

Viacom Inc.  
Form DEF 14A  
April 18, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**VIACOM INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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April 18, 2008

Dear Stockholder:

We are pleased to invite you to attend the Viacom Inc. 2008 Annual Meeting of Stockholders. The meeting will be held on Thursday, June 5, 2008 at the Hudson Theatre, Millennium Broadway Hotel, 145 West 44<sup>th</sup> Street (between Broadway and 6<sup>th</sup> Avenue), New York, New York, beginning at 10:30 a.m., Eastern Daylight Time. Holders of Class A common stock are being asked to vote on the matters listed in the attached Notice of 2008 Annual Meeting of Stockholders.

If you hold shares of Class A common stock, please follow the instructions to vote found on your Notice of Internet Availability of Proxy Materials or proxy card promptly to ensure that your shares will be voted at the Annual Meeting. If you attend the Annual Meeting, you may vote your shares in person.

National Amusements, Inc., which as of our record date of April 7, 2008 beneficially owned shares of Class A common stock representing approximately 81.6% of the voting power of our common stock, has advised us that it intends to vote all of its shares of Class A common stock in favor of each of the matters listed in the attached Notice of 2008 Annual Meeting of Stockholders. Such action by National Amusements will be sufficient to constitute a quorum and to determine the outcome of each of the matters.

If you plan to attend the Annual Meeting and are a registered holder of Class A common stock, please mark the appropriate box on the proxy card, or so indicate when you vote by telephone or the Internet, and an admission ticket will be sent to you. If you are a registered holder of Class B common stock or you hold shares of Class A or Class B common stock beneficially in a brokerage account or otherwise and you plan to attend the Annual Meeting, you will need to obtain an admission ticket in advance by sending a written request along with proof of ownership (such as your brokerage firm account statement or advice/statement of holdings from our transfer agent) to Director, Shareholder Relations, Viacom Inc., 1515 Broadway, 52<sup>nd</sup> Floor, New York, New York 10036-5794. Please bring photo identification with you for admittance to the meeting.

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

**SUMNER M. REDSTONE**

*Executive Chairman of the Board of Directors and Founder*

**PHILIPPE P. DAUMAN**

*President and Chief Executive Officer*

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**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT**

To Viacom Stockholders:

The Viacom Inc. 2008 Annual Meeting of Stockholders will be held on Thursday, June 5, 2008 at the Hudson Theatre, Millennium Broadway Hotel, 145 West 44<sup>th</sup> Street (between Broadway and 6<sup>th</sup> Avenue), New York, New York, beginning at 10:30 a.m., Eastern Daylight Time. The principal business of the meeting will be the consideration of the following matters:

1. The election of 11 directors;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for 2008; and
3. Such other business as may properly come before the meeting.

The close of business on April 7, 2008 was the record date for determining the holders of shares of our Class A common stock entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at our corporate headquarters located at 1515 Broadway, New York, New York.

By order of the Board of Directors,

MICHAEL D. FRICKLAS

*Executive Vice President, General Counsel*

*and Secretary*

April 18, 2008

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**2008 PROXY STATEMENT**

**QUESTIONS AND ANSWERS ABOUT THE 2008 ANNUAL MEETING OF STOCKHOLDERS**

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

The Viacom Board of Directors is soliciting a proxy from stockholders of our Class A common stock for the matters to be considered at the 2008 Annual Meeting of Stockholders (the Annual Meeting ) to be held on June 5, 2008.

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

In accordance with new proxy delivery rules recently adopted by the SEC, we intend to commence distribution on or about April 21, 2008 of a notice (the Notice of Internet Availability of Proxy Materials ) indicating that this Notice of 2008 Annual Meeting of Stockholders and Proxy Statement, our Stockholder Letter and our 2007 Annual Report on Form 10-K will be made available at <http://proxymaterials.viacom.com>. This website will also provide stockholders of Class A common stock with instructions on how to vote their shares. The Notice of Internet Availability of Proxy Materials also indicates how you may request printed copies of these materials, including, for holders of Class A common stock, the proxy card or voting instruction card.

***What matters will be voted on at the Annual Meeting?***

The principal business of the meeting will be the consideration of the following matters:

1. The election of 11 directors; and
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for 2008.

***How does the Board of Directors recommend holders of Class A common stock vote on each of these matters?***

The Board of Directors recommends that you vote your shares:

1. FOR the election of each of the 11 nominated directors; and
2. FOR the ratification of the appointment of PricewaterhouseCoopers LLP ( PwC ) to serve as our independent auditor for 2008.

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

The close of business on April 7, 2008 was the record date for determining the holders of our Class A common stock entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. The Notice of Internet Availability of Proxy Materials received by holders of Class A common stock will explain how they may vote their shares. Holders of our non-voting Class B common stock may access and receive this proxy statement and related materials but are not entitled to vote at the Annual Meeting or any adjournment thereof.

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

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As of April 7, 2008, we had outstanding 57,365,860 shares of Class A common stock, with each of those shares being entitled to one vote, and 576,310,365 shares of Class B common stock, which are not entitled to vote.

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

Under our Amended and Restated Bylaws, the holders of a majority of the aggregate voting power of the Class A common stock outstanding on the record date, present in person or by proxy at the Annual Meeting, shall

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constitute a quorum to conduct business at the Annual Meeting. Abstentions and broker non-votes will be treated as present for purposes of determining the presence of a quorum. The shares of our Class A common stock held by National Amusements, Inc. will be voted at the Annual Meeting, which will be sufficient to constitute a quorum.

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

The affirmative vote of the holders of a majority of the aggregate voting power of the Class A common stock present in person or by proxy at the Annual Meeting is required to approve each of the matters set forth above.

As of April 7, 2008, National Amusements beneficially owned through its wholly-owned subsidiary, NAIRI, Inc., approximately 81.6% of our outstanding Class A common stock and approximately 11.4% of our outstanding Class A common stock and Class B common stock on a combined basis. Sumner M. Redstone, the controlling stockholder of National Amusements, is our Executive Chairman of the Board of Directors and Founder. National Amusements has advised us that it intends to vote all of the shares of Class A common stock held by NAIRI in favor of each of matters 1 and 2 listed above. Such action by National Amusements will be sufficient to approve the matters.

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

**Voting by Proxy.** Holders of Class A common stock may submit a proxy in either of the following ways:

By telephone or the Internet by following the instructions on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card. These instructions can also be found at <http://proxymaterials.viacom.com>. Your telephone or Internet proxy must be received no later than 11:59 p.m., Eastern Daylight Time, on June 4, 2008; or

Complete, sign, date and return the proxy card or voting instruction card so that it is received prior to the Annual Meeting. Philippe P. Dauman and Michael D. Fricklas (the proxy holders) have been designated by our Board of Directors to vote the shares represented by proxy at the Annual Meeting. Messrs. Dauman and Fricklas are executive officers of Viacom, and Mr. Dauman is also a director nominee. They will vote the shares represented by each valid and timely received proxy in accordance with your instructions, or if you do not specify instructions on your proxy when you submit it, the shares represented by the proxy will be voted in accordance with the recommendations of the Board of Directors as described in this proxy statement. If any other matter properly comes before the Annual Meeting, the proxy holders will vote the shares represented by proxy on that matter in their discretion.

**Shares Held in the Viacom 401(k) Plan.** Voting instructions relating to shares of Class A common stock held in the Viacom 401(k) plan must be received no later than 11:59 p.m., Eastern Daylight Time, on June 3, 2008 so that the trustee of the plan (who votes the shares on behalf of plan participants) has adequate time to tabulate the voting instructions. Shares held in the Viacom 401(k) plan that are not voted or for which the trustee does not receive timely voting instructions will be voted by the trustee in the same proportion as the shares held in the plan that are timely voted.

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

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

**Shares Held other than in the Viacom 401(k) Plan.** You may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting. A proxy may be revoked before the voting deadline



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by sending written notice to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794, or by submission (including telephone or Internet submission) of a proxy bearing a later date than the proxy being revoked to Broadridge, P.O. Box 9162, Farmingdale, NY 11735. Revocations made by telephone or the Internet must be received by 11:59 p.m., Eastern Daylight Time, on June 4, 2008. A holder may also revoke a proxy by voting in person at the Annual Meeting.

**Shares Held in the Viacom 401(k) Plan.** Voting instructions relating to shares of Class A common stock held in a 401(k) plan may be revoked prior to 11:59 p.m., Eastern Daylight Time, on June 3, 2008 by sending written notice to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794, or by submission (including telephone or Internet submission) of voting instructions bearing a later date than the voting instructions being revoked to Broadridge, P.O. Box 9162, Farmingdale, NY 11735.

### ***What effect do abstentions and broker non-votes have on the matters to be voted upon?***

An abstention with respect to any matter will have the effect of a vote against such matter.

Broker non-votes may occur because certain beneficial holders of our Class A common stock hold their shares in street name through a broker or other nominee. Under the rules of the New York Stock Exchange (the NYSE), the broker or nominee may not be permitted to exercise voting discretion with respect to some matters to be acted upon at our Annual Meeting. Therefore, if a beneficial holder of our Class A common stock does not give the broker or nominee specific voting instructions, the holder's shares may not be voted on those matters and a broker non-vote will occur. Broker non-votes will have no effect on the voting results for such matters.

### ***How do I obtain admission to the Annual Meeting?***

If you plan to attend the Annual Meeting and are a registered holder of Class A common stock, please mark the appropriate box on the proxy card, or so indicate when you vote by telephone or the Internet, and an admission ticket will be sent to you. If you are a registered holder of Class B common stock or you hold shares of Class A or Class B common stock beneficially in a brokerage account or otherwise and you plan to attend the Annual Meeting, you will need to obtain an admission ticket in advance by sending a written request along with proof of ownership (such as your brokerage firm account statement or advice/statement of holdings from our transfer agent) to Director, Shareholder Relations, Viacom Inc., 1515 Broadway, 52<sup>nd</sup> Floor, New York, New York 10036-5794. Please bring photo identification with you for admittance to the meeting.

### ***Who will bear the cost of soliciting votes for the Annual Meeting?***

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

### ***Who will count the votes?***

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

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

We will publish the final results of the voting in our Quarterly Report on Form 10-Q for the period ending June 30, 2008.

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

Stockholders can elect to receive future Viacom proxy statements, annual reports and other stockholder communications electronically instead of by mail. Stockholders who have previously enrolled in electronic delivery of shareholder communications will receive their materials online this year. This helps us reduce the use of paper and other resources, and lower our printing, postage and other costs. We highly recommend that you consider electronic delivery of these documents. You can elect to participate in electronic delivery of such materials when you vote on the Internet. You can also enroll at [www.icsdelivery.com/viacom](http://www.icsdelivery.com/viacom).

**Shares Held in the Viacom 401(k) Plan.** If you hold your Viacom shares in the Viacom 401(k) plan, you will receive printed copies of these proxy materials, unless you have previously consented to electronic delivery. We encourage you to enroll in electronic delivery through the above website for future years.

