shares Without Threatening Credit Rating</td>
</tr>
<tr>
<td>Considerably Relative to Peers on Good Events</td>
<td>- Over-Levered To Buyback of Shares early at Inflated Prices</td>
<td>- Alibaba Pictures or Amazon Investment in Paramount</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Hit New Shows Can Have Dramatic Impact</td>
<td></td>
</tr>
</tbody>
</table>
Yet Viacom Has Meaningful Upside

- It is Our Belief There is a “Poor Governance” Discount Applied to this Company Relative to its Peers Due to Sumner Redstone’s Being an absent Chair and a perception of ensconced inferior management
- We Believe Simply Removing the Overhang of the Absent Chair and Bringing in Improved Management Could Result in a Meaningful Re-rate of the Stock
- There are still Considerable Operating Expenses Which Should be Cut to Bring Viacom Into Line With its Peers
- The Viacom Platform Could Achieve Meaningfully More Ad and Affiliate Fee Revenue With More Hits Stemming From a Creative Culture Not Occurring Now
- The Company Has Made Minimal Inroads Into OTT and Other Digital Platforms
- It has Made Virtually no Digital Investments or Acquisitions
- We Strongly Support Mario Gabelli’s Recent Public Comments Urging Company to Unlock Value

*We Believe That Viacom is Significantly Undervalued Relative to its Peers and Assets and Can Deliver Material Returns Over The Long-term For its Shareholders With Changes Made to its Leadership and Board of Directors*
Proposed Plan For Revitalizing Viacom’s Culture & Stock Price

- **Step 1**: Sumner Redstone to Step Down As Chair
- **Step 2**: Refreshed Board and New Active Chairman
- **Step 3**: New Viacom Leadership
- **Step 4**: Explore Alibaba Pictures/Amazon Investment Into Paramount
- **Step 5**: Explore AMC Asset Merger
- **Step 6**: Conduct a Strategic Assessment of Assets
- **Step 7**: Massive Operating Expense Reduction
- **Step 8**: Spearhead New Push Into Digital / OTT
- **Step 9**: New Hit Shows Coming From Transformed Creative Culture at Company
Value Creation Plan

We Believe a Focused Three-Part Plan Can Help to Unlock the True Value Embedded Within Viacom:

1. Wholesale Changes of Leadership Including the Chair, the Board, and the Senior Management
2. Aggressive Operating Expense Reduction to Bring the Company’s Expenses in Line With its Peers
3. Recruit New Leaders to Help Spearhead a Revitalized Creative Culture Which Makes Viacom the Epicenter of Cool Again and Pushes Out its Content to all Digital Platforms

If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares may trade at between $65 – 95.90/share, or up to 135% above current levels.
Key Drivers To Unlocking Value In Viacom’s Share Price

New Chair
- The Difference Between CBS and an average of Disney and Time Warner is the Difference Between Companies With and Without a Controlling Shareholder
- CBS’ EV/EBITDA Multiple is 10.0x vs. a Disney/Time Warner average of 9.7x
- The Potential Rerating for Removing the Controlling Shareholder as Chair – Applied to Viacom’s EBITDA Stream Could be an Additional $2.5B in Market Cap or Approximately $7/Share

New CEO
- The Difference Between Viacom and CBS is The Difference Between Good and Bad Management With the Same Controlling Shareholder in Place
- Viacom’s EV/EBITDA Multiple is 6.8x vs. CBS’ of 10.0x
- The Potential Rerating for “Good” Viacom Management Could be $13.2B in Market Cap or Approximately $38/Share

Operating Expense Reduction
- Viacom’s Selling, General and Administrative (SG&A) Expenses as a % of Their Revenues are Still Significantly Higher Than Peers Like Time Warner, CBS And Disney (21% Vs. 16%)
- Bringing These In Line With Peers Would Represent an Additional $400m in Annualized Expense Savings, Most of Which Would Drop to EBITDA
- Applying a CBS 10.0x Multiple to That Represents Potential Additional Market Cap of $4B or $11.50/Share

Source: SpringOwl Asset Management LLC
Key Drivers To Unlocking Value In Viacom’s Share Price

New Push Into Digital/OTT
- We Assume Even a Modest Push Into Launching OTT Channels (Beyond Noggin Aimed at Pre-schoolers for $5.99 a Month) Would Result in Additional Market Cap for Viacom of $600M or $1.50/Share

Additional Value From Combining With AMC or Taking Investment in Paramount from Alibaba Pictures or Amazon, As Well As New Hit Shows
- What we Have Not Factored Into a Future Share Price for Viacom is The Potential Value of Combining Assets With AMC or Paramount Taking in an Investment from Alibaba Pictures or Amazon
- New Hit Shows That Could get Developed in the Future Thanks to a Newly Revitalized Creative Culture Can Have an Enormously Powerful Impact on the Stock Price as Josh Sapan has Shown at AMC Over Many Years
- What’s “The Walking Dead” Worth to AMC? A “Homeland” to Showtime? A “Game Of Thrones” to HBO”? Or a “Daily Show With Jon Stewart” Vs. Trevor Noah to Viacom?
- Changing the Culture to Start Risk-taking Again is in our View the Biggest Potential Upside to the Stock

If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares may trade at between $65-95.90/share or up to 135% above current levels. Over time, with more hit shows developed, the share price could move meaningfully higher.
Viacom May Have Meaningful Upside From Current Levels

Note: For Illustrative Purposes Only
# Sum Of The Parts Valuation Method

<table>
<thead>
<tr>
<th>Viacom Sum Of The Parts</th>
<th>As of 9/30/15</th>
<th>Rear</th>
<th>Mid</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Cable</td>
<td>Multiple EBITDA: 7.2x</td>
<td>Multiple EBITDA: 8.0x</td>
<td>Multiple EBITDA: 9.0x</td>
<td></td>
</tr>
<tr>
<td>Domestic Cable EBITDA</td>
<td>$4,273</td>
<td>$4,273</td>
<td>$4,273</td>
<td></td>
</tr>
<tr>
<td>If CVC loss</td>
<td>70%: $96</td>
<td>40%: $96</td>
<td>0%: $96</td>
<td></td>
</tr>
<tr>
<td>If DISH loss</td>
<td>50%: $364</td>
<td>25%: $364</td>
<td>0%: $364</td>
<td></td>
</tr>
<tr>
<td>EBITDA - ADJ.</td>
<td>$4,024</td>
<td>$4,144</td>
<td>$4,273</td>
<td></td>
</tr>
<tr>
<td>Domestic Cable Value</td>
<td>$28,971.4</td>
<td>$33,148.8</td>
<td>$38,457.0</td>
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</tr>
<tr>
<td>Paramount</td>
<td>Multiple EBITDA: 7.25x</td>
<td>Multiple EBITDA: 8.0x</td>
<td>Multiple EBITDA: 11.25x</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>$151</td>
<td>$151</td>
<td>$151</td>
<td></td>
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<tr>
<td>Paramount Value</td>
<td>$1,094.8</td>
<td>$1,328.8</td>
<td>$1,698.8</td>
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<tr>
<td>Corporate</td>
<td>Multiple Expenses: 6.8x</td>
<td>Multiple Expenses: 7.8x</td>
<td>Multiple Expenses: 9.1x</td>
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</tr>
<tr>
<td>EBITDA</td>
<td>$-282</td>
<td>$-282</td>
<td>$-282</td>
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<tr>
<td>Valuation 100%</td>
<td>$-11,917.6</td>
<td>$-1,645.7</td>
<td>$-1,283.1</td>
<td></td>
</tr>
<tr>
<td>Subtotal Consolidated Assets</td>
<td>$28,148.5</td>
<td>$32,827.9</td>
<td>$38,872.7</td>
<td></td>
</tr>
</tbody>
</table>

| Joint Ventures / Equity Method Investments | | J/V Equity Method | | J/V Equity Method |
|-------------------------------------------|-------------------------------|------------------|------------------|
| Prism                                      | Book Value: $434              | Book Value: $434 | Book Value: $434 |
| EPIX                                      | Multiple of Book: 2.0x        | Multiple of Book: 3.0x | Multiple of Book: 4.0x |
| Cost Method Investments                    | Book Value: $71               | Book Value: $71   | Book Value: $71   |
|                                           | Multiple of Book: 2.0x        | Multiple of Book: 3.0x | Multiple of Book: 4.0x |
| Subtotal Equity & Cost Method Investments  | $1,010.0                     | $1,515.0         | $2,020.0         |

| TOTAL SUM OF THE PARTS NAV                | $29,159                      | $34,343                      | $40,893                      |

| Capital Structure                         | | Capital Structure | | Capital Structure |
|-------------------------------------------|-------------------------------|------------------|------------------|
| Minus: Long Term Debt                     | $-12,285                     | $-12,285            | $-12,285          |
| Minus: Minority Interest                  | $-220                         | $-220               | $-220             |
| Plus: Cash & Option Proceeds              | $506                          | $506                | $506              |
| Net Debt, etc.                            | $-12,059                      | $-12,059            | $-12,059          |
| Implied Equity Value                      | $17,100                       | $22,284             | $28,834           |
| Fully Diluted Shares FYE 9/15/15          | 395.6                         | 395.6               | 395.6             |
| TOTAL SUM OF THE PARTS NAV                | $43.22                        | $56.33              | $72.89            |

1/13/2016 Current VIAB Share Price | $40.79 | Premium / (Discount) | 6.0% | 38.1% | 79%
Notes On Sum Of The Parts Valuation Method

Notes:

1. Two days after Jefferies report of 9/15/15, Altice announced its purchase of CVC. Altrice, the owner of Suddenlik, did not extend its VIAB agreement significantly which increases the risk of CVC not renewing its VIAB agreement. Jefferies itemizes the financial impact of a loss of DISH distribution of VIAB networks. DISH is under extensive pricing pressures and we include a probability of a loss of the DISH network.