**COMPANY INFORMATION AND MAILING ADDRESS**

We were organized as a Delaware corporation in 2005 in connection with our separation from the former Viacom Inc. ( Former Viacom ), which is now known as CBS Corporation. Our mailing address is Viacom Inc., 1515 Broadway, New York, NY 10036-5794, and our telephone number is (212) 258-6000. Our website address is [www.viacom.com](http://www.viacom.com).

References in this proxy statement to Viacom, company, we, us and our refer to Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise. Information on our website is not intended to be incorporated into this proxy statement.

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**ITEM 1 ELECTION OF DIRECTORS**

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

All of the director nominees are current members of our Board of Directors who were last elected at our 2007 Annual Meeting. The Governance and Nominating Committee unanimously recommended to the Board that the director nominees be invited to stand for re-election at the Annual Meeting.

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

Information about each director nominee is set forth below, including the director's business experience, tenure on our Board and Former Viacom's board, as applicable, independence status as determined by the Board of Directors in accordance with the standards discussed under "Our Board of Directors," and service on the boards of directors of other public companies and investment companies. In addition, important information about Viacom's corporate governance practices, the responsibilities and functioning of the Board and its committees, and related person transactions is found elsewhere in this proxy statement. We encourage you to review this information in connection with your decisions on the election of the 11 director nominees.

**George S. Abrams**

**Age 76**

**Not Independent**

Mr. Abrams has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1987. He is an attorney associated with the law firm of Winer and Abrams in Boston since 1969. Prior to that, Mr. Abrams served for three years as General Counsel and Staff Director of the United States Senate Judiciary Committee for Refugees. Mr. Abrams is a Trustee of the Boston Museum of Fine Arts and a Fellow and/or Director of a number of other arts and education related boards and foundations. He is also a director of National Amusements, Inc. and Sonesta International Hotels Corporation.

**Philippe P. Dauman**

**Age 54**

**Not Independent**

Mr. Dauman has been our President and Chief Executive Officer since September 5, 2006 and a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1987. Prior to joining Viacom, he 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, member of its Executive Committee and Executive Vice President, General Counsel and Secretary. Mr. Dauman is also a director of National Amusements, Inc. and Lafarge S.A.

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<b>Thomas E. Dooley</b>	<b>Age 51</b>	<b>Not Independent</b>
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Mr. Dooley has been our Senior Executive Vice President and Chief Administrative Officer since September 5, 2006, our Chief Financial Officer since January 1, 2007 and a member of our Board since January 1, 2006. Prior to joining Viacom, he was Co-Chairman and Chief Executive Officer of DND Capital Partners, 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, member of its Executive Committee, and Executive Vice President, Finance, Corporate Development and Communications. Mr. Dooley is also a director of Sapphire Industrial Corp.

<b>Alan C. Greenberg</b>	<b>Age 80</b>	<b>Independent</b>
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Mr. Greenberg has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 2003. He is Chairman of the Executive Committee of The Bear Stearns Companies Inc., a position he has held since June 2001. Mr. Greenberg also served as Chairman of the Board of Bear Stearns from 1985 to 2001, and as its Chief Executive Officer from 1978 to 1993. Mr. Greenberg is also a director of Bear Stearns.

<b>Robert K. Kraft</b>	<b>Age 66</b>	<b>Independent</b>
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Mr. Kraft has been a member of our Board since January 1, 2006. He is Chairman and Chief Executive Officer of The Kraft Group, which includes the New England Patriots, New England Revolution, Gillette Stadium, Rand-Whitney Group and International Forest Products Corporation. Mr. Kraft has been the owner of the New England Patriots for the past 14 seasons, and has served as Chairman of the NFL's Finance Committee since 1998. He is also a director of the Dana Farber Cancer Institute, the Federal Reserve Bank of Boston and The New England Patriots Charitable Foundation.

<b>Blythe J. McGarvie</b>	<b>Age 51</b>	<b>Independent</b>
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Ms. McGarvie has been a member of our Board since April 12, 2007. Since January 2003, she has been the President of Leadership for International Finance, LLC, a firm focusing on improving clients financial positions and providing leadership seminars for corporate and academic groups. From 1999 through 2002, Ms. McGarvie was the Executive Vice President and Chief Financial Officer of BIC Group. Prior to that, Ms. McGarvie served as Senior Vice President and Chief Financial Officer of Hannaford Bros. Co. from 1994 to 1999. Ms. McGarvie is also a director of Accenture Ltd., The Pepsi Bottling Group, Inc. and The Travelers Companies, Inc.

<b>Charles E. Phillips, Jr.</b>	<b>Age 48</b>	<b>Independent</b>
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Mr. Phillips has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 2004. He has been a President of Oracle Corporation since May 2003, having also served as a member of the Board of Directors and Executive Management Committee for Oracle Corporation since January 2004. Prior to joining Oracle, Mr. Phillips was with Morgan Stanley's Institutional Securities Division from 1994 to 2003, where he was responsible for analyzing the enterprise software industry. Mr. Phillips is also a director of Oracle Corporation and Morgan Stanley.

**Table of Contents****Shari Redstone** **Age 54** **Not Independent**

Ms. Redstone has been the Non-Executive Vice Chair of our Board since January 1, 2006. She also serves as Non-Executive Vice Chair of the Board of CBS Corporation. Ms. Redstone served on the Board of Former Viacom since 1994, becoming Vice Chairman in June 2005. She has been President of National Amusements, Inc. since January 2000, and prior to that, served as Executive Vice President of National Amusements since 1994. Ms. Redstone practiced law from 1978 to 1993, with her practice including corporate law, estate planning and criminal law. She is a member of the Board of Directors and Executive Committee for the National Association of Theatre Owners, Co-Chairman and Co-Chief Executive Officer of MovieTickets.com, Inc. and Chairman and Chief Executive Officer of CineBridge Ventures, Inc. She is also a member of the board of several charitable organizations, including the Dana Farber Cancer Institute, Combined Jewish Philanthropies and the John F. Kennedy Library Foundation. Ms. Redstone is also a director of National Amusements and Chairman of Midway Games Inc. She is the daughter of Sumner Redstone.

**Sumner M. Redstone** **Age 84** **Not Independent**

Mr. Redstone has been our Executive Chairman of the Board of Directors and Founder since January 1, 2006. He also serves as Executive Chairman and Founder of CBS Corporation. He was Chief Executive Officer of Former Viacom from 1996 to 2005 and Chairman of the Board of Former Viacom since 1986. 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.

**Frederic V. Salerno** **Age 64** **Independent**

Mr. Salerno has been a member of our Board since January 1, 2006, having previously served as a director of Former Viacom since 1994. He is a retired Vice Chairman and Chief Financial Officer of Verizon Communications Inc., a position he held from June 2000 to October 2002. Prior to that, Mr. Salerno served as Vice Chairman and Chief Financial Officer of Bell Atlantic (Verizon's predecessor) from August 1997. Prior to the merger of Bell Atlantic and NYNEX Corporation, Mr. Salerno served as Vice Chairman, Finance and Business Development, of NYNEX from 1994 to 1997. Mr. Salerno was Vice Chairman of the Board of NYNEX and President of the NYNEX Worldwide Services Group from 1991 to 1994. Mr. Salerno is also a director of Akamai Technologies, Inc., The Bear Stearns Companies Inc., CBS Corporation, IntercontinentalExchange, Inc., Popular Inc. and National Fuel Gas Company.

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**William Schwartz**

**Age 74**

**Independent**

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

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

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

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**OUR BOARD OF DIRECTORS**

Our Board of Directors is comprised of 11 members, six of whom are independent under the standards discussed below. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee, each of which is comprised solely of independent directors. Our Board met 10 times in 2007, and each of our directors attended at least 75% of the meetings of the Board and Committees on which the director served. In addition to our Board and Committee meetings, all directors are expected to attend the Annual Meeting and all of our directors attended our 2007 Annual Meeting except for Mr. Kraft, who was unable to attend due to another commitment.

**Director Independence**

Our Corporate Governance Guidelines (the Guidelines) provide that a majority of our directors must be independent of Viacom, as independence is defined in the New York Stock Exchange listing standards (the NYSE listing standards) and in the Guidelines. The NYSE listing standards set forth five bright-line tests that require a finding that a director is not independent if the director fails any of the tests. In addition, the NYSE listing standards provide that a director is not independent unless the Board affirmatively determines that the director has no material relationship with Viacom. Our Guidelines set forth categorical standards to assist the Board in determining what constitutes a material relationship with Viacom. These standards are summarized below and are also set forth in their entirety in our Guidelines, which are posted in the Investor Relations/Corporate Governance section of our website at [www.viacom.com](http://www.viacom.com).

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

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

a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, less than \$100,000 in direct compensation from us during any twelve-month period within the last three years; and

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

a company that made payments to or received payments from us for property or services in an amount that, in any of the last three fiscal years, is less than 1% of such company's annual consolidated gross revenues;

a company which is either indebted to us or a creditor of ours in an amount that is less than 1% of such company's total consolidated assets; and

a tax-exempt organization that received contributions from us in the prior fiscal year in an amount less than the greater of \$500,000 or 1% of that organization's consolidated gross revenues.

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

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### Independence of Our Directors

When considering whether a director is independent, we believe it is important for our Board to have a range of information about the director so that it can make an informed independence determination. Our Governance and Nominating Committee and the full Board review summary information sheets on each director that contain information relating to the director's employment, any relationships required to be disclosed as related person transactions in this proxy statement, other relationships not required to be disclosed in this proxy statement because they do not meet materiality thresholds, any relationship of which we are aware between the director or a director's family member and Viacom or any other Viacom director or executive officer (for example, overlapping directorships), other public company board and committee memberships and affiliations with not-for-profit organizations. In addition, as discussed under Related Person Transactions, the Governance and Nominating Committee receives reports on all transactions between related persons and us, regardless of whether such transaction is determined to involve a material interest by a related person.

During 2007, 6 of our 11 directors were independent at all times. The independent directors were Messrs. Greenberg, Kraft, Phillips, Salerno and Schwartz, Ms. Ellen Futter and Ms. Blythe McGarvie. Effective April 12, 2007, Ms. Futter left our Board and Ms. McGarvie joined our Board as an independent director.

In April 2008, the Board reviewed the independence of the director nominees. As a result of this review, the Board determined that Messrs. Greenberg, Kraft, Phillips, Salerno and Schwartz and Ms. McGarvie continued to be independent. In connection with the review, the Governance and Nominating Committee and the Board considered the summary information sheets described above. With respect to specific transactions involving companies affiliated with an independent director, the Board considered that Bear Stearns, where Mr. Greenberg is Chairman of the Executive Committee, provides investment banking services to us from time to time and is the broker for our stock repurchase program. It also considered the commercial agreements we have in place with Oracle Corporation, where Charles Phillips is a President, for the licensing or purchase of software and other equipment and related consulting services. In both instances, the financial amounts relating to the transactions in the aggregate were well below 1% of the other company's revenues, which is the applicable threshold under our Guidelines below which transactions are presumed not to affect independence. In addition, these transactions were not entered into as a result of Messrs. Greenberg's or Phillips' service on our Board and were negotiated on an arm's length basis. Therefore, although considered, the Board reached a determination that these transactions had no impact on the independence of either Mr. Greenberg or Mr. Phillips.

### Board Committees

The following chart sets forth the current membership of our Board committees. The Board reviews and determines the membership of the committees at least annually, with input from the Governance and Nominating Committee.

Committee	Members	Number of Meetings
		in 2007
Audit Committee	Frederic V. Salerno, Chair	7
	Blythe J. McGarvie(1)	
	Charles E. Phillips, Jr.	
Compensation Committee	Robert K. Kraft, Chair	7
	Frederic V. Salerno	
	William Schwartz	
Governance and Nominating Committee	William Schwartz, Chair	4
	Robert K. Kraft	
	Frederic V. Salerno	



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- (1) Mr. Schwartz served on the Audit Committee until April 12, 2007, when Ms. McGarvie was elected to the Board and the Audit Committee.

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

### **Audit Committee**

The Audit Committee Charter provides that the Audit Committee will be comprised of at least three independent directors, each of whom also meets the additional standards for Audit Committee independence set forth in the NYSE listing standards, that all Audit Committee members be financially literate and that the Committee have at least one audit committee financial expert. In accordance with its Charter, the Committee holds at least six regular meetings each year. It meets separately with the independent auditor at least four times each year, and regularly in executive session with members of our senior management team. The Audit Committee is responsible for the following, among other things:

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

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

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

oversight of our internal audit function; and

oversight of our compliance with legal and regulatory requirements.

The Committee is empowered to hire outside advisors as it deems appropriate. For additional information on the Committee's role and its oversight of the independent auditor during 2007, see Report of the Audit Committee.

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

**Service on the Audit Committees of Other Public Companies.** We do not restrict the number of other audit committees on which members of our Audit Committee may serve; however, in recommending director candidates to the Board and directors to serve on committees of the Board, the Governance and Nominating Committee considers the other demands on each director's time, including those arising from such service. Mr. Salerno, the Chair of the Audit Committee, currently serves on the audit committees of more than three other public companies. The Board has determined that Mr. Salerno's service on the audit committees of these other companies does not impair his ability to effectively serve on our Audit Committee or as Chair of our committee. This determination is based on his experience as the former chief financial officer of a major public company, experience as the Chair of our Audit Committee and as a member of the audit committees of other major corporations, and the fact that he is retired from full-time employment and therefore able to devote sufficient attention to his responsibilities to our Audit Committee.

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### **Compensation Committee**

The Compensation Committee Charter provides that the Compensation Committee will be comprised of at least three independent directors, each of whom must also be an outside director as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended. In accordance with the Charter, the Committee holds at least four regular meetings each year and meets regularly in executive session, including with its independent outside advisors. The Compensation Committee is responsible for the following, among other things:

establishing and regularly reviewing our general compensation philosophy, strategy and principles;

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

reviewing and making recommendations to the Board on our annual bonus and equity compensation plans and overseeing the administration of those plans;

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

approving all equity awards we grant; and

evaluating the performance of our Executive Chairman and Founder and our President and Chief Executive Officer, and other executives as appropriate, including in the context of succession planning.

The Committee is empowered to hire outside advisors as it deems appropriate. For additional information on the Committee's role, its use of outside advisors and its processes for the consideration and determination of executive compensation, see Compensation Discussion and Analysis.

### **Governance and Nominating Committee**

The Governance and Nominating Committee Charter provides that the Governance and Nominating Committee will be comprised of at least three independent directors, and the Board believes that it is a good governance practice that the Committee be comprised of a chair with experience in governance matters plus the chairs of the Audit and Compensation Committees. In accordance with the Charter, the Committee holds at least three regular meetings each year and meets regularly in executive session. The Governance and Nominating Committee is responsible for the following, among other things:

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

overseeing all aspects of our corporate governance initiatives, including regular assessments of our principal governance documents;

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

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

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

monitoring developments in the law and practice of corporate governance.

The Committee is empowered to hire outside advisors as it deems appropriate. For additional information on the Committee's oversight of director compensation and related person transactions, see the sections "Director Compensation" and "Related Person Transactions."

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

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**Director Nomination Process.** For a discussion on the process undertaken by the Committee in determining the director nominees, see Item 1 Election of Directors and Independence of Our Directors.

**Stockholder Recommendations for Director Candidates.** The Committee will consider potential director candidates recommended by our stockholders. All recommendations by stockholders for potential director candidates, which shall include written materials on the potential candidate's credentials, should be sent to Michael D. Fricklas, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794.

Our Guidelines and the Governance and Nominating Committee Charter set forth certain criteria for director qualifications and Board composition that stockholders should consider when making a recommendation. These criteria include an expectation that directors have substantial accomplishments in their professional backgrounds, are able to make independent, analytical inquiries, and exhibit practical wisdom and mature judgment. Director candidates should meet our standards for independence, be free of potential conflicts of interest, possess the highest personal and professional ethics, integrity and values, be committed to promoting the long-term interests of our stockholders and be able and willing to devote the necessary time to carrying out their duties and responsibilities as members of the Board. We also believe our directors should have diverse backgrounds and experience. Director candidates recommended by stockholders who meet these qualifications, which are described more fully in our Guidelines and the Governance and Nominating Committee Charter, will be considered by the Chair of the Committee, who will present the information on the candidate to the entire Committee. All director candidates recommended by stockholders will be considered by the Committee in the same manner as any other candidate.

## **Communications with Directors**

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

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

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### **CORPORATE GOVERNANCE**

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

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

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

#### **Corporate Governance Guidelines**

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

director qualifications, including our director independence standards;

the requirement to hold separate executive sessions of the non-management directors and of the independent directors a minimum number of times each year;

the means for stockholders and interested parties to communicate with the non-management directors;

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

director orientation and continuing education;

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

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

the annual self-evaluation of the Board to assess its effectiveness.

#### **Board Committee Charters**

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

**Business Conduct Statement**

Our Business Conduct Statement (the BCS ) sets forth our standards for ethical conduct that are expected of all directors and employees of Viacom and its subsidiaries. We updated our BCS in 2007, and it has been translated into 21 languages and distributed to our directors and employees worldwide. As part of our compliance

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and ethics programs, directors and employees receive regular training on the contents of the BCS and, where permitted, are required to certify as to compliance with it. They are also required to disclose any conflicts or potential conflicts of interest on an ongoing basis and appropriately report on suspected violations of the BCS. The BCS addresses, among other things, topics such as:

Compliance with laws, rules and regulations;

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

Confidentiality, insider information, and fair disclosure;

Financial accounting and improper payments;

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

Fair dealing and relations with competitors, customers and suppliers;

Protection and proper use of Company assets, including electronic systems and communications;

Anti-corruption laws such as the Foreign Corrupt Practices Act;

Health, safety and the environment; and

Political contributions and payments.

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

Our Senior Vice President, Associate General Counsel, Global Compliance has day to day responsibility for our compliance and ethics programs. He reports to the Audit Committee and the General Counsel, and chairs a compliance committee consisting of senior executives of various disciplines from Viacom and its business divisions. These individuals regularly review and update the policies embedded in the BCS, and generate more detailed policies and training for those officers and employees engaged in activities that warrant additional focus, such as conducting business internationally. We also require that our suppliers comply with pertinent elements of our business conduct policies.

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

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



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

Amendments to or waivers of the Supplemental Code of Ethics for these officers will be disclosed on our website at [www.viacom.com](http://www.viacom.com) or by Form 8-K filed with the SEC. Other than the waiver of conflict of interest in connection with our agreement with National Amusements and NAIRI under which they participate in our stock repurchase program, no waivers of the BCS or Supplemental Code of Ethics for Senior Financial Officers have been granted. The National Amusements/NAIRI waiver is posted on our website. For more information on the agreement with National Amusements and NAIRI, see Related Person Transactions.

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**DIRECTOR COMPENSATION**

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

Directors who are not employees of Viacom or any of its subsidiaries (the "Outside Directors") are entitled to receive compensation for their service on the Board and are eligible to participate in certain director plans discussed below. Messrs. Abrams, Greenberg, Kraft, Phillips, Salerno and Schwartz, Ms. McGarvie and Ms. Redstone are currently Outside Directors. Ms. Futter was an Outside Director until she left the Board in April 2007. See "Director Compensation in 2007" below for detail on the compensation our Outside Directors received in 2007.

**Cash Compensation**

The Governance and Nominating Committee and the Board last reviewed director compensation in May 2007 and determined not to make any changes to the compensation program. Cash compensation for our Outside Directors is as follows:

an annual Board retainer of \$60,000, payable in equal installments quarterly in advance, plus a per meeting attendance fee of \$2,000, except for our Vice Chair, who receives an annual retainer of \$200,000 and a per meeting attendance fee of \$4,000;

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

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

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

**Equity Compensation**

**Stock Options.** Under the Viacom Inc. 2006 Stock Option Plan for Outside Directors, Outside Directors automatically receive the following:

an initial grant of options to purchase 7,928 shares of Class B common stock on the date the director first joins the Board or becomes an Outside Director, which options vest one year from the date of grant; and

an annual grant of options to purchase 3,171 shares of Class B common stock on January 31 of each year, which options vest in three equal annual installments on the anniversary of the date of grant.

The exercise price of the stock option grants is the closing price of our Class B common stock on the NYSE on the date of grant.

**Restricted Share Units.** Under the Viacom Inc. 2006 RSU Plan for Outside Directors, Outside Directors receive an annual grant of restricted share units ("RSUs") on January 31 of each year equal to \$55,000 in value based on the closing price of our Class B common stock on the NYSE on the date of grant, which vest one year from the date of grant. RSUs are payable to Outside Directors in shares of Class B common stock upon vesting unless the Outside Director elects to defer settlement of the RSUs to a future date. Outside Directors are entitled to receive dividend equivalents on the RSUs in the event we pay a regular cash dividend on our Class B common stock.



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**2008 Grants of Equity Securities.** On January 31, 2008, all Outside Directors received the annual grant of options to purchase 3,171 shares of Class B common stock and 1,421 RSUs as described above.

**Deferred Compensation Plan**

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

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

For more information on the phantom stock units held by certain of our directors as of February 29, 2008, see footnote 1 to Security Ownership of Certain Beneficial Owners and Management.