2. Assuming under different sale scenarios that corporate overhead would reduce from 100% down to 50%

3. Assume any sale of a division or whole company would be to a public company in which VIAB would take stock without incurring tax

4. More information is needed on Studio and International Ventures to make a real assessment

Risks:

1. A strategic sale of the Control Stock only. A strategic buyer would purchase Sumner’s control stock at a premium to gain control of VIAB; without buying any minority shares
II. Viacom’s Absent & Overpaid Leadership
Overpaid & Lackey Board

Too Old
- Viacom has the Oldest Directors on Average Compared to Any of Their Media Peers at 66 (Except For CBS)\(^1\)
- The Average Viacom Director has Been on the Board for 8 Years, Suggesting They Lack a Freshness in Judging the Company’s Performance

Too Cozy
- We Believe Only 27% of Viacom Directors Can be Considered by Many as Truly Independent

Too Large
- Robert Kraft Recently (August 2015) Resigned from the Viacom Board, Leaving 11 Members
- Even After Kraft’s Resignation, this Makes it a Larger Board Than Disney’s, Discovery’s, AMC’s And Netflix’s

Too Overpaid Given Their Chronic & Relative Under Performance
- Viacom’s Outside Directors’ Median Pay Last Year (2014) was $314,000 - Higher Than Disney, Time Warner, Discovery, Fox, Scripps, and AMC.
- Yet Viacom’s 5 Year Stock Performance is the Worst Among its Media Peers Except for Scripps

Note:1. As of October 2015
Source: SpringOwl Asset Management LLC
Did MTV Get The Idea For Cribs From The Habits Of Viacom Directors?
Viacom’s Board Pays Itself Cribs-like Compensation

Median BOD Non-Exec Director Compensation 2014

<table>
<thead>
<tr>
<th>Company</th>
<th>Median BOD Non-Exec Director Compensation 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBS</td>
<td>$317K</td>
</tr>
<tr>
<td>VIAB</td>
<td>$314K</td>
</tr>
<tr>
<td>DIS</td>
<td>$299K</td>
</tr>
<tr>
<td>TWX</td>
<td>$289K</td>
</tr>
<tr>
<td>FOX</td>
<td>$287K</td>
</tr>
</tbody>
</table>

5-Year Stock Performance:

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Cap</th>
<th>5-Year Stock Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBS</td>
<td>$22B</td>
<td>145.0%</td>
</tr>
<tr>
<td>VIAB</td>
<td>$16B</td>
<td>3.0%</td>
</tr>
<tr>
<td>DIS</td>
<td>$177B</td>
<td>184.0%</td>
</tr>
<tr>
<td>TWX</td>
<td>$52B</td>
<td>100.0%</td>
</tr>
<tr>
<td>FOX</td>
<td>$54B</td>
<td>66.0%</td>
</tr>
</tbody>
</table>

Note: As of 12/30/2015
Source: Company Filings (DEF14A); Bloomberg
Deborah Norville: The Face of Corporate Governance of Viacom
Deborah Norville is an “Independent” Director?

- Viacom classifies 3 of its 11 directors as “independent” even though they have ties to VIAB, CBS or Redstone:
  - Deborah Norville – host of Inside Edition – is classified as an independent director but the program she hosts is produced by Redstone’s CBS Television
  - Frederic Salerno is classified as an independent director although he has also served on CBS’ board since 2007
  - William Schwartz is classified as an independent director but has served on the Viacom and former Viacom boards since 1987; after 28 years, one certainly loses their independence in judging a company’s and its board’s actions
- We Believe Almost 75% of the VIAB board are not independent by a reasonable definition; ISS recommends a “substantial majority of a board be independent”
- This helps explain why Viacom executive pay has been so high even in the face of underwhelming corporate performance

1. The 2015 ISS report urged votes against the entire Compensation and Audit Committees (6 directors total) vs. 1 director in 2014
2. The ISS “Withhold” recommendations applied to 55% of the current board

Source: ISS Viacom Report
Astonishing CEO Pay For Under Performance

Viacom vs. Peer Group: CEO Total Compensation (2010-2014)

<table>
<thead>
<tr>
<th>CEO/Company</th>
<th>Compensation</th>
<th>Stock Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leslie Moonves</td>
<td>$313.89M</td>
<td>145.0% $22.0B</td>
</tr>
<tr>
<td>Philippe Dauman</td>
<td>$243M</td>
<td>0.0% $16.0B</td>
</tr>
<tr>
<td>Bob Iger (DIS)</td>
<td>$184.1M</td>
<td>184.0% $177.0B</td>
</tr>
<tr>
<td>Rupert Murdoch</td>
<td>$144M</td>
<td>66.0% $54.0B</td>
</tr>
<tr>
<td>Jeffrey Bewkes</td>
<td>$143.54M</td>
<td>100.0% $52.0B</td>
</tr>
</tbody>
</table>

Note: As of 12/30/2015
Source: Company filings (DEF14A)
Astonishing Top Two Executive Pay For Under Performance

Mon Dieu! C’est Pas Possible!

It’s good to be a professional manager who works for Sumner Redstone


5-Year Stock Performance:

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>Company</th>
<th>5-Year Stock Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$16B</td>
<td>VIAB</td>
<td>3.0%</td>
</tr>
<tr>
<td>$22B</td>
<td>CBS</td>
<td>145.0%</td>
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<tr>
<td>$177B</td>
<td>DIS</td>
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<tr>
<td>$52B</td>
<td>TWX</td>
<td>100.0%</td>
</tr>
<tr>
<td>$54B</td>
<td>FOX</td>
<td>66.0%</td>
</tr>
</tbody>
</table>

Note: As of 12/30/2015
Source: Company filings (DEF14A)
Why Such high Pay Given Viacom’s Under Performance?

- Viacom’s Recent Financial Results lag their peers significantly

Revenue CAGR (2011-2015)

EBITDA CAGR (2011-2015)

Note: As of 12/30/2015
Source: Company Filings (10K); Bloomberg
Why Such high Pay Given Viacom’s Under Performance?

5-Year Revenue Trend (In Millions)

-11%

Note: As of 12/30/2015
Source: Company filings (10K)
Why Such high Pay Given Viacom’s Under Performance?

5-Year EBITDA Trend (In Millions)

Note: As of 12/30/2015
Source: Company filings (10K)
Why Such high Pay Given Viacom’s Under Performance?

5-Year OCF Trend

-12%

Source: Company filings (10K)
And A Substantial Part of Dauman’s Compensation is Cash Not Stock

Philippe Dauman’s Expected Compensation For 2015-2018

Note: As of 12/30/2015
Source: SpringOwl Asset Management LLC

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And A Substantial Part of Dauman’s Compensation is Cash Not Stock

65% of Dauman’s Pay Last Year Was in Cash vs. Stock

- That Eases the Pain of the Viacom Share Loss of 46% in the Last Year

Misalignment of Pay With Shareholder Performance

- If Viacom's Stock Performance Lands in the Lowest Quartile of The Standard & Poor’s 500 Index According to his
  Plan Dauman Can Still Reap his Stock Award if Earnings Per Share Growth, Helped by Buybacks, Beats the
  Average Company in the S&P.¹

Dauman’s New Contract Extension Awarded Through 2018 Suggests He Will Be Paid Almost $40m a Year for
the Next 4 Years Even if Viacom Continues to Struggle

- Total Target Annual CEO Comp for Next 3 Years: $39M

- A Minimum of 62% of Pay is Still Expected to be Made to Dauman in Cash¹
Forget *Weekend At Bernie’s* - For Dauman & Dooley, It’s Been *The Last Few Years at Sumner’s*

- With Sumner Redstone Absent for the Last Few Years, and With Dauman Effectively in Control of his Trust, it’s Been a **Perfect Setup for Dauman and Dooley to Keep Paying Themselves Enormous Cash Compensation at the Expense of Shareholders With Weak Accountability in Terms of Their Performance**
- The Ideal Scenario for Dauman and Dooley is That **Sumner Lives Forever (As He’s Promised To Do) and They Keep Raking it in**
- The Most Disappointing Aspect of all this for Viacom Shareholders is That Weekend at Bernie’s Was a Fox – and Not a Paramount - Picture
Sumner Redstone Built A Media Powerhouse; But Shareholders Can’t Have An Absent Chair

- The Question of Sumner Redstone’s Succession has Been Hanging Over the Stock for 10 Years
- Yet he Refuses to Commit to a Plan or a Timetable, Saying He'll Never Die
- He Has Only Listened to Viacom Earnings Calls Since January 2015; He Didn't Attend the VIAB or CBS Shareholders’ Meeting in March/May
- He Last Participated on an Earnings Call (To Say Hello and Pass the Call Over To Dauman) in October 2014

“Now I'd like to turn the call over to Viacom’s CEO, my great, great friend, the wisest man I have ever known, Philippe Dauman…”
– Sumner Redstone

- It’s Time to Clear Up the Uncertainty That has Been Negatively Impacting the Stock
- Redstone Should Step Aside as Chair so That Viacom’s Stock can Get Rid of the Succession Overhang
- When do Shareholders Have Recourse From the SEC to Ensure a Controlling Shareholder is Fit to Stay on?
Who’s Behind Sumner Making These Statements?