**Director Compensation in 2007**

The following table sets forth information on the compensation we paid to our Outside Directors in 2007. Messrs. Redstone, Dauman and Dooley were not Outside Directors during 2007, and Ms. Futter ceased to be an Outside Director upon leaving the Board on April 12, 2007, and Ms. McGarvie became an Outside Director on that date.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(2) (f)	All Other Compensation (\$) (g)	Total (\$) (h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
George S. Abrams(3)	\$ 80,000	\$ 54,984	\$ 40,821		\$ 133	\$120,000(3)	\$ 295,938
Philippe P. Dauman(4)		\$ 4,668	\$ 24,383		\$5,848		\$ 34,899
Thomas E. Dooley(5)		\$ 4,668	\$ 13,521				\$ 18,189
Ellen V. Futter(6)	\$ 22,978	\$ 4,668	\$ 1,779				\$ 29,425
Alan C. Greenberg(7)	\$ 78,000	\$ 54,984	\$ 42,865				\$ 175,849
Robert K. Kraft(8)	\$ 118,000	\$ 54,984	\$ 24,827		\$ 196		\$ 198,007
Blythe J. McGarvie(9)	\$ 65,187		\$ 56,302		\$ 156		\$ 121,645
Charles E. Phillips, Jr.(10)	\$ 92,000	\$ 54,984	\$ 40,821		\$ 12		\$ 187,817
Shari Redstone(11)							
<i>Vice Chair</i>	\$ 240,000	\$ 54,984	\$ 24,138		\$ 111		\$ 319,233
Frederic V. Salerno(12)	\$ 134,000	\$ 54,984	\$ 42,865		\$ 394		\$ 232,243

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William Schwartz(13)	\$ 119,000	\$ 54,984	\$ 42,865	\$ 344	\$ 217,193
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- (1) Reflects equity compensation expense recognized in 2007 not including assumed forfeitures. These amounts do not solely reflect the expense we incurred with respect to 2007 equity awards, but also include expense for awards from prior years that we are

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still accounting for as an expense. Grant date fair value assumptions are consistent with those disclosed in Note 12, *Stock Based Compensation* to our Consolidated Financial Statements found in our Annual Report on Form 10-K for the year ended December 31, 2007.

- (2) Interest accrues on the amounts deferred under our Deferred Compensation Plan for Outside Directors at the prime rate in effect at Citibank N.A. at the beginning of each calendar quarter. The prime rate generally represents an interest rate that is more than 120% higher than the applicable Federal Reserve Board's long-term interest rate and therefore is deemed to be preferential for purposes of this table. Accordingly, we have indicated above the difference in the amount of interest accrued for each director in 2007 compared to the interest that would have been accrued at the applicable Federal Reserve Board's long-term interest rate.
- (3) Mr. Abrams did not defer receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Abrams held a total of 26,952 stock options for shares of Class B common stock and 1,352 RSUs for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs. The amount under All Other Compensation reflects amounts paid in connection with Mr. Abrams' consulting agreement discussed under Related Person Transactions.
- (4) Mr. Dauman became our President and Chief Executive Officer on September 5, 2006 and therefore was no longer considered to be an Outside Director. The Stock and Option Awards set forth in this table represent expense in connection with awards received when he was an Outside Director. There were no 2007 director equity grants for Mr. Dauman.
- (5) Mr. Dooley became our Senior Executive Vice President and Chief Administrative Officer on September 5, 2006 (and our Chief Financial Officer on January 1, 2007) and therefore was no longer considered to be an Outside Director. The Stock and Option Awards set forth in this table for Mr. Dooley represent expense in connection with awards received when he was an Outside Director. There were no 2007 director equity grants for Mr. Dooley.
- (6) Ms. Futter did not defer receipt of her cash director fees in 2007. As of December 31, 2007, Ms. Futter held a total of 8,985 stock options for shares of Class B common stock and 1,325 RSUs (deferred RSUs) for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs; however, we reversed stock option expense of \$4,899 and RSU expense of \$10,696 relating to unvested options and RSUs in connection with Ms. Futter's leaving the Board on April 12, 2007.
- (7) Mr. Greenberg did not defer receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Greenberg held a total of 20,612 stock options for shares of Class B common stock and 1,352 RSUs for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.
- (8) Mr. Kraft deferred receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Kraft held a total of 14,270 stock options for shares of Class B common stock and 1,352 RSUs for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.
- (9) Ms. McGarvie deferred receipt of a portion of her cash director fees in 2007. As of December 31, 2007, Ms. McGarvie held a total of 7,928 stock options for shares of Class B common stock. The fair value of stock option grants in 2007 was \$78,138.
- (10) Mr. Phillips did not defer receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Phillips held a total of 17,441 stock options for shares of Class B common stock and 2,600 RSUs (including deferred RSUs) for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.
- (11) Ms. Redstone deferred receipt of a portion of her cash director fees in 2007. As of December 31, 2007, Ms. Redstone held a total of 11,228 stock options for shares of Class B common stock and 2,677 RSUs (including deferred RSUs) for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.

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Mr. Salerno deferred receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Salerno held a total of 24,574 stock options for shares of Class B common stock and 3,925 RSUs (including deferred RSUs) for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.

- (13) Mr. Schwartz deferred receipt of his cash director fees in 2007. As of December 31, 2007, Mr. Schwartz held a total of 26,952 stock options for shares of Class B common stock and 3,925 RSUs (including deferred RSUs) for shares of Class B common stock. The fair value of grants in 2007 was \$37,066 for stock options and \$54,986 for RSUs.

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**Director Perquisites**

We generally do not provide perquisites to our directors. Occasionally, a director's spouse may accompany him or her on Viacom business at our request. For example, spouses are invited to some of the Board dinners we hold during the year in connection with Board meetings. Spouses may also be permitted to accompany a director if we hold a Board meeting in a location other than New York. This policy involves a de minimus or no incremental cost to us, and we believe it serves a legitimate business purpose.

***Director Attendance at Certain Viacom Events.*** Because we believe it is in our best interest for directors to participate in certain events and meet with management, customers, talent and others important to our business, the Board has established a policy on director attendance at events. Under the policy, directors are allocated tickets without charge to attend specific events that have been designated as having a business purpose. In addition, travel expenses to such events are reimbursed by us in accordance with our normal travel policies. The cost of tickets and travel to any events other than the designated events will be at the director's expense. The Governance and Nominating Committee is responsible for oversight of this policy.



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

The table below sets forth as of February 29, 2008, unless otherwise indicated, information concerning the beneficial ownership of our Class A and Class B common stock by (i) each director and director nominee, (ii) each named executive officer ( NEO ) and (iii) our directors, NEOs and executive officers as a group. Option Shares reflects stock options to purchase shares which were unexercised but exercisable, either currently or within a period of 60 days from February 29, 2008, and are excluded from the column Number of Equity Shares. Each person has sole voting and investment power over the shares reported, except as noted. Also set forth below is information concerning the beneficial ownership by each person, or group of affiliated persons, who is known by us to beneficially own 5% or more of our Class A common stock.

As of February 29, 2008, there were 57,373,071 shares of our Class A common stock outstanding and 580,818,177 shares of our Class B common stock outstanding.

Name	Title of Equity Security	Beneficial Ownership of Equity Securities		Percentage of Class
		Number of Equity Shares	Option Shares	
George S. Abrams	Class A common stock	(1)		*
	Class B common stock	19,403 (1)(2)	23,781	*
Philippe P. Dauman	Class A common stock			*
	Class B common stock	186,120 (3)(4)	1,634,019	*
Thomas E. Dooley	Class A common stock	1,720		*
	Class B common stock	150,666 (4)	1,303,843	*
Michael D. Fricklas	Class A common stock	23 (3)(4)		*
	Class B common stock	9,658 (3)(4)	618,234	*
Alan C. Greenberg	Class A common stock			*
	Class B common stock	28,925	17,441	*
JoAnne Adams Griffith (5)	Class A common stock			*
	Class B common stock	1,127	115,417	*
Robert K. Kraft	Class A common stock	(1)		*
	Class B common stock	48,477 (1)(2)	11,099	*

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Blythe J. McGarvie	Class A common stock	(1)		*
	Class B common stock	(1)	7,928	*
Charles E. Phillips, Jr.	Class A common stock	(1)		*
	Class B common stock	3,925 (1)	14,270	*
Shari Redstone	Class A common stock	(1)		*
	Class B common stock	4,177 (1)(2)(6)	8,057	*
Sumner M. Redstone (7)	Class A common stock	46,829,454 (8)		81.6%
	Class B common stock	26,850,810 (3)(8)	4,794,472	4.6%
Frederic V. Salerno	Class A common stock	(1)		*
	Class B common stock	18,925 (1)	21,403	*
William Schwartz	Class A common stock	(1)		*
	Class B common stock	8,425 (1)	23,781	*
Jacques Tortoroli	Class A common stock			*
	Class B common stock	2,047 (4)	114,612	*
NAIRI/National Amusements (9)	Class A common stock	46,829,414		81.6%
	Class B common stock	26,410,912		4.6%
Directors, NEOs and executive officers as a group, other than Sumner M. Redstone (18 persons)	Class A common stock	1,743		*
	Class B common stock	483,325 (4)	4,033,608	*
Mario J. Gabelli(10)				
Gabelli Asset Management Inc.	Class A common stock	4,867,132		8.5%

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

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- (1) The table above does not reflect the following Class A phantom stock units and Class B phantom stock units credited to the respective director under the Deferred Compensation Plan for Outside Directors:

Abrams:	10,175 Class A and 10,356 Class B.
Kraft:	3,156 Class A and 3,157 Class B.
McGarvie:	680 Class A and 680 Class B.
Phillips:	925 Class A and 933 Class B.
Shari Redstone:	4,046 Class A and 4,052 Class B.
Salerno:	12,982 Class A and 13,010 Class B.
Schwartz:	15,156 Class A and 15,320 Class B.

- (2) Includes for Abrams, 100 Class B shares held indirectly as executor of a trust; Kraft, 45,800 Class B shares held by KPC US Equity LLC, an entity controlled by Mr. Kraft; and Shari Redstone, 1,500 Class B shares held in trusts for the benefit of her children for which she is co-trustee.

- (3) The table above does not reflect the following Class A phantom stock units and Class B phantom stock units credited to the respective executive officer under an excess 401(k) plan:

Dauman:	832 Class B.
Fricklas:	13 Class A and 3,668 Class B.
Redstone:	197 Class B.
Tortoroli	393 Class B.

- (4) Includes shares held in a 401(k) plan.

- (5) Holdings as of December 31, 2007.

- (6) Ms. Redstone is a stockholder of National Amusements ( NAI ) and has a significant indirect beneficial interest in the Viacom shares owned by NAI.

- (7) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036-5794.

- (8) Except for 40 shares of Class A common stock and 439,798 shares of Class B common stock owned directly by Mr. Redstone and 100 shares of Class B common stock held by Mr. Redstone's wife, all shares are owned beneficially by NAIRI, a wholly-owned subsidiary of NAI. Mr. Redstone is the beneficial owner of the controlling interest in NAI and, accordingly, beneficially owns all such shares.

- (9) The address for NAI and NAIRI is 200 Elm Street, Dedham, Massachusetts 02026.

- (10) According to Amendment No. 1 to a Schedule 13D filed on January 3, 2008 with the SEC by GAMCO Investors, Inc. and related entities. The address for Mario J. Gabelli and GAMCO Investors, Inc. is One Corporate Center, Rye, New York 10580.

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

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and the NYSE. Executive officers, directors and greater than 10% beneficial owners are required by the Exchange Act to furnish us with copies of all Section 16(a) forms they file. As an administrative matter, we assist our executive officers and directors by monitoring transactions and filing Section 16 reports on their behalf. Based on our records, compliance program and review of written representations, we believe that during 2007 our executive officers, directors and greater

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than 10% beneficial owners complied with all applicable Section 16(a) filing requirements except in two instances. In September 2007, we discovered that, due to a calculation error, the share price of a sale of Class B common stock by Mr. Redstone pursuant to our agreement with NAI and NAIRI described in Related Person Transactions was incorrectly reported in a Form 4 filed with the SEC on July 11, 2007 as \$43.0887 per share. On September 12, 2007, we filed a Form 4/A with the SEC to report the correct share price of \$42.5418 per share. In January 2008, we discovered that, due to an administrative error by a third party, an acquisition by Mr. Kraft of 1,000 shares of Class B common stock was incorrectly reported in a Form 4 filed with the SEC on August 7, 2007 as an acquisition of 700 shares. This error was corrected in a Form 4/A filed with the SEC on January 9, 2008. The amendment also corrected an error in the prior reporting of 1,325 shares of Class B common stock owned directly by Mr. Kraft as shares owned indirectly by Mr. Kraft through KPC US Equity LLC, which is under Mr. Kraft's sole control.

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**RELATED PERSON TRANSACTIONS**

National Amusements, Inc., through NAIRI, Inc., is the controlling stockholder of both Viacom and CBS Corporation and also controls Midway Games, Inc. ( Midway ). Mr. Redstone, Chairman, Chief Executive Officer and controlling shareholder of NAI, is the Executive Chairman of the Board and Founder of both Viacom and CBS Corporation. In addition, Ms. Redstone, who is Mr. Redstone's daughter, is the Vice Chair of the Board of both Viacom and CBS Corporation, is President and a director of NAI, and is Chairman of Midway. Mr. Dauman and Mr. Abrams serve on the boards of both NAI and Viacom, and Mr. Salerno serves on the boards of both Viacom and CBS Corporation. We consider these entities, in addition to our directors and executive officers and certain of their family members, to be related persons.

**Oversight of Related Person Transactions**

In December 2006, the Governance and Nominating Committee adopted a written policy on its review, approval and ratification of transactions with related persons that became effective January 1, 2007. The policy generally groups transactions with related persons into three categories: (1) transactions requiring the specific pre-approval of the Committee, (2) transactions which the Chair of the Committee is authorized to approve on behalf of the Committee and (3) certain ordinary course transactions below established financial thresholds that are deemed pre-approved by the Committee. Generally, the Committee deems to be pre-approved any transaction or series of transactions between us and an entity for which a related person is an executive or employee (except NAI, CBS Corporation and Midway Games) that is entered into in the ordinary course of business and where the aggregate amount of all such transactions on an annual basis is less than 1% of the annual consolidated gross revenues of the other entity. Ordinary course transactions with NAI, CBS Corporation, Midway Games or any of their subsidiaries require pre-approval of the Committee if the aggregate amount of all such transactions on an annual basis exceeds \$10 million, \$25 million or \$1 million, respectively. Regardless of whether a transaction is deemed pre-approved, all transactions in any amount are required to be reported to the Committee. The Committee reviews and discusses with management the determination on whether a transaction with a related person involves a direct or indirect material interest.

**Related Person Transactions in 2007**

**Transactions with National Amusements, Inc. and Midway Games, Inc.**

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. Payments made to Paramount in connection with these licenses amounted to approximately \$36.5 million in 2007 and are continuing in 2008 as a result of this ongoing relationship. NAI also licenses films from a number of unaffiliated companies, and Paramount expects to continue to license films to NAI on similar terms in the future. In addition, NAI and Paramount have co-op advertising arrangements pursuant to which Paramount paid NAI approximately \$500,000 in 2007 and which are continuing in 2008. Our businesses also occasionally engage in transactions with NAI (e.g., movie ticket purchases and various promotional activities) from time to time, none of which we believe have been or are expected to be material, either individually or in the aggregate. We believe that the terms of these transactions between NAI and Paramount and our other businesses were no more or less favorable to Paramount or our other businesses than transactions between unaffiliated companies and NAI.

In January 2006, we commenced a \$3.0 billion stock repurchase program under which we repurchased shares of our Class B common stock until June 22, 2007. In connection with the program, we entered into an agreement with NAI and NAIRI pursuant to which we agreed to buy from NAI and NAIRI, and they agreed to sell to us, a number of shares of our Class B common stock each month such that the ownership percentage of our Class A common stock and Class B common stock (considered as a single class) held by NAI and/or NAIRI would not increase as a result of our purchase of shares under the program. On May 30, 2007, we announced that our Board of Directors had approved a new stock repurchase program under which we are authorized to acquire up to an additional \$4.0 billion of Class A and Class B common stock. The independent members of the Board

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also approved NAI and NAIRI's continued participation in the new program on substantially the same terms as those on which it participated in the previous program, and our agreement with NAI and NAIRI was amended accordingly. We commenced repurchases under the \$4.0 billion stock repurchase program on June 22, 2007. In 2007, under both programs, we repurchased 6 million shares from NAI and NAIRI for an aggregate price of \$245.8 million, and through February 29, 2008, purchased an additional 742,878 shares for an aggregate purchase price of \$29.3 million.

NAI and Mr. Redstone owned in the aggregate approximately 87% of the common stock of Midway as of February 29, 2008. Midway places advertisements on several of our cable networks from time to time, which transactions amounted to approximately \$2.9 million in 2007 and are continuing in 2008. In addition, Paramount is in discussions with Midway regarding film rights for a Midway video game title and paid a \$10,000 option fee in 2007. Paramount is also in development on a film based on a Midway Games game title, the rights to which it acquired from a third party. Midway will share in the gross receipts of the film if it is released. MTV Networks and Midway also have a marketing and licensing arrangement with respect to certain Midway game titles under which MTV Networks licenses certain intellectual property to Midway and has the option to provide marketing support for the game title in exchange for Midway purchasing advertising time, paying MTV Networks a royalty on sales of the game titles and allowing MTV Networks to sell certain advertisements within the games. We believe that these transactions were no more or less favorable to our respective businesses than they would have obtained from unrelated parties. We may continue to enter into similar business transactions with Midway in the future.

**Transactions with CBS Corporation**

In the normal course of business, we are involved in transactions with CBS Corporation and its businesses that result in the recognition of revenue and expense by us. For example, Paramount licenses feature films to CBS Corporation, distributes certain television products in the home entertainment market for which it receives a distribution fee and incurs certain expenses and recognizes revenue related to the lease of studio space to CBS Corporation. Our media networks recognize advertising revenues from CBS Corporation's various businesses.

We also recognize expense through various transactions such as the purchase of television programming from CBS Corporation by our media networks and our purchase of advertising from various CBS Corporation businesses.

Transactions with CBS Corporation, through the normal course of business, are settled in cash. The following table summarizes the transactions with CBS Corporation as included in our consolidated financial statements for the year ended December 31, 2007 contained in our Annual Report on Form 10-K.

(in millions)	<b>For the year ended December 31, 2007</b>
<b>Consolidated Statement of Earnings</b>	
Revenues	\$ 243.5
Operating expenses	184.7
Discontinued operations	(4.6)
<b>Consolidated Balance Sheets</b>	
Accounts receivable	\$ 86.7
Other assets	22.6
<b>Total due from CBS Corporation</b>	<b>\$ 109.3</b>
Accounts payable	\$ 2.9
Participants' share, residuals and royalties payable	177.3
Programming rights, current	98.1
Other liabilities	177.1
Liabilities held for sale	
<b>Total due to CBS Corporation</b>	<b>\$ 455.4</b>



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In connection with the separation, we paid a special dividend to Former Viacom which was subject to adjustment. In 2007, we paid \$170.0 million to CBS Corporation in final resolution of the adjustments.

Following the separation, some participants in the Viacom 401(k) Plan continued to be invested in CBS Corporation Class A and Class B common stock. In 2007, we sold the shares of CBS Corporation Class A and Class B common stock in the Viacom 401(k) Plan to CBS Corporation for total proceeds of \$29.8 million. Similarly, some participants in the 401(k) plans sponsored by CBS Corporation continued to be invested in Viacom Class A and Class B common stock following the separation and in 2007, we purchased the shares of Viacom Class A and Class B common stock from the CBS-sponsored 401(k) plans for an aggregate amount of \$120.0 million.

## **Other Related Party Transactions**

Mr. Abrams entered into an agreement with Former Viacom in 1994 to provide legal and governmental consulting services, which agreement was assigned to us in connection with the separation. We made payments to Mr. Abrams for such services of \$120,000 in 2007.

## **Compensation Committee Interlocks and Insider Participation**

Messrs. Kraft, Salerno and Schwartz have served on our Compensation Committee since January 1, 2006. None of them have ever been an officer or employee of ours or any of our subsidiaries. During 2007, no Viacom executive officer served as a director or member of the compensation committee of any other registrant of which an executive officer served on our Board of Directors or Compensation Committee.

## **Involvement in Certain Legal Proceedings**

James W. Barge has been our Executive Vice President, Tax and Treasury since January 22, 2008 and assumed the additional role of Controller on March 10, 2008. Prior to joining Viacom, he was the Senior Vice President, Controller and Chief Accounting Officer of Time Warner Inc. In 2005, Time Warner entered into a settlement with the SEC relating to an SEC investigation of certain of its accounting and financial disclosure practices. In connection with this settlement, Mr. Barge, together with certain other individuals, agreed, without admitting or denying the SEC's allegations, to the entry of an administrative order that he cease and desist from causing violations or future violations of certain reporting provisions of the securities laws. Mr. Barge is not subject to any suspension, bar or penalty. Our management team, Audit Committee and Compensation Committee considered this event in connection with the decision to hire Mr. Barge and determined that, in light of the circumstances underlying the investigation, the administrative order was not an impediment to his hiring.



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**COMPENSATION COMMITTEE REPORT**

*The following Compensation Committee Report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing under the Securities Act or the Securities Exchange Act of 1934, as amended (the Exchange Act ), except to the extent Viacom specifically incorporates such information by reference.*

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

***Members of the Compensation Committee***

Robert K. Kraft, Chair

Frederic V. Salerno

William Schwartz

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Overview**

We design our executive compensation programs to attract talented executives to our company and motivate them to position us for long-term success, achieve superior operating and strategic results, and increase stockholder value. Our executive team consists of individuals with extensive industry expertise, creative vision, strategic and operational skills, in-depth knowledge of our business, financial acumen and high ethical standards. We are committed to providing competitive compensation packages to ensure that we retain these executives and maintain and strengthen our position as a leading global entertainment content company.

Our named executive officers ( NEOs ) for 2007 are Sumner M. Redstone, Executive Chairman and Founder; Philippe P. Dauman, President and Chief Executive Officer; Thomas E. Dooley, Senior Executive Vice President, Chief Administrative Officer and Chief Financial Officer; Michael D. Fricklas, Executive Vice President, General Counsel and Secretary; Jacques Tortoroli, our former Senior Vice President, Controller and Chief Accounting Officer (until March 10, 2008); and JoAnne A. Griffith, our former Executive Vice President, Human Resources (until October 1, 2007).

**Viacom s Compensation Committee**

Compensation decisions for our NEOs, other executive officers and certain key divisional executives are made by the Compensation Committee (the Committee in this section). The Committee is comprised of three independent directors, Robert K. Kraft (Chair), Frederic V. Salerno, and William Schwartz, each of whom has served on the Committee since January 1, 2006, when we became a separate, public company. The Committee has the sole decision-making authority for the compensation of our NEOs and, under its Charter, may not delegate this authority in connection with any material element of NEO compensation.