- If Donald Sterling was a Controlling Shareholder of a Public Company and was actually senile, what could shareholders do about it under current securities laws?
- Is it possible that a committee of people behind Redstone are putting out public statements on his behalf?

As I have always said, I believe strongly in professional management and appropriate corporate governance. Decisions about who will succeed me as chairman of CBS and Viacom will be made by the Boards of the respective companies, and not by any individual. Despite press reports to the contrary, such decisions have not yet been made. After my death, my ownership interest in the companies will be overseen by a group of seven trustees who will make fiduciary decisions based solely on the best interests of the beneficiaries of the trust. Until that time, I will continue to make all such decisions.

– Sumner Redstone, May 7, 2015

When Sumner Says he “Will Continue To Make All Such Decisions”, What Specific Decisions is he Referring to?
Who’s Behind Sumner Signing Off On These Decisions?

4.4 Revocation of Prior Documents: I hereby revoke all Advance Health Care Directives and all nominations of conservator of my person executed by me prior to this date.

4.5 Signature: Sign and date the form here:

Dated: October 16, 2015

(Sign your name)

Sumner M. Redstone
(Printed name)

31 Beverly Park Terrace, Beverly Hills, CA 90210
(Address/City/State/Zip Code)
Philippe Dauman Effectively Controls Viacom After Redstone’s Death

- Upon The Death of Redstone, his Interests Will be Overseen by a Group of Seven Trustees Controlling his 80% Interest of National Amusements Which in Turn Controls CBS and Viacom:
  - Philippe Dauman
  - David Andelman (CBS Director)
  - George Abrams (Viacom Director)
  - Shari Redstone
  - Tyler Korff (Shari’s Son)
  - Norman Jacobs (Lawyer For Sumner)
  - Leonard Lewin (Lawyer For Shari’s Mom)

Therefore, Dauman, Andelman, Abrams, and Jacobs Effectively Control the Trust With Their One Additional Vote (Assuming Jacobs sides with Dauman)

- If Andelman, Abrams and Jacobs Agree, it Appears That Dauman is Set to Lead Viacom for Another 40 Years if he Lives as Long as Sumner
- Viacom Shareholders Can’t Stand Another Year Under Dauman’s Leadership
III. Viacom’s Declining Assets & Creatively Bankrupt Culture
Viacom’s SG&A as a % of its Revenue is 4.4 Points Higher Than Time Warner, CBS or Disney
- 21.0% vs. 16.6%
- At $13.2B of Annualized Revenue, Dropping Viacom’s SG&A Costs to be in Line With Time Warner, CBS, and Disney Would Reduce Annualized Expenses by Over $400M
- Dauman Has Said a Recent $786M Restructuring, Which Was Completed by April 1, 2015, Will Only Lead of To a Drop of $250M In Annualized Expenses.¹
- Therefore, SG&A Costs Will Remain Far Above Peers
- In Q2 This Year – After Dauman’s Re-org Was Completed - SG&A Costs Dropped, but Only Because Q2 Revenues Sagged so Much in Comparison to the Prior Year

Viacom Still Needs to Reduce Headcount by Another 10% to Bring it in Line With Peers

Source: 1. http://adage.com/article/media/viacom-s-dauman-restructuring-save-250-million/297513/ ; Company Fillings (10Q); SpringOwl Asset Management LLC
Asleep At The Switch In Digital Shift: Helping Power Netflix To Eat Viacom’s Lunch

“[Dauman] took a short-term financial gain beginning in 2011 by selling kids TV hits including SpongeBob to Netflix. That now appears to have backfired by encouraging young viewers to abandon Nickelodeon and other ad-supported channels and go online where they can watch shows whenever they want, without ads.”

"Those ad-free platforms are becoming more appealing as Viacom channels make up for the decline in ratings points by cutting back on programming minutes and packing in additional commercials. By one count, time devoted to ads on BET in primetime was up 15% in Q2 vs the period last year, while MTV and VH1 were up 11%. Nickelodeon’s ad time increased 6% from 7 AM to 7 PM."

To date, Viacom has yet to announce a large OTT offering – except for Noggin geared to toddlers – like CBS, Showtime or HBO

Asleep At The Switch In Digital Shift: Suing YouTube Instead of Using YouTube

<table>
<thead>
<tr>
<th>Viacom Brands' Subscribers On YouTube:</th>
<th>Non-Viacom Brands' Subscribers on YouTube:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6M</td>
<td>10.3M</td>
</tr>
<tr>
<td>862K</td>
<td>6.4M</td>
</tr>
<tr>
<td>548K</td>
<td>2.9M</td>
</tr>
<tr>
<td>237K</td>
<td>1.7M</td>
</tr>
<tr>
<td>86K</td>
<td>629K</td>
</tr>
</tbody>
</table>

Maybe a Reason Viacom Avoids YouTube is Because Dauman Sued YouTube for $1B In 2010 for Copyright Infringement

“[Dauman] sued YouTube to force it to take down unauthorized clips from Viacom shows at a time when others (such as Saturday Night Live) recognized the platform’s power to build followings.”

Note: As of 12/30/2015
Image: Google Images
Source: SpringOwl Asset Management LLC
Asleep At The Switch In Digital Shift: No Viacom Bets On The Future Like Its Peers

"Where is MTV in the online music revolution?" one executive asks. "Where’s Nickelodeon in kids’ gaming? They should have been there."

The last time that Viacom was involved in gaming was when Redstone invested in Midway Games (owner of Mortal Kombat franchise) last decade; he eventually wrote it off.

Image: Google Images
Asleep At The Switch In Digital Shift: Redstone Hired Dauman and Dooley in 2006 To Do This

On September 6, 2006, the Day After Firing Viacom CEO Tom Freston for Presumably not Buying MySpace:

“I would rather . . . tell you that we--Philippe, Tom Dooley and I--will seek out every sensible deal, whether it be in the digital space or otherwise, and we are determined not to let it get out of our hands”....

[Dauman’s & Dooley’s recent private equity investment experience will give them] "important insights that will enable us to better navigate the digital transition and prudently capture the enormous opportunities that are clearly out there.” – Sumner Redstone.

Talking about the digital opportunity in front of them at Viacom [in September 2006], Philippe Dauman told analysts: “We have to be more plugged in.”

Yet What Investments or Digital Acquisitions has Viacom Made in The Last 10 Years Since These Empty Promises?

Asleep At The Switch In Digital Shift: Botched Vice Investment

- Freston Orchestrated a 50/50 Joint Venture Between Viacom and Vice for VBS.Tv (an Online TV Network of Vice) ¹
  - Viacom put in $3m of Operating Costs in Exchange for the 50% Stake, According to Former MTV Networks Exec Jason Hirschhorn²
  - After Freston was Fired, he Helped Vice Buy the Stake Back From Viacom Completely - for the Same $3m That Viacom Had Put in

Had They Kept Their Stake, Viacom’s $3m Investment Would be Worth $2.1B Today

Major Investors Today in Vice:

Disney  HEARST  FOX

Viacom has no Stake in Vice

Asleep At The Switch In Digital Shift: Oops! Vice Is Most Valuable New Media Company In World

“I want us to be the next MTV, ESPN, and CNN rolled into one” (2013)

Vice CEO: Shane Smith

Valuation ($M)

- Vice: $4,500
- SNL: $2,230
- Buzz Feed: $1,500
- The Economist: $1,460
- FT: $1,300
- Forbes: $624
- Business Insider: $475
- WIP: $442
- ZY: $250
- C: $120


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A Creatively Bankrupt Culture: Media Networks & Paramount Losing Subscribers & Share

Paramount Has Lost Significant Market Share

### Paramount Revenue Market Share %

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share</td>
<td>13%</td>
<td>11%</td>
</tr>
</tbody>
</table>

### Paramount Productions In Top 30 Grossing Films List

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Films</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Statista
A Creatively Bankrupt Culture: Media Networks & Paramount Losing Subscribers & Share

- Viacom’s Media Networks Increasingly Seen by Cable Operators as **Not** “Must Have”
  - Small Operators Focusing on Providing Broadband (and Voice) Relationships
  - To Compound this Problem, None of Viacom’s Networks are on Sling TV’s Lineup or Verizon’s Custom TV’s Base Package
  - Viacom Could be Facing The Loss of Cablevision (Now Owned by Altice Which Owns Suddenlink) and DISH