**Key Elements of Compensation**

We have entered into employment agreements with our NEOs, the key terms of which are described below and in the narrative following the 2007 Summary Compensation Table. Our employment agreements establish the components of an NEO s compensation package, which generally include (i) base salary, (ii) a target annual cash bonus, (iii) a target annual equity award value and (iv) health, welfare and retirement benefits. The employment agreements, with the exception of Mr. Redstone s agreement, also contain key provisions in the event of the NEO s termination or resignation from employment, setting forth the circumstances under which the executive may resign for good reason or we may terminate the agreement with or without cause, specifying the payments and benefits that we will provide upon certain terminations or resignations from employment, and formalizing restrictive covenants such as commitments not to join a competitor within a set time frame, not to solicit our employees to leave our company within a set time frame, and to protect our confidential information, among other commitments.

When approving the terms of an employment agreement, the Committee considers each component of compensation individually and in the aggregate, with its general goal being that a large part of the compensation package be performance-based rather than guaranteed. However, a decision on one component of compensation does not necessarily affect the decisions made for the other components, since each component is designed to serve a specific purpose: (i) base salary provides guaranteed compensation for the executive s exclusive services, (ii) annual cash bonus amounts reward the executive for company operating and strategic performance during the year and reflect the executive s specific contributions to that performance, and (iii) equity awards provide retentive value through vesting schedules and directly align the executive s interests with those of our stockholders through the link to the performance of our stock price. The Committee believes that severance benefits are important to attract and retain high-caliber executives in our industry and may be viewed as

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consideration for the executive's commitments to provide exclusive services for the term of the agreement and comply with a variety of other restrictions and obligations. We believe that having employment agreements with our NEOs and other executives is beneficial to us because the agreements provide retentive value, subject the executives to key restrictive covenants, and generally give us a competitive advantage in the recruiting process, and that those benefits outweigh the potential costs to us associated with severance arrangements.

The Committee does not consider past wealth accumulation in connection with its compensation decisions. The Committee is focused on ensuring that a large part of our NEOs' compensation package is performance-based. Therefore, the better the performance, the greater the payout from performance-based compensation, and conversely, if performance is not as strong, the amount the executive will receive from performance-based compensation will be reduced. The Committee believes that executives and employees should not be penalized in future years for strong performance in prior years, and that all employees, regardless of individual financial situation, should have a compensation package that is competitive for their respective position.

**2007 Highlights**

In 2007, we refined our annual cash bonus plan and our annual equity awards by making the following key changes, each of which is discussed in more detail below under 2007 Compensation Decisions.

As in past years, cash bonus amounts paid under our Short-Term Incentive Plan ( STIP ) for 2007 were based on the achievement of budgeted operating income, budgeted free cash flow and pre-established qualitative objectives. For 2007, operating income was weighted 60% (compared to 75% in 2006), free cash flow 20% (compared to 25% in 2006) and the pre-established qualitative objectives 20% (compared to an up to 25% positive or negative adjustment to the amount resulting from financial performance). The design change to assign a specific weighting to the pre-established qualitative objectives was intended to emphasize the importance and measurement of those objectives.

The equity awards granted by the Committee under our Long-Term Management Incentive Plan ( LTMIP ) in 2007 were more closely tailored to the individual's position within the Company, as follows:

the senior executives at Viacom and our business divisions who are in a position to have the greatest impact on corporate performance, including our NEOs, received grants of stock options and performance share units ( PSUs ),

other levels of senior management depending on their position within our company received a mixture of stock options, PSUs and/or time-vesting restricted share units ( RSUs ) that vest over time based on continued service, and

lower levels of management received grants solely of time-vesting RSUs.

This design change was made to ensure that our equity awards reflected appropriate incentives for all levels of plan participants. The Committee believes that a mixture of stock options and PSUs is most appropriate for our most senior executives since the value the executive has the potential to receive depends on the performance of our stock price on an absolute (stock options) or relative (PSUs) basis. These awards are more at risk than RSUs since they may have little or no value if our stock price does not perform well, but they also have greater upside to the executive to the extent our stock does perform well. On the other hand, the Committee believes that time-vesting RSUs are more suited for lower levels of management since they are less risky (they always have value equal to our stock price), but also promote share ownership and generally have less dilution to our stockholders than other equity awards. All of our equity awards have retentive value since our stock options and time-vesting RSU grants generally vest over four years, and our PSU grants generally have measurement periods of approximately three years.

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### **Compensation Decision Process**

The Committee considers information and recommendations from several sources when making its compensation decisions.

### **Management's Role**

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

In the case of the employment agreements for Messrs. Redstone, Dauman and Dooley entered into in 2006, the Committee took the lead role in negotiating the terms, assisted by Towers Perrin and the Committee's outside legal counsel. Similarly, in connection with the annual merit reviews contemplated by those executives' employment agreements, the Committee, its outside advisors and Ms. White jointly developed a process for conducting the merit reviews that was implemented in 2008. See 2008 Compensation Decisions for more information.

Mr. Dauman and Mr. Dooley also participate in certain STIP and LTMIP design discussions, including recommendations with respect to performance targets, the results of which are presented to the Committee for consideration and approval. They may also advise from time to time on benefits and other matters related to our Human Resources function.

### **Use of Outside Advisors**

Under its Charter, the Committee has the authority to engage its own advisors and has done so. Since January 1, 2006, the Committee has retained the services of Towers Perrin, an independent compensation consulting firm that has particular expertise in compensation matters for media and entertainment companies. Towers Perrin reports directly to the Committee, which has the sole authority to hire or fire Towers Perrin and to approve fee arrangements for work performed. The Committee has engaged Towers Perrin to assist it in fulfilling its responsibilities under its Charter, including advising on the proposed terms of new employment agreements and merit reviews for top executives, advising on compensation program design and advising on market practices generally. The Committee has authorized Towers Perrin to interact with management on behalf of the Committee, as needed, in connection with advising the Committee, and Towers Perrin is included in discussions with Ms. White, internal legal counsel and the Committee's outside legal counsel on matters being brought to the Committee. Towers Perrin does a limited amount of work for us other than in connection with the Committee's engagement, subject to the Committee's approval.

The Committee also retains regular outside legal counsel. The Committee's counsel attends all Committee meetings, provides advice and performs other duties as the Committee may request from time to time, including reviewing documents relating to the Committee's work and participating in negotiations on behalf of the Committee. The Committee's counsel is a different law firm than the outside legal counsel to management on compensation matters.

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

We compete for talented executives in a highly-compensated industry in the relatively high-priced markets of New York and Los Angeles, and the Committee takes this into consideration when it makes compensation decisions. We compete for executives with other entertainment companies, film studios, talent agencies, production companies, law firms, private ventures, investment banks and other companies, many of which offer high levels of compensation.

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When making its compensation decisions, the Committee considers information about the practices of our peer companies and other comparable public companies, as well as evolving market practices, because it believes that reviewing this information is appropriate to ensure that it makes informed compensation decisions. However, the Committee does not set the compensation of any executive over which it has oversight to correspond to any particular percentile, or range of percentiles, of peer company data. Rather, the Committee considers the compensation levels for similar executive positions at our peer companies as only one factor in its decision-making process. One reason for this is that the structure and organization of other companies, as well as the duties, responsibilities, tenure and talents of executives at other companies, often vary considerably. Specifically, the companies reviewed by the Committee are our media and entertainment industry peers The Walt Disney Company, Time Warner Inc., News Corporation, NBC Universal and CBS Corporation. In addition, the Committee generally monitors compensation best practices and considers alternatives for compensation program design by reference to the practices of other large public companies, but does not refer to any set group of companies for this purpose.

### Individual Considerations

Individual executive qualifications are another key factor in the Committee's compensation decisions. The Committee considers the executive's professional experience, tenure and accomplishments at our company and/or within the industry, the executive's compensation history, compensation levels of executives at comparable levels both within and outside of the company, input from Towers Perrin, and, if the executive is an existing employee, individual performance. The Committee also takes into consideration an executive's marketability, including whether we are competing with other companies for the executive's services. Our NEOs and many of our divisional executives have been affiliated with Viacom for a long time and their compensation packages reflect their tenure and accomplishments.

### 2007 Compensation Decisions

The following table sets forth the key components of compensation for each of our NEOs in 2007:

	Base Salary	Target Cash Bonus	Target Equity Award	Benefits	Percentage of Performance- Based Compensation(1)	Contract End Date
Sumner M. Redstone	\$ 1,000,000	\$3,500,000	\$ 6,000,000(2)	(3)	90%	(4)
Philippe P. Dauman	\$ 2,000,000	\$7,000,000	\$ 12,000,000(2)	(3)	90%	12/31/11
Thomas E. Dooley	\$ 1,600,000	\$5,600,000	\$ 9,600,000(2)	(3)	90%	12/31/11
Michael D. Fricklas	\$ 1,000,000(5)	\$1,550,000	\$ 3,000,000	(3)	82%	5/31/10
Jacques Tortoroli	\$ 636,000	\$ 381,600	\$ 750,000	(3)	64%	3/10/08(6)
JoAnne A. Griffith(7)	\$ 725,000	\$ 507,500	N/A	(3)	41%	5/31/08

(1) Calculated based on compensation not including benefits.

(2) Under the terms of their employment agreements, 50% of the award is granted in stock options and 50% in PSUs.

(3) We provide traditional health, welfare and retirement benefits to our NEOs on the same relative basis as other employees, except that some of our NEOs receive company-paid life insurance with a higher policy value as described under "Perquisites" below. We also provide an Excess Pension Plan and Excess 401(k) Plan to senior executives with compensation exceeding statutory limits applicable to our qualified plans.

(4) Mr. Redstone's employment agreement is terminable by either party at any time.

(5)

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Mr. Fricklas' salary was reduced from \$1,513,200 effective March 5, 2007 in connection with the restructuring of his employment agreement to reduce guaranteed compensation in favor of performance-based compensation and a related award of RSUs.

- (6) Mr. Tortoroli was an executive officer of Viacom until March 10, 2008 and now serves as Chief Financial Officer of MTV Networks.
- (7) Ms. Griffith was Executive Vice President, Human Resources and an executive officer of Viacom until October 1, 2007.

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### **Base Salary**

The Committee believes it is appropriate for executives to receive a competitive level of guaranteed compensation in the form of base salary and determines the initial base salary after considering the factors discussed under "Compensation Decision Process" above. In 2007, each of the NEOs received the base salary identified in the above table.

Annual merit reviews for our NEOs are conducted by the Committee pursuant to the NEO's employment agreement. The individual's performance during the course of the prior year, his or her contribution to achieving the company's goals and objectives, and competitive data on salaries of individuals at comparable levels both within and outside of the company are evaluated in connection with the Committee's consideration of any increases. For the NEOs other than Messrs. Redstone, Dauman and Dooley, the Committee also considers the recommendation of the executive to whom the NEO reports in making its determinations.