**Have Not Renewed Contracts With Viacom Since 2014:**

- **730 Thousand Subscribers** (2015)
- **Since Cable One Dropped Viacom, Estimated 3% Defection of Subscribers**¹

**In 2014, Viacom Was Dropped By 60 Rural Cable Operators**²

- **1.43 Million Subscribers (2014)**
- **Since Suddenlink Dropped Viacom, Estimated 2.9% Incremental Defection of Subscribers**¹
A Creatively Bankrupt Culture: Media Networks’ Ratings Have Aggressively Declined

Viacom Media Networks Viewership in 2015 (Year-Over-Year)

MTV: -26%
Comedy Central: -21%
Nick at Nite: -24%
Spike: -16%
BET: -14%
VH1: -11%
TV Land: -5%
A Creatively Bankrupt Culture: Viacom Is No Longer An Industry Leader

Top 10 Basic-Cable Networks

1. ESPN 2.12 -7%
2. Fox News 1.84 +3%
3. USA 1.80 -16%
4. TBS 1.79 -1%
5. Disney 1.72 -10%
6. TNT 1.71 -14%
7. Discovery 1.55 +11%
8. HGTV 1.50 +11%
9. History 1.49 -19%
10. AMC 1.38 +4%

Top Cable Series

1. The Walking Dead (AMC) 19.5
2. Fear Walking Dead (AMC) 11.8
3. Game of Thrones (HBO) 9.5
4. Amer. Horror Story (FX) 6.7
5. Rizzoli & Isles (TNT) 6.6
6. Better Call Saul (AMC) 6.5
7. Into the Badlands (AMC) 6.5
8. Talking Dead (AMC) 6.1
9. Major Crimes (TNT) 5.9
10. Gold Rush (Discovery) 5.7

Viacom Networks Are Not Currently On The List; Will They Be There In a Few Years?

Source: Nielsen Viewership, in millions from 12/29/14 to 12/20/15, including 7-day DVR-delayed viewing
A Creatively Bankrupt Culture: New Daily Show Ratings Declines Should Terrify Viacom Investors

The New Daily Show’s Ratings Under Host Trevor Noah are in For the Last Few Months 1:

- According to Nielsen, the Show has Managed to Turn Off a Full 37% of his Predecessor’s Viewers
- Trevor Noah is Down 32% in the all Important 18-49 Viewing Demo
- Among Men 18-49, Noah Lost 42% of Last Year’s Viewers (577K Viewers To 332K Viewers) in the First Week
- Viacom Specifically Chose the 31 Year Old Noah Thinking That his Youth Would Attract Millennial Viewers; After 1 Week’s Worth of Data, That Assumption Appears Wrong.
- It’s a Shame the Still Young Jon Stewart Could Not Be Convinced by Viacom to Stay on

"I couldn’t be happier"

Michele Ganeless
Comedy Central President

A Creatively Bankrupt Culture: Declining Ad Growth Ahead Of Peers

- Viacom has been trailing the industry in ad growth for 5 years now
- Ad sales are down 7% in the most recent quarter\(^1\)

![Graph showing media networks net advertising revenue (in millions) from 2012 to 2017E.](image)

2012-2017E Media Networks Net Advertising Revenue (In Millions)\(^2\)

- Nickelodeon: -23%
- MTV: -27%
- Comedy Central: -23%
- Spike: -22%

Source: 1. Company Filings (10Q); 2. Bloomberg
A Creatively Bankrupt Culture: Dauman Claims Viacom’s Low Ratings Must Be Wrong

- Over the Last Few Years, Dauman has Been Trying to Convince Investors and Advertisers That his Nielsen Ratings are Inaccurate by Creating New Metrics to Follow
- So Far, the Response From Advertisers and Wall Street has Been Deep Skepticism
- Maybe It’s Because They’ve Heard Him Say this Before

September 2012:

Mr. Dauman Says Nickelodeon’s Ratings Decline is Partly A Result of Changes at Nielsen and That he Expects the Situation to Turn Around.

“We’re going to have about 50 percent more original programming than the same quarter last year and a lot of great new shows,” he says, “so I think you’ll will see improvement in the very short term.”
A Creatively Bankrupt Culture: Dauman Claims Viacom’s Low Ratings Must Be Wrong

In Q4 2011, Dauman said that a 3rd party set top box was picking up different ratings’ data than Nielsen was for Nickelodeon. He claimed then that they were working on proving that theory that Nick’s ratings weren’t down as much as reported:

**On Nickelodeon, you mentioned third party set top box data showing something different than the drop that Nielsen is showing. Can you just give us a sense of whether that third party set top box data is showing Nickelodeon ratings flat or up or just not declined as much as Nielsen? I’m just sort of curious relative to the 15% to 20% decline that Nielsen is showing.**

**Because we’re working very closely with Nielsen and MRC, I don’t want to go into too much detail, but let’s just say that we wouldn’t have had to have any conversation with either of them based on the set top box data that they are examining. That’s the reason everybody believes there’s an anomaly.**

Source: 1. 4Q11 Earnings Conference Call
A Creatively Bankrupt Culture: Viacom Has Said Ad Sales Are Just About To Improve – For 5 Years

In Q1 2015, Viacom’s Ad Sales Fell 5% From the Year Ago Period

- Dauman Was Asked in April on the Earnings Call About How Q2 Ad Sales Would do
- Dauman Said That he Believed the June Period Ad Sales Could Deliver “A Comparable Performance” to the First Three Months of this Year
- Q2 Sales Actually Fell 9%¹

According To Derek Baine, a Senior Analyst at SNL Kagan, in Q2 2010, Cable Outlets Owned by Others Including Comcast, Discovery, Scripps, Cablevision and Time Warner Saw Ad Revenue Increase 13% To 21%, While Those Owned By Viacom's Grew Only 4%, as Such, The Viacom Channels Were "Trailing The Industry," He Added.

- In Response:

“Viacom executives indicated in a recent conference call with investors that they were ‘encouraged’ by ad-sales momentum in the third quarter, thanks to new programs on MTV and Comedy Central.”²

As the French Say:

“PLUS ÇA CHANGE, PLUS C’EST LA MÊME CHOSE”
After a CEO is Consistently Unable to Predict the Future, Why Believe Him?

A Creatively Bankrupt Culture:
Viacom Pioneered Ad Stuffing Back In 2010

What do you do when Ad Growth Stalls?
At Spike, They Started Stuffing More Ads Into Their Shows as Early as 2010:

“Spike TV has turned the venerable commercial break into a commercial marathon. During certain broadcasts of "Entourage," the Viacom cable channel has quietly run ad breaks ranging anywhere from six minutes in length to something approaching an eyebrow-raising 10 minutes in total. In some cases, the ad breaks are longer than segments of the show, episodes of which have in recent weeks taken as long as 48 minutes to run.”

Source:
http://adage.com/article/media/spike-s-supersized-ad-breaks-buck-tv-s-clutter-busting-trend/145853/
A Creatively Bankrupt Culture: Viacom’s CEO Message – Milk Existing Hits, Don’t Create New Ones

“He ran the sprockets off of established hits when he should have invested more to develop fresh content and franchises. At one point SpongeBob SquarePants represented 40% of Nickelodeon’s airtime.”

“The company stuck with inexpensive reality TV productions after their novelty began to wear off. Viacom “built franchises that lasted a decade — such as SpongeBob, Dora The Explorer and Jon Stewart — but hasn’t reinvested for the 21st century,” says one executive who knows the company well. “It’s jaw-dropping.”

A Creatively Bankrupt Culture: Viacom’s CEO Message – Milk Existing Hits, Don’t Create New Ones

In an Early Meeting With Comedy Central, Mr. Dauman asked:

*Why the channel needed both “The Daily Show With Jon Stewart” and “The Colbert Report,” according to a person briefed on the meeting.*

Dauman Got Double His Wish With Both Hosts Decamping Viacom Last Year

Images: Google Images  Source: 1.  
“The investor-focused approach keeps Wall Street bullish on Viacom but raises questions about whether creative executives feel comfortable throwing audacious ideas against the wall…. “You have people who are fearful of their jobs and their livelihood, and the chances of someone taking a chance in that scenario are very small,” Mr. Juenger, the analyst, says. Or, as a media executive close to Viacom puts it: “The sense over there is, ‘I like the private plane and I don’t want to get fired.’”

A Creatively Bankrupt Culture: Coincidence That All Cool Viacom Shows Were Developed Before Dauman Started?

- Video Music Awards: First aired: 09/84
- Unplugged: First aired: 11/89
- The Real World: First aired: 05/92
- AC/DC: First aired: 03/93
- The Daily Show: First aired: 07/96
- South Park: First aired: 03/97
- Duth Par: First aired: 08/97
- Jackass: First aired: 04/00
- The Best of Colbert: First aired: 10/05
- The Hills: First aired: 05/06

Dauman’s Start Date As Viacom CEO: September 2006
Dramatic Drop in Popularity of the VMAs and Kids’ Choice Awards

- MTV VMA Ratings Down 40% Y/Y this Year and 18% the Prior Year¹
- Some Speculate this will be the Last Year for the Expensive Award Show²
- Nick’s Kids’ Choice Ratings Were Down 28% Y/Y³
- While the Grammys Have Flat Viewership in the Last 5 Years and the Oscars Have Seen a 10% Drop, the VMA’s are Down 55% and Kids Choice Awards are Down 50%

Source:
A Creatively Bankrupt Culture: Departing Viacom Executives Leaving A Sinking Ship

Judy McGrath

Head Of MTV Networks

Resigned as Head of MTV Networks in 2011 to Join Amazon’s Board

Van Toffler

President of Viacom Media

Departed the Company in April, 2015 and Launched a Content and Acquisition Company Named Below the Radar

Susanne Daniels

Programming President of MTV

Departed the Company in Summer 2015 to Join YouTube in a Newly Created Position Leading the Platform’s Original Content Efforts

Stephen Friedman

President of MTV

Departed the Company in September 2015 to Join Pro-social Campaign Work
Uncertain Future With DISH Network

There's a lot of interest around Viacom in your upcoming contract renewal. How are those talks going, and is there a chance the two sides decide to part ways?

Viacom has been a long-term partner, so it'd take a lot for us not to do a deal with them, but they have to be realistic that their ratings have deteriorated over the last three years or four years in some cases in a material way... my challenge to our team is look for every reason that you can do a deal with Viacom. And we're not really looking at the – internally, we're not looking at the alternative of not doing a deal with them. It's just that we know what your measurement is; we know within our consumer base, what people watch and place a value on. We know there's alternatives for their product today that weren't there three years ago or four years ago. You can get kids programming on YouTube and Netflix and it's quite good, and some of it's even Viacom product. So the world has changed a little bit, but on the other hand, they have great content. They still are a big part of what we have done, and they've helped us. I think we are a pretty loyal company. They've helped us be successful, so it would take a lot for us to not do a deal, but those things can happen.

Charles William Ergen
- Executive Chairman,
  President & CEO

Shalini Ramachandran
The Wall Street Journal

Source: 1
Leveraged Overpaying for Stock Buybacks

- Viacom has Spent $15.2B in the Last 5 Years on Buybacks at an Average Cost of $60.62
- For all That Money, Viacom’s Stock is up 3% Over Those 5 Years vs. 64% for the S&P 500
- Over Same Period, Disney Has Spent $24.1B On Buybacks and Time Warner has Spent $21.2B On Buybacks
- Disney’s Stock is up 184% Over the Last 5 Years
- Time Warner’s Stock is up 100% Over the Last 5 Years

### Total Buybacks

<table>
<thead>
<tr>
<th>Year</th>
<th>Shares</th>
<th>Value</th>
<th>AVG Price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>19,679,000</td>
<td>899,954,000</td>
<td>46.5</td>
</tr>
<tr>
<td>2012</td>
<td>14,149,000</td>
<td>700,054,000</td>
<td>49.6</td>
</tr>
<tr>
<td>2013</td>
<td>33,675,000</td>
<td>2,699,984,001</td>
<td>77.7</td>
</tr>
<tr>
<td>2014</td>
<td>10,420,000</td>
<td>849,965,000</td>
<td>82.3</td>
</tr>
<tr>
<td>Total</td>
<td>$ 77,923,000</td>
<td>$ 5,149,957,002</td>
<td>64.0</td>
</tr>
</tbody>
</table>

- Current VIAB Stock (12/2015) 41.38
- Value Destruction Per Share (22.62)
- Total Value Destruction $ ($1.8B)

---

Jason Hirschhorn, Former Chief Digital Officer of Viacom’s MTV Unit in MediaREDEF

“What exactly are they doing to embrace the rapidly changing habits of youth culture…. Buybacks? Without a plan just buybacks at a loss.”

Did Buybacks Help Strengthen Viacom or Hollow It Out?

“We cannot stop thinking about the remarkable similarities between the story of Eastman Kodak and our view of Viacom. Basically two examples of once-dominant companies where the product that provides the majority of their profits (film; linear TV networks) is made obsolete by a digital world. Consumers are taking more photos than ever, and watching more video than ever—but using different underlying technologies with radically different economics and value chain structures.”

Todd Juenger
Senior Analyst, U.S Media
Sanford C. Bernstein
Did Buybacks Help Strengthen Viacom or Hollow It Out?

Since January 2011, Viacom Spent:

$14.5 billion on Share Buybacks

For $14.5 billion, They Could Now Own Some Combination of:

Instead of Buying Over-priced Shares in Their Structurally Challenged Assets, They Could Have Remodeled Their Company to Better Withstand the Future.

Had They Taken That Different Course, the Share Price May Never Have Reached $88 in 2014, but we Suspect it Would be Much More Promising for 2017 and Beyond.”

Too Bad Viacom Doesn't Have Lower Leverage Now To Do Buybacks: Total Debt/EBITDA

Note: As of 12/30/2015
Source: Bloomberg
Too Bad Viacom Doesn’t Have Lower Leverage Now To Do Buybacks

- Because Viacom Misallocated Capital Before, They Have Fewer Bullets in the Chamber Now to Buy Back Stock at These More Attractive Levels
- Viacom Suspended Buybacks Earlier this Year But Plans on Resuming Them in 2016
- How Much Can Viacom Buy Back Without Risking its BBB Credit Rating, Which Dauman Pledged on the August Earnings Call Not to Jeopardize?
- Meanwhile, Disney in September 2015 Went in to the Market and Bought Back $2.4B of its Own Stock on the Recent Pullback¹
- Viacom Cannot Act as Opportunistically

When Media Boards Bring On Strong Independent Directors, It Benefits The Stock

Fox Recently Nominated ValueAct’s Jeff Ubben to Their Board on September 30th, 2015:

"Jeff will bring to our board a great perspective as a global investor and a shared belief in building long-term value for shareholders," Executive Co-Chairmen Rupert Murdoch and Lachlan Murdoch stated. ¹

The Market Responded the Day of the News by Boosting Fox Shares 4.6% on a Day Where the S&P 500 Was up 2.3%

How Many Photo Ops Does It Take To Cut A Stock In Half?
IV. Proposed Plan For Revitalizing Viacom’s Culture & Its Share Price
## Viacom Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

<table>
<thead>
<tr>
<th><strong>Strengths:</strong></th>
<th><strong>Weaknesses</strong></th>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Big Cable Networks in The U.S.</td>
<td>- Controlling Shareholder</td>
<td>- Change in Management and Board</td>
<td>- Continued Advertising Decline To Media Sector and Nick/ MTV/CC Specifically</td>
</tr>
<tr>
<td>- Locked in, High Margin Cash Flows for Next Few Years Despite Recent Market Concerns Over Future of Big Media</td>
<td>- Perceived poor Management</td>
<td>- International Growth</td>
<td>- No Renewal with DISH</td>
</tr>
<tr>
<td>- Paramount still a major studio</td>
<td>- Missed Move To Digital MTV &amp; Nick Hurt by SVOD Growth Disproportionately</td>
<td>- Renewal of Carriage Deals</td>
<td>- Ratings Declines</td>
</tr>
<tr>
<td>- Strong International Assets</td>
<td>- Had No TV Production Company post-split – Had to Build from Scratch</td>
<td>- Clarity on Controlling Shareholder</td>
<td>- General Economic Slowdown</td>
</tr>
<tr>
<td>- Lowest of Peers Trough Multiple – Ability to Move Up Considerably Relative to Peers on Good Events</td>
<td>- Smaller Size of Paramount to Peers</td>
<td>- Digital Growth/Investment</td>
<td>- Not Possible To Buy Back Many Shares Without Threatening Credit Rating</td>
</tr>
</tbody>
</table>

**Opportunities:**
- Change in Management and Board
- International Growth
- Renewal of Carriage Deals
- Clarity on Controlling Shareholder
- Digital Growth/Investment
- Merger With an AMC to Help Strengthen Creativity and Management Talent
- Alibaba Pictures or Amazon Investment in Paramount
- Hit New Shows Can Have Dramatic Impact

**Threats:**
- Continued Advertising Decline To Media Sector and Nick/ MTV/CC Specifically
- No Renewal with DISH
- Ratings Declines
- General Economic Slowdown
- Not Possible To Buy Back Many Shares Without Threatening Credit Rating
Proposed Plan For Revitalizing Viacom’s Culture & Stock Price

- **Step 1:** Sumner Redstone to Step Down As Chair
- **Step 2:** Refreshed Board and new Active Chairman
- **Step 3:** New Viacom Leadership
- **Step 4:** Explore Alibaba Pictures/Amazon Investment Into Paramount
- **Step 5:** Explore AMC Asset Merger
- **Step 6:** Conduct a Strategic Assessment of Assets
- **Step 7:** Massive Operating Expense Reduction
- **Step 8:** Spearhead New Push Into Digital / OTT
- **Step 9:** New Hit Shows Coming From Transformed Creative Culture at Company