In December 2007, the Committee determined to increase Mr. Tortoroli's base salary to \$690,000 effective January 1, 2008. This increase reflected his strong performance in 2007 as well as his agreement to assume the additional responsibilities of interim Chief Financial Officer of MTV Networks in the latter part of 2007. Mr. Tortoroli is now the CFO of MTV Networks.

For information on the merit reviews for Messrs. Redstone, Dauman, Dooley and Fricklas conducted in 2008, see "2008 Compensation Decisions" below.

### **Annual Cash Bonus**

**Overview.** Our short-term incentive plan ("STIP") links the amount of our annual cash bonuses to our financial performance for the particular year, company and individual achievement of pre-established qualitative objectives, and individual performance. Bonuses for corporate executives, including our NEOs, are based on corporate performance; bonuses for divisional executives are based on that business division's performance.

The table above sets forth the target bonus amount for each NEO. Our NEOs participate in the Senior Executive STIP, a plan which is designed to comply with the provisions on performance-based compensation of Section 162(m) of the Internal Revenue Code ("Section 162(m)"). Under the Senior Executive STIP, if the annual performance target set by the Committee is met, the Committee exercises its discretion to determine the NEO's actual bonus amount, so long as that amount does not exceed the maximum allowable bonus amount under the plan. See "Senior Executive STIP" and "Tax Deductibility of Performance-Based Compensation and Other Tax Considerations" below for more information.

**Plan Design.** The Committee establishes performance goals for Viacom corporate and divisional executives after considering our financial results from the prior year, our annual operating budget for the coming year and our long-range plan. In addition to the performance target for the Senior Executive STIP, the performance goals for the corporate STIP are applicable to our NEOs.

In 2007, the performance goals for the corporate (and divisional) STIP related to (i) the achievement of amounts of operating income and free cash flow, with achievement of operating income weighted 60% and free cash flow weighted 20% and (ii) the achievement of pre-established qualitative objectives, weighted 20%. The operating income and free cash flow performance goals are used because they encourage executives to achieve superior operating results while taking into account capital spent during the year, and the qualitative objectives are used to gauge achievement of strategic and other initiatives.

In connection with the objective performance goals of operating income and free cash flow, the Committee approves at the outset of each year an operating income performance grid and a free cash flow performance grid, which each provide for performance factors ranging from 0% to 200% of a participant's target bonus amount depending on the amounts of operating income (weighted 60%) and free cash flow (weighted 20%) we achieve. Achievement of operating income and free cash flow at budget generally equates to a performance factor of

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100% on each performance grid. Performance on the respective performance grid that is better than we budgeted results in the performance factor being increased. Performance on the performance grid that is worse than we budgeted results in the performance factor being decreased. If our performance is less than the bottom of the performance range (equal to a performance factor of 50%), the performance factor will be 0%.

For the qualitative objectives, the Committee establishes the objectives at the beginning of the year, and our achievement of the objectives also equates to a performance factor ranging from 0% to 200% of a participant's target bonus (weighted 20%). The 2007 qualitative objectives related to our commitment to and achievement of inclusion and diversity in our businesses, increasing digital revenues and our performance in internal and public financial reporting, budgeting and forecasting processes, and compliance initiatives. In addition to the pre-determined qualitative objectives, the Committee may consider any other qualitative factors significant to the year, such as the extent to which the objective performance targets were met in ways that related to the fundamentals of the business and furthered the long-term interests of the Company.

At the Committee meeting at which bonus amounts are considered, Mr. Dauman presents his analysis of the achievement of the objective performance goals and qualitative assessment to the Committee along with his recommendations as to the total amounts of the corporate and divisional bonus pools and specific bonus recommendations for the executives within the Committee's oversight, including the NEOs other than Mr. Redstone and himself.

The recommended corporate bonus pool results in an initial corporate performance multiplier, which is presented to the Committee for its consideration. Once the Committee determines, in its discretion, the actual amount of the corporate bonus pool and corporate performance multiplier, individual bonus amounts may be increased or decreased from the final corporate performance multiplier based on individual performance so long as the total amount of the corporate bonus pool is not exceeded.

The following table sets forth the performance goals applicable to our NEOs in 2007, with the bottom of the performance range equal to a performance factor of 50% and the top of the range equal to a performance factor of 200%. The table also shows the decisions by the Committee on the achievement of the objective performance criteria and pre-determined qualitative objectives and the final corporate performance multiplier.

Performance Goals (in millions)	Performance Range	Adjusted 2007 Performance (in millions)	Resulting Performance Factor	Weighting	Weighted Performance Factor
Operating income	\$ 2,930 3,313	\$ 3,065.8(1)	99%	60%	59%
Free cash flow(2)	\$ 1,564 1,835	\$ 1,716.9(1)	144%	20%	29%
Qualitative objectives(3)	N/A	N/A	81%	20%	17%
<b>Corporate performance multiplier</b>					<b>105%</b>

(1) In its assessment of our achievement of the objective performance goals, the Committee considers the appropriateness of excluding unusual expenses or contributors to financial results. Adjustments to 2007 operating income performance for compensation purposes principally reflects the exclusion of MTVN restructuring charges, certain front-end expenses in connection with the distribution of a motion picture in the fourth quarter (the revenues from which were expected to be received largely beginning in 2008) and certain incentive compensation expenses in connection with a 2006 acquisition.

(2) We define free cash flow, which is a non-GAAP measure, as net cash flow from operations minus capital expenditures.

(3) For corporate employees, the Committee determined that in light of all of the circumstances, including divisional performance, the qualitative assessment would be slightly lower than target.

**2007 Bonus Determinations.** Using the information presented in the above table, the Committee determines the actual amounts of the corporate and divisional bonus pools, and the individual bonus amounts for the specified executives. These decisions reflect the Committee's consideration of the CEO's recommendations, the Committee's own assessment and any other factors the Committee considers appropriate. An NEO's threshold



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bonus amount is generally \$0, unless a set bonus amount is guaranteed in the NEO's employment agreement. This would typically occur only for the first calendar year when an NEO joins us mid-year, and the bonus amount would typically be prorated from the NEO's start date. The following table sets forth the maximum bonus amount and target bonus amounts for our NEOs in 2007 and 2006, and the actual bonus amounts determined by the Committee:

NEO	Year	Maximum Bonus Amount(1)	Target Bonus Amount	Adjusted Corporate Performance Multiplier(2)	Actual Bonus Amount
Sumner M. Redstone	2007	\$ 7,000,000	\$ 3,500,000	100%	\$ 3,500,000
	2006	\$ 12,200,000	\$ 6,100,000	90%	\$ 5,500,000
Philippe P. Dauman	2007	\$ 14,000,000	\$ 7,000,000	100%	\$ 7,000,000
	2006	\$ 2,263,014(3)	\$ 2,263,014(3)	(3)	\$ 2,036,713
Thomas E. Dooley	2007	\$ 11,200,000	\$ 5,600,000	100%	\$ 5,600,000
	2006	\$ 1,810,411(3)	\$ 1,810,411(3)	(3)	\$ 1,810,411
Michael D. Fricklas	2007	\$ 3,100,000	\$ 1,550,000	111%	\$ 1,725,000
	2006	\$ 3,020,000	\$ 1,510,000	91%	\$ 1,375,000
Jacques Tortoroli	2007	\$ 763,200	\$ 381,600	118%	\$ 450,000
JoAnne A. Griffith	2007	\$ 1,015,000	\$ 507,500	105%	\$ 532,875

- (1) If the performance target under the Senior Executive STIP is met, our NEOs are eligible to receive a bonus amount which, under the terms of the plan may not exceed eight times their base salary in effect at the beginning of the year, subject to the Committee's downward adjustment. However, under their employment agreements and/or STIP, the maximum bonus amount is limited to two times the target bonus amount.
- (2) Represents the corporate performance multiplier (see prior table) as adjusted for the particular NEO through the exercise of Committee discretion.
- (3) Bonus amount was determined based on service from September 5, 2006 through year end based on a target annual bonus amount of \$7 million for Mr. Dauman and \$5.6 million for Mr. Dooley. Bonus amounts for 2006 were guaranteed under the executives' respective employment agreements; however, Mr. Dauman requested that the Committee reduce his bonus amount to 90% of his guaranteed amount in solidarity with other executives, and the Committee agreed to his request.

*Bonus Amounts for Messrs. Redstone, Dauman and Dooley.* As set forth in the first table above, the corporate performance multiplier applicable to our NEOs in 2007 was 105%. At the Committee meeting at which bonus amounts were considered, Mr. Dauman proposed to the Committee that Mr. Dooley, Mr. Redstone and he receive bonus amounts equal to their respective target bonus amounts, instead of 105% (or any other percentage) of their target bonus amounts. He suggested reallocating the 5% difference that was included in the corporate bonus pool approved by the Committee to certain other executives and employees, including administrative employees. He noted that this approach would represent a way to reward employees for their hard work in 2007 and incent them without increasing the cost to the Company.

In connection with its bonus determinations, the Committee assessed each executive's performance during 2007. It considered Mr. Dauman's feedback on Mr. Dooley's performance, and as part of its evaluations of Mr. Redstone and Mr. Dauman, considered their achievement of the respective non-financial goals set by the Committee at the beginning of 2007 and the assessment of their performance by the non-management directors of the Board. The Committee's conclusions from the evaluations were that the executives had exhibited superior leadership, were focused on taking the Company in the right direction strategically, had delivered strong operating results and were positioning the Company for long-term success. Specifically, the Committee noted that Messrs. Dauman and Dooley, with Mr. Redstone's guidance, had significantly improved the Company's operational quality and capabilities, made major achievements in expanding our digital businesses, streamlined our businesses worldwide and improved profitability, achieved record operating results and had enhanced the Company's reputation.

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Following this evaluation and after considering the executives' request with respect to the bonus amounts, the Committee approved bonus amounts for Messrs. Redstone, Dauman and Dooley equal to their respective target bonus amounts.

*Bonus Amounts for Messrs. Fricklas and Tortoroli and Ms. Griffith.* The bonus amounts for Mr. Fricklas and Mr. Tortoroli were above the corporate performance multiplier of 105%, reflecting their strong individual performances during 2007. Mr. Fricklas continued to play a key role in multiple areas, advising the Board and representing us on a wide variety of matters such as anti-piracy initiatives, litigation, and strategic arrangements and transactions. Mr. Tortoroli's bonus amount reflected his strong leadership of the controller's group in 2007, including his specific furtherance of the qualitative objectives on performance in internal and public financial reporting, budgeting and forecasting processes, as well as his agreement to assume the additional role of interim Chief Financial Officer of MTV Networks. Ms. Griffith's bonus amount reflected the corporate performance multiplier of 105% in recognition of her contributions leading the human resources group until October 2007 and successful transition of that role to her successor.

*Senior Executive STIP.* In 2007, the performance target for the Senior Executive STIP related to the achievement of at least \$2.6 billion of operating income on an adjusted basis to exclude the expenses incurred in connection with our restructuring at MTV Networks. Our actual adjusted operating income of \$3.013 billion in 2007 (excluding \$78 million in MTV Networks restructuring expenses) exceeded this target. Because the threshold was met, we believe that our NEO bonus amounts in 2007 will be tax-deductible to us. The actual bonus amounts were determined by the Committee using its discretion in the manner described above, notwithstanding that the terms of the Senior Executive STIP provide for a maximum allowable bonus amount of eight times base salary subject to downward adjustment. The actual bonus amounts were significantly lower than the maximum permitted under the Senior Executive STIP.