Source: SpringOwl Asset Management LLC
Step 1: New Viacom Chair

- It’s Time For a New Chair to Lead Viacom
- Sumner Redstone Should Step Down As He’s Been An Absent Chair for too Long
- His Replacement Should be a Strong Independent Voice Qualified With a Strong Background in Both Media and Digital/Technology
- The Difference Between CBS and an average of Disney and Time Warner is the Difference Between Companies With Good Management and Ones With No Controlling Shareholder
- CBS’ EV/EBITDA Multiple is 10.0x vs. a Disney/Time Warner average of 9.7x
- The Potential Re-rate for Removing the Controlling Shareholder as Chair – Applied to Viacom’s EBITDA Stream Could be an Additional $2.5B in Market Cap or Approximately $7/Share

If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares may trade at between $65-95.90/share or up to 135% above current levels.
Step 2: Refreshed Board With Deep Digital / Technology and Media Experience

- We Strongly Urge All Viacom Directors With Withhold Recommendations From ISS Last Year to Immediately Step Down
- We Would Also Like to See New Directors Who Have Deep and Relevant Experience in Both the Media Worlds as Well As in the Digital and Technology Worlds
- We Want to See Directors on this Board Who Actually Understand OTT and Where the World has Already Moved to
- The Directors Must Be Strong Independent Thinkers and not Beholden to Anyone from years of serving on the Viacom board
- Viacom should also have shareholders with relevant experience on its board. Mario Gabelli has shown himself to have several strong ideas on how to best create value at the company. A shareholder perspective should be part of all board discussions

*If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares may trade at between $65-95.90/share or up to 135% above current levels.*
Step 3: New Viacom Leadership At The Top

- We Believe That in Order to Allow a Creative Culture to Sprout at Viacom Again, it Requires a New CEO
- There Must Be a Break From the Past Lost Decade of Overpaying for Underperformance
- Nothing Truly Will Happen to the Viacom Stock Price Until New Leadership Creates a String of New Hit Programming That Will Support Strong Affiliate Revenues and Ad Revenues
- The Difference Between Viacom and CBS is The Difference Between Good and Bad Management With the Same Controlling Shareholder in Place
- Viacom’s EV/EBITDA Multiple is 6.8x vs. CBS’ of 10.0x
- The Potential Re-rate for “Good” Viacom Management Could be $13.2B in Market Cap or Approximately $38/Share

If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares may trade at between $65-95.90/share or up to 135% above current levels.

Source: SpringOwl Asset Management LLC
Step 4: Explore Alibaba Pictures or Amazon Investment Into Paramount

- Mario Gabelli Recently Suggested this Idea:

  "If Alibaba is going to be serious about getting into the entertainment industry, Viacom should sell Jack Ma a piece of Paramount… Jack Ma has a great understanding of the Chinese movie market."

- Paramount’s Only Major Hit of 2015:

  - Jack Ma just bought Youku in Order to Have a Netflix-like Service Across China; He Needs Content
  - Combining Forces With Alibaba Pictures Could Give Paramount a Unique Story for Filmmakers Over the Next 20 Years on How Their Films will get Promoted in China
  - Amazon is building its own studio in Hollywood and just released a Spike Lee film

Produced in Association With Alibaba Pictures

Highest Grossing 2D Film Ever in China

Image: Google Images
Step 5: Explore AMC Asset Merger

- Again, 10% Class A Shareholder Mario Gabelli Recently Suggested this Idea:

  “It would be opportunistic to build up their creative content… Distribution is important, but content is king.”¹

- We Find Enormous Merit to this Idea; a Combination With AMC Networks is Particularly Interesting From Several Perspectives:

  1. AMC is a Small but Successful Independent Set of Channels Which Complement Viacom’s Media Networks’ Offering and can achieve Greater Scale Domestically and Internationally as Part of Viacom. At the moment, Sapan is trying to negotiate higher affiliate revenue deals and meeting resistance. Scale would help.

  2. Josh Sapan has Been an Exceptionally Strong CEO at AMC Since 1995, Leading a Pipeline of Creative Hits Over Many Years and Cycles

  3. Sapan Could be Part of the Solution to Viacom’s Creative and Digital 10 Year Paucity Of Innovation

Step 6: Conduct a Strategic Assessment Of Viacom Assets

- How Can We Accentuate the Strengths we Have With the International Assets?
- Look to Divest Spectrum
- Strategic Reassessment – Which Aspects of Viacom Might Make More Sense Under Different Ownership?
- Paramount is Building its Own TV Production Unit From Scratch, After it Went to CBS in the 2006 Split
  - Should Paramount Acquire Another Studio Like Lionsgate and do an inversion?
  - Should Paramount be Sold?
- What’s The Real Value of the Domestic and International Media Networks Businesses?
  - What are Most Undervalued?
  - Which Might be Best Swapped for Other Assets?
If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares could trade at between $65-95.90/share, or up to 70% above current levels.
Step 8: New Push Intro Digital / OTT

- We Assume Even a Modest Push Into Launching OTT Channels (Beyond Noggin Aimed At Pre-schoolers for $5.99 A Month) Will Result in Additional Market Cap for Viacom of at Least $600 Million or $1.50 a Share

- NBC Universal has Recently Launched Seeso – A Comedy SVOD – for $3.99 a Month

- Whalerock Industries – Led by Lloyd Braun– Which Recently Handled the Kardashian Apps, Offers a Model for What the New Kind of Digital MTV Should Look Like

- Why Can't Viacom Offer a String of SVOD Services / Apps for its Audience?

- Viacom Totally Missed Out on the Vice Media Opportunity That Fell Into and Then Out of Their Laps; the Only Thing You Can do Now is Find The Next One Out There to Back to Utilize Media Networks’ Strengths in TV (Where, Ironically, All the Digital People Want to Be)
Step 9: New Hit Shows Coming From A Transformed Creative Culture At The Company

- What we Haven’t Factored Into a Future Share Price for Viacom is the Potential Value of New Hit Shows That get Developed in the Future Thanks to a New Creative Culture
- What’s “The Walking Dead” Worth to AMC? A “Homeland” to Showtime? A “Game of Thrones” to HBO? Or a “Daily Show With Jon Stewart” vs. Trevor Noah to Viacom?
- How Much in Additional Affiliate Revenue Fees, Increased Advertising, and Better Future Deals With Cable/Satellite Operators do New Hits Mean to Viacom’s Stock Price?
- Since June 2011, AMC Networks’ Stock is up 118% the Dow Jones Average Being up 41% and Viacom Being Down 21%
- AMC Shows the Model of How Consistent Development of Several Hit Shows can be Transformative to the Value of a Cable Network Business Even in the Face of Cord-Cutting Fears

If all aspects of our value creation plan are implemented by the company, we believe that Viacom’s common shares could trade at between $65-95.90/share, or up to 135% above current levels.

Source: SpringOwl Asset Management LLC
Viacom May Have Meaningful Upside From Current Levels

Note: For Illustrative Purposes Only
V. Appendices

Viacom Management & Board Composition
Viacom Shareholder Base
Viacom Peers
Sum Of The Parts Valuation Method

<table>
<thead>
<tr>
<th>Viacom Sum of the Parts</th>
<th>As of 9/30/15</th>
<th>Rear</th>
<th>Mid</th>
<th>High</th>
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</thead>
<tbody>
<tr>
<td>Domestic Cable</td>
<td>7.2x EBITDA</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Domestic Cable EBITDA</td>
<td>$4,273</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>If CVC loss 70%</td>
<td>$96</td>
<td>$-567</td>
<td></td>
<td></td>
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<tr>
<td>If DISH loss 50%</td>
<td>$364</td>
<td>$-581</td>
<td></td>
<td></td>
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<tr>
<td>EBITDA - ADJ.</td>
<td>$4,024</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Domestic Cable Value</td>
<td>$28,971.4</td>
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<td></td>
</tr>
<tr>
<td>Paramount</td>
<td>7.25x EBITDA</td>
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<td></td>
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<tr>
<td>EBITDA</td>
<td>$151</td>
<td></td>
<td></td>
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<tr>
<td>Paramount Value</td>
<td>$1,094.8</td>
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<td></td>
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<tr>
<td>Corporate</td>
<td>6.8x Expenses</td>
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<td></td>
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<tr>
<td>EBITDA</td>
<td>$-282</td>
<td></td>
<td></td>
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<tr>
<td>Valuation 100%</td>
<td>$-1,817.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Consolidated Assets</td>
<td>$28,148.5</td>
<td>$32,827.9</td>
<td>$38,872.7</td>
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<table>
<thead>
<tr>
<th>Joint Ventures / Equity Method Investments</th>
<th>J/V Equity Method</th>
<th>J/V Equity Method</th>
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<tbody>
<tr>
<td>Prism</td>
<td>Book Value $434</td>
<td></td>
</tr>
<tr>
<td>EPIX</td>
<td>Multiple of Book 2.0x</td>
<td>$868.0</td>
</tr>
<tr>
<td>Book Value</td>
<td></td>
<td></td>
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<tr>
<td>Multiple of Book</td>
<td>$142.0</td>
<td></td>
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<tr>
<td>Subtotal Equity &amp; Cost Method Investments</td>
<td>$1,010.0</td>
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</tr>
<tr>
<td>TOTAL SUM OF THE PARTS NAV</td>
<td>$29,159</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Capital Structure</th>
<th>Capital Structure</th>
<th>Capital Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus: Long Term Debt</td>
<td>$-12,285</td>
<td></td>
</tr>
<tr>
<td>Minus: Minority Interest</td>
<td>$-280</td>
<td></td>
</tr>
<tr>
<td>Plus: Cash &amp; Option Proceeds</td>
<td>$506</td>
<td></td>
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<tr>
<td>Net Debt, etc.</td>
<td>$-12,059</td>
<td>$-12,059</td>
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<tr>
<td>Implied Equity Value</td>
<td>$17,100</td>
<td>$22,284</td>
</tr>
<tr>
<td>Fully Diluted Shares FYE 9/15/15</td>
<td>395.6</td>
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</tr>
<tr>
<td>TOTAL SUM OF THE PARTS NAV</td>
<td>$43.22</td>
<td></td>
</tr>
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Note: As of January 2016
Source: SpringOwl Asset Management LLC
Notes On Sum Of The Parts Valuation Method

Notes:

1. Two days after Jefferies report of 9/15/15, Altice announced its purchase of CVC. Altice, the owner of Suddenlik, did not extend its VIAB agreement significantly which increases the risk of CVC not renewing its VIAB agreement. Jefferies itemizes the financial impact of a loss of DISH distribution of VIAB networks. DISH is under extensive pricing pressures and we include a probability of a loss of the DISH network.

2. Assuming under different sale scenarios that corporate overhead would reduce from 100% down to 50%

3. Assume any sale of a division or whole company would be to a public company in which VIAB would take stock without incurring tax

4. More information is needed on Studio and International Ventures to make a real assessment

Risks:

1. A strategic sale of the Control Stock only. A strategic buyer would purchase Sumner’s control stock at a premium to gain control of VIAB; without buying any minority shares
## Corporate Governance Profile

### BOARD & COMMITTEE SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Independence</th>
<th>Members</th>
<th>Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Board</td>
<td>58%</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Audit</td>
<td>100%</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Compensation</td>
<td>100%</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Nominating</td>
<td>100%</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

- Chairman classification: Insider
- Separate chair/CEO: Yes
- Independent lead director: No
- Voting standard: Majority
- Plurality carveout for contested elections: No
- Resignation policy: No
- Total director ownership (000 shares): 49,572
- Total director ownership (%): 79.5
- Percentage of directors owning stock: 100%
- Number of directors attending < 75% of meetings: 0
- Number of directors on excessive number of outside boards: 0
- Average director age: 65 years
- Average director tenure: 8 years
- Percentage of women on board: 33%

### SHAREHOLDER RIGHTS SUMMARY

- Controlled company: Yes
- Classified board: No
- Dual-class stock: Yes
- Vote standard for mergers/acquisitions: Majority
- Vote standard for charter/bylaw amendment: Majority
- Shareholder right to call special meetings: Yes, 50.1%
- Material restrictions on right to call special meetings: No
- Shareholder right to act by written consent: Yes
- Cumulative voting: No
- Board authorized to issue blank-check preferred stock: Yes
- Poison pill: No
# Board Profile

## Director Independence & Affiliations

**EXECUTIVE DIRECTORS AND NON-EXECUTIVE INSIDERS**

<table>
<thead>
<tr>
<th>On Ballot</th>
<th>Name</th>
<th>Affiliation</th>
<th>Independence Classification</th>
<th>Attend &lt;75%</th>
<th>Gender</th>
<th>Age</th>
<th>Tenure</th>
<th>Term Ends</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Sumner M. Redstone</td>
<td>Chair</td>
<td>Non-independent Insider</td>
<td>M</td>
<td>91</td>
<td>9</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Philippe P. Dauman</td>
<td>CEO</td>
<td>Non-independent Insider</td>
<td>M</td>
<td>59</td>
<td>9</td>
<td>2016</td>
<td></td>
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<tr>
<td></td>
<td>Thomas E. Dooley</td>
<td>COO</td>
<td>Non-independent Insider</td>
<td>M</td>
<td>58</td>
<td>9</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shari Redstone</td>
<td></td>
<td>Non-independent Insider</td>
<td>F</td>
<td>60</td>
<td>9</td>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

*Shari Redstone is a non-management director.

## NON-EXECUTIVE DIRECTORS

<table>
<thead>
<tr>
<th>On Ballot</th>
<th>Name</th>
<th>Affiliation</th>
<th>Independence Classification</th>
<th>Attend &lt;75%</th>
<th>Gender</th>
<th>Age</th>
<th>Tenure</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>George S. Abrams</td>
<td>Professional Relationship</td>
<td>Non-independent Affiliated Outside</td>
<td>M</td>
<td>82</td>
<td>9</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cristiana Falcone Sorrell</td>
<td>Independent</td>
<td>Independent Outsider</td>
<td>F</td>
<td>41</td>
<td>2</td>
<td>2016</td>
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<tr>
<td></td>
<td>Robert K. Kraft</td>
<td>Independent</td>
<td>Independent Outsider</td>
<td>M</td>
<td>73</td>
<td>9</td>
<td>2016</td>
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<td></td>
<td>Blythe J. McGarvie</td>
<td>Independent</td>
<td>Independent Outsider</td>
<td>F</td>
<td>58</td>
<td>7</td>
<td>2016</td>
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<td>Deborah Norville</td>
<td>Independent</td>
<td>Independent Outsider</td>
<td>F</td>
<td>56</td>
<td>2</td>
<td>2016</td>
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<td></td>
<td>Frederic V. Salerno</td>
<td>Independent</td>
<td>Independent Outsider</td>
<td>M</td>
<td>71</td>
<td>9</td>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

*Indicates director not previously submitted to shareholders for election.

<table>
<thead>
<tr>
<th>Outside</th>
<th>Key Committees</th>
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</thead>
<tbody>
<tr>
<td>Boards</td>
<td>CEO</td>
</tr>
<tr>
<td>0</td>
<td>M</td>
</tr>
<tr>
<td>1</td>
<td>M</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
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<td>M</td>
</tr>
<tr>
<td>0</td>
<td>F</td>
</tr>
<tr>
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Source: ISS Report (03/16/15)
# Board Compensation Profile

## Director Employment, Compensation & Ownership

<table>
<thead>
<tr>
<th>Name</th>
<th>Primary Employment</th>
<th>Outside Boards</th>
<th>Total Compensation*</th>
<th>Shares Held</th>
<th>60-day Options</th>
<th>Total Options</th>
<th>Total Compensation</th>
<th>Voting Power (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumner M. Redstone</td>
<td>Chairman - Viacom Inc.</td>
<td>CBS Corporation</td>
<td><strong>40,231,57</strong></td>
<td>2</td>
<td>141,934</td>
<td>4,373,50</td>
<td>79.50</td>
<td></td>
</tr>
<tr>
<td>Philippe P. Dauman</td>
<td>CEO, President - Viacom Inc.</td>
<td>Lafarge</td>
<td><strong>1,242,105</strong></td>
<td>3,326,745</td>
<td>4,568,850</td>
<td></td>
<td>&lt;1</td>
<td></td>
</tr>
<tr>
<td>George S. Abrams</td>
<td>Attorney/Counsel</td>
<td></td>
<td>395,155</td>
<td>32,211</td>
<td>26,377</td>
<td>58,588</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas E. Dooley</td>
<td>COO, Senior Executive Vice President - Viacom Inc.</td>
<td></td>
<td><strong>1,184,542</strong></td>
<td>3,150,194</td>
<td>4,334,736</td>
<td></td>
<td>&lt;1</td>
<td></td>
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<tr>
<td>Cristiana Falcone Sorrell</td>
<td>Financial Services</td>
<td>Revlon, Inc.</td>
<td>289,097</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>&lt;1</td>
<td></td>
</tr>
<tr>
<td>Robert K. Kraft</td>
<td>Chairman and CEO, The Kraft Group</td>
<td>Apollo Global Management LLC</td>
<td>275,135</td>
<td>78,810</td>
<td>34,305</td>
<td>113,115</td>
<td>&lt;1</td>
<td></td>
</tr>
<tr>
<td>Blythe J. McGarvie</td>
<td>Retired</td>
<td>Accenture plc, LKQ Corporation, Sonoco Products Company</td>
<td>336,202</td>
<td>4,180</td>
<td>27,963</td>
<td>32,143</td>
<td>&lt;1</td>
<td></td>
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<tr>
<td>Deborah Norville</td>
<td>Other</td>
<td></td>
<td>293,134</td>
<td>200</td>
<td>0</td>
<td>200</td>
<td>&lt;1</td>
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<tr>
<td>Charles E. Phillips Jr.</td>
<td>CEO, Infor Global Solutions</td>
<td></td>
<td>312,237</td>
<td>4,098</td>
<td>5,155</td>
<td>9,253</td>
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<tr>
<td>Shari Redstone</td>
<td>President, National Amusements, Inc.</td>
<td>CBS Corporation</td>
<td>375,134</td>
<td>1,500</td>
<td>31,263</td>
<td>32,763</td>
<td>&lt;1</td>
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</tr>
<tr>
<td>Frederic V. Salerno</td>
<td>Consultant</td>
<td>Akamai Technologies, Inc., Intercontinental Exchange Inc., CBS Corporation, FCB Financial Holdings Inc</td>
<td>335,205</td>
<td>2,521</td>
<td>6,801</td>
<td>9,322</td>
<td>&lt;1</td>
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<tr>
<td>William Schwartz</td>
<td>Attorney/Counsel</td>
<td></td>
<td>314,154</td>
<td>13,220</td>
<td>26,377</td>
<td>39,597</td>
<td>&lt;1</td>
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*Local market currency

**For executive director data, please refer to Executive Pay Overview.
## Executive Compensation Profile

### Compensation Profile

**EXECUTIVE PAY OVERVIEW**

<table>
<thead>
<tr>
<th>Executive</th>
<th>Title</th>
<th>Base Salary</th>
<th>Change in Pension, Deferred Comp, All Other Comp</th>
<th>Bonus &amp; Non-equity Incentives</th>
<th>Restricted Stock</th>
<th>Option Grant</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>P. Dauman</td>
<td>President and Chief Executive Officer</td>
<td>3,871</td>
<td>546</td>
<td>20,000</td>
<td>7,693</td>
<td>10,480</td>
<td>42,590</td>
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<tr>
<td>T. Dooley</td>
<td>Senior Executive Vice President and Chief Operating Officer</td>
<td>2,871</td>
<td>149</td>
<td>16,000</td>
<td>6,154</td>
<td>8,384</td>
<td>33,558</td>
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<tr>
<td>S. Redstone</td>
<td>Executive Chairman and Founder</td>
<td>1,936</td>
<td>1,263</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>13,199</td>
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<tr>
<td>M. Fricklas</td>
<td>Executive Vice President, General Counsel and Secretary</td>
<td>1,288</td>
<td>366</td>
<td>2,780</td>
<td>1,800</td>
<td>1,677</td>
<td>7,910</td>
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<tr>
<td>W. Davis</td>
<td>Executive Vice President, Chief Financial Officer</td>
<td>1,242</td>
<td>83</td>
<td>2,200</td>
<td>720</td>
<td>671</td>
<td>4,916</td>
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<tr>
<td><strong>Median CEO Pay</strong></td>
<td><strong>ISS Selected Peer Group</strong></td>
<td>1,847</td>
<td>561</td>
<td>4,991</td>
<td>3,030</td>
<td>2,626</td>
<td>16,707</td>
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<tr>
<td></td>
<td><strong>Company Defined Peers</strong></td>
<td>2,801</td>
<td>3,904</td>
<td>14,350</td>
<td>7,677</td>
<td>6,411</td>
<td>32,547</td>
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# Class A Common Stock Ownership Profile

## Equity Ownership Profile

<table>
<thead>
<tr>
<th>Type</th>
<th>Votes per share</th>
<th>Issued and Outstanding</th>
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<tbody>
<tr>
<td>Class A Common Stock</td>
<td>1.00</td>
<td>50,607,121</td>
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<tr>
<td>Class B Common Stock</td>
<td>0.00</td>
<td>355,154,549</td>
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</table>

## Ownership - Class A Common Stock

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Number of Shares</th>
<th>% of Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>REDSTONE SUMNER MURRAY</td>
<td>40,231,572</td>
<td>79.08</td>
</tr>
<tr>
<td>GAMCO Asset Management, Inc.</td>
<td>3,348,632</td>
<td>6.58</td>
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<tr>
<td>Gabelli Funds LLC</td>
<td>1,940,800</td>
<td>3.82</td>
</tr>
<tr>
<td>Neuberger Berman LLC</td>
<td>1,103,331</td>
<td>2.17</td>
</tr>
<tr>
<td>Ionic Capital Management LLC</td>
<td>400,621</td>
<td>0.79</td>
</tr>
<tr>
<td>Pacific Heights Asset Management LLC</td>
<td>400,000</td>
<td>0.79</td>
</tr>
<tr>
<td>W.R. Berkley Corp. (Investment Portfolio)</td>
<td>299,902</td>
<td>0.59</td>
</tr>
<tr>
<td>James Investment Research, Inc.</td>
<td>146,990</td>
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<tr>
<td>CIS (UK) LLP</td>
<td>127,795</td>
<td>0.25</td>
</tr>
<tr>
<td>Renaissance Technologies LLC</td>
<td>117,150</td>
<td>0.23</td>
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<tr>
<td>Fondenmaeglerselskabet Maj Invest A/S</td>
<td>75,196</td>
<td>0.15</td>
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<tr>
<td>Stifel Nicolaus &amp; Co., Inc. (Investment Adviser)</td>
<td>50,338</td>
<td>0.12</td>
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<tr>
<td>First Manhattan Co.</td>
<td>32,410</td>
<td>0.06</td>
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<tr>
<td>Mellon Capital Management Corp.</td>
<td>24,110</td>
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<tr>
<td>UBS Financial Services, Inc.</td>
<td>27,532</td>
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<tr>
<td>Ziegler Capital Management LLC</td>
<td>23,955</td>
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<tr>
<td>Dimensional Fund Advisors LP</td>
<td>19,867</td>
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<tr>
<td>Mariner Investment Group LLC</td>
<td>19,400</td>
<td>0.04</td>
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<tr>
<td>Morgan Stanley Smith Barney LLC</td>
<td>20,371</td>
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<tr>
<td>Susquehanna Capital Group</td>
<td>22,213</td>
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</table>

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Source: ISS Report (03/16/15)
# Class B Common Stock Ownership Profile

<table>
<thead>
<tr>
<th>Ownership - Class B Common Stock</th>
<th>Number of Shares</th>
<th>% of Class</th>
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<tbody>
<tr>
<td>The Vanguard Group, Inc.</td>
<td>19,671,008</td>
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<tr>
<td>BlackRock Fund Advisors</td>
<td>16,049,814</td>
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<tr>
<td>SSgA Funds Management, Inc.</td>
<td>15,819,279</td>
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<td>Fidelity Management &amp; Research Co.</td>
<td>11,074,312</td>
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<tr>
<td>Invesco Advisers, Inc.</td>
<td>10,778,239</td>
<td>3.00</td>
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<tr>
<td>Massachusetts Financial Services Co.</td>
<td>9,431,363</td>
<td>2.62</td>
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<tr>
<td>Yacktman Asset Management LP</td>
<td>9,394,477</td>
<td>2.61</td>
</tr>
<tr>
<td>Lazard Asset Management LLC</td>
<td>9,008,414</td>
<td>2.51</td>
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<tr>
<td>Longview Partners LLP</td>
<td>8,543,757</td>
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<tr>
<td>Norges Bank Investment Management</td>
<td>8,248,891</td>
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<tr>
<td>Institutional Capital LLC</td>
<td>7,741,015</td>
<td>2.15</td>
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<tr>
<td>Berkshire Hathaway, Inc. (Investment Management)</td>
<td>7,708,200</td>
<td>2.14</td>
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<tr>
<td>T. Rowe Price Associates, Inc.</td>
<td>7,037,866</td>
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<tr>
<td>Manning &amp; Napier Advisors LLC</td>
<td>6,187,966</td>
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</tr>
<tr>
<td>Capital Research &amp; Management Co. (World Investors)</td>
<td>5,651,000</td>
<td>1.57</td>
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<tr>
<td>Neuberger Berman LLC</td>
<td>5,660,113</td>
<td>1.57</td>
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<tr>
<td>Northern Trust Investments, Inc.</td>
<td>5,132,424</td>
<td>1.43</td>
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<tr>
<td>TIAA-CREF Investment Management LLC</td>
<td>4,382,569</td>
<td>1.22</td>
</tr>
<tr>
<td>Invesco PowerShares Capital Management LLC</td>
<td>4,201,829</td>
<td>1.17</td>
</tr>
<tr>
<td>Columbia Management Investment Advisers LLC</td>
<td>4,005,941</td>
<td>1.11</td>
</tr>
</tbody>
</table>

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Source: ISS Report (03/16/15)
ISS Peer Groups

Peer Groups

ISS AND COMPANY DISCLOSED PEER GROUPS

ISS-Selected Peers (11)
- Cablevision Systems Corporation
- DIRECTV
- DISH Network Corporation
- Liberty Global plc
- Omnicom Group Inc.
- Time Warner Cable Inc.

Shared Peers (3)
- CBS Corporation
- Twenty-First Century Fox, Inc.
- Time Warner Inc.

Company-Disclosed Peers (2)
- Comcast Corporation
- The Walt Disney Company

The shaded area represents the overlap group of companies that are in both ISS’ comparison group and the company’s disclosed peer group. Excludes company peers for which financial data is not available. More information on the ISS peer group methodology at www.issgovernance.com/bolivc/USCompensation

PEER GROUP SIZE ANALYSIS

Size (by revenue) of the ISS, company and overlap peer groups. Gray indicates 0.4 - 2.5 times the company’s revenue.