## **Equity Awards**

The Committee approves all of our equity awards. The Committee determines, either by employment agreement or at the time of grant, the appropriate type and value of each equity award an NEO receives. The Black-Scholes valuation method on the date of grant is used to determine the number of stock options granted, and the number of RSUs granted is determined by dividing the target value of the award by the closing market price of our Class B common stock on the date of grant. The target number of PSUs granted is also determined by dividing the target value of the award by the closing market price of our Class B common stock on the date of grant, except for the PSUs granted to Messrs. Redstone, Dauman and Dooley, which are calculated using the target value divided by the closing market price of our Class B common stock for a period of 10 days ending on the date of grant. For PSUs, this valuation method is different than the grant date fair value of the award under Statement of Financial Accounting Standards 123(R) Share-Based Payment (FAS 123(R)) since the accounting standard takes into consideration any performance and market conditions applicable to the grant and makes certain assumptions about the performance of our stock and that of the companies in the reference group over the measurement period. Accordingly, the expense to us for accounting purposes of our 2007 PSU awards was higher than the value of those awards determined under their respective employment agreements. See the 2007 Grants of Plan-Based Awards table for the grant date fair value of our 2007 PSU awards to our NEOs.

In 2007, in accordance with the new LTMIP design approved by the Committee, each of our NEOs other than Ms. Griffith received equity grants consisting of 50% stock options and 50% PSUs. The value of the grants was equal to the target equity award set forth in the table on page 29, except in the case of Mr. Fricklas and Mr. Tortoroli who received awards valued as described above that were slightly below their target amounts in connection with their agreement to change the mix of their equity compensation by reducing stock options, eliminating time-vesting RSUs, and introducing PSUs.

On March 15, 2007, Mr. Fricklas received a special grant of RSUs valued at \$2.5 million which vest in equal installments over three years, with the first one-third vesting on May 31, 2008. This grant was made in

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connection with the amendment to Mr. Fricklas' employment agreement that restructured his compensation arrangement to reduce guaranteed compensation in favor of performance-based compensation, and extended his agreement on that basis. Details on the number of shares of Class B common stock underlying our 2007 equity awards and the terms of the awards can be found in the "2007 Grants of Plan-Based Awards" table.

The stock options we granted to our NEOs in 2007 have an exercise price equal to the closing price of our Class B common stock on the date of grant, an eight year term until expiration, and a vesting schedule of equal annual installments over a four year period.

Each PSU in the target number of PSUs we granted to our NEOs in 2007 represents one underlying share of our Class B common stock. The number of shares of Class B common stock an executive ultimately receives at the end of the relevant measurement period depends on the total shareholder return (TSR) of our Class B common stock measured against the TSR of the common stock of the companies comprising the S&P 500 Index at the start of the measurement period (the reference group). The measurement period for the 2007 PSUs granted to Messrs. Redstone, Dauman and Dooley is September 8, 2006 to December 31, 2009, and the measurement period for the 2007 PSUs granted to Messrs. Fricklas and Tortoroli is January 1, 2007 to December 31, 2009. The percentile ranking of the TSR of our Class B common stock compared to the TSR of the common stock of the companies in the reference group will be used to calculate the number of shares received. The maximum payout is 300% of the target award (200% in the case of Messrs. Fricklas and Tortoroli), which the executive would be eligible to receive if our stock outperformed every other company in the reference group. The payout schedule for the awards is as follows:

**Schedule<sup>(1)</sup>**

If Viacom achieves less than the 25th percentile TSR, the award of PSUs will be forfeited, unless the EPS hurdle is met

If Viacom achieves the 25th percentile TSR, the number of shares to be delivered under the award will be 25% of the target award, subject to adjustment if the EPS hurdle is met

If Viacom achieves the 50th percentile TSR, the number of shares to be delivered under the award will be 100% of the target award

If Viacom achieves the 100th percentile TSR (that is, if it is the first ranked company in the S&P 500 for TSR), the number of shares to be delivered under the award will be [200/300 (as appropriate)]% of the target award

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

The EPS, or earnings per share, hurdle is intended to provide an alternative measure of performance for the PSU awards in the event strong operating performance is not appropriately reflected in our stock price due to market or other conditions outside of our control. If we achieve less than the 50th percentile TSR during the measurement period but achieve the EPS hurdle, the executive would receive the average of his target award and the award he would have earned under the above schedule. The Committee sets the EPS hurdle in advance of the grant based on a review of analyst reports and other market data on projected average EPS growth in our industry over a period of years, in addition to our internal projections about our growth prospects. It is intended to be a challenging, but reasonable performance goal in light of its purpose, and its achievement is substantially uncertain at the time it is set given the length of the measurement period. The EPS hurdle for our 2007 PSUs relates to the compound annual growth of our earnings per share from 2007-2009, and whether we will meet the hurdle is therefore uncertain until after our 2009 financial results are determined.

In 2006, Messrs. Fricklas and Tortoroli and Ms. Griffith received an RSU grant that vests in equal installments over a four year period, with the vesting of each installment conditioned on the percentage change in

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the price of our Class B common stock outperforming the percentage change of the average stock prices of the companies comprising the S&P 500 index for the one year period preceding the anniversary of the date of grant. If the market criteria is not met during the particular annual period, that portion of the 2006 RSU grant does not vest unless the performance criteria is met subsequently during a cumulative performance period. The market criteria was not met in 2007 and the first installment has not yet vested.

The terms of our NEO employment agreements generally provide that stock options and RSUs that would have vested during the original term of the agreement will accelerate and vest if the employment arrangement is terminated by us without cause or by the executive for good reason. For PSUs, our NEO employment agreements and/or the terms of the grant generally provide that the termination date will be deemed to be the last day of the measurement period for purposes of calculating the payout that they will receive.

***Presentation of Equity Awards in Tabular Disclosures.*** The amounts set forth in the 2007 Summary Compensation Table for the stock awards and option awards for each NEO are the amounts of equity compensation expense we recognized with respect to the particular executive in 2007. It does not solely reflect the expense we incurred with respect to the 2007 awards, but also includes expense for awards from prior years that we are still accounting for as an expense in accordance with FAS 123(R). The grant date value of the 2007 equity awards for each NEO can be found in the 2007 Grants of Plan-Based Awards table.

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

Where appropriate, and after taking into account various considerations, we generally structure our executive employment agreements and compensation programs to allow us to take a tax deduction for the compensation we pay to our executives. Any base salary we pay over \$1,000,000 is not tax deductible. The performance-based compensation we pay under our Senior Executive STIP and our LTMIP is designed to comply with the requirements of Section 162(m) and therefore be tax deductible.

Our NEOs are designated as covered employees under our Senior Executive STIP for purposes of Section 162(m). At the outset of each year, the Committee establishes a Section 162(m) performance target for the components of the executive's compensation that are performance based. Achievement of the performance target allows us to take a tax deduction for the performance-based components of the executive's compensation. See Senior Executive STIP above for information on the 2007 performance target. Our stock option and PSU grants are also designed to be Section 162(m) compliant.

We have modified or are modifying our deferred compensation arrangements where necessary to be in compliance with Section 409A of the Code.

### **Benefits**

We provide traditional benefit plans and programs to our executives and employees on the same relative basis with few exceptions, which are described under Perquisites below. These plans include:

a tax-qualified defined contribution 401(k) plan and excess 401(k) plans;

a tax-qualified defined benefit pension plan and an excess pension plan;

bonus deferral plans, which allow the deferral of a portion of an executive's annual bonus amount; and

health coverage, life insurance, disability benefits and other similar benefits.

For more detail on our benefit plans, see the narratives following the 2007 Pension Benefits and 2007 Nonqualified Deferred Compensation tables.



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### **Perquisites**

We generally provide few perquisites to our NEOs, and many of those perquisites have been scaled back or eliminated in recent years. However, we and the Committee believe that some perquisites, as discussed below, continue to be appropriate in some instances. These perquisites are detailed in the footnotes to the 2007 Summary Compensation Table.

We previously provided a car allowance to our NEOs, a perquisite that we ended in 2005. We also previously provided car insurance, which we self-insure, but terminated that perquisite in 2007, except for Ms. Griffith who will continue to receive the benefit through the end of her employment agreement.

Our NEOs may be entitled upon occasion to use the Viacom aircraft for personal use, and the value of this perquisite is included in their income for tax purposes.

For security reasons, Mr. Redstone and Mr. Dauman are provided with a car and driver in New York, and, in the case of Mr. Redstone, Los Angeles. Any personal use of this service by either Mr. Redstone or Mr. Dauman, including commuting, is considered a perquisite for purposes of the 2007 Summary Compensation Table. In the event any other NEO uses a company-paid car service for personal use and does not reimburse us for that use, that amount is considered a perquisite.

Under the terms of their employment agreements, each of our NEOs receives life insurance benefits in amounts that are higher than the life insurance benefits we provide to employees generally, which may be considered a perquisite. We pay the premiums for these life insurance benefits and do not generally provide any other death benefit (such as salary continuation). In 2007, we provided \$5,000,000 in coverage for each of Messrs. Dauman, Dooley and Fricklas and \$2,500,000 for Mr. Redstone (with CBS Corporation providing Mr. Redstone with an additional \$2,500,000 in coverage).

### **2008 Compensation Decisions**

As discussed above, the Committee, its outside advisors and Ms. White jointly developed a process for conducting merit reviews for Messrs. Redstone, Dauman and Dooley that was implemented in 2008. The annual compensation review is provided for in the executives' employment agreements, and the Committee determined that it would be appropriate to conduct the review at the same time annual bonus amounts were determined since that process already involved an established, evaluative process.

In connection with its review of the executives' compensation levels, the Committee considered its evaluation of the three executives and the conclusions it had reached, as discussed above under 2007 Bonus Determinations. It also considered in particular changes in current compensation levels for similar executive positions at our peer companies and other competitive factors. The Committee discussed these matters with its outside advisors, also considering its philosophies on rewarding strong performance, appropriately incenting executives and limiting guaranteed compensation in favor of performance-based compensation.

After considering these factors, the Committee determined to increase effective January 1, 2008 (i) Mr. Redstone's base salary to \$1,250,000 and his 2008 target bonus amount to \$4,750,000, (ii) Mr. Dauman's base salary to \$2,500,000 and his 2008 target bonus amount to \$9,500,000 and (iii) Mr. Dooley's base salary to \$2,000,000 and his 2008 target bonus amount to \$7,600,000. The Committee also considered a merit increase for Mr. Fricklas and determined to increase his base salary to \$1,050,000 and his 2008 target bonus amount to \$1,675,000.

Our 2008 STIP design is substantially the same as in 2007 except that the pre-established qualitative objectives relate to the furtherance and achievement of strategic initiatives, performance in internal and public financial reporting, budgeting and forecasting processes (including evaluation of return on invested capital), and compliance initiatives, and the commitment to and achievement of inclusion and diversity in our businesses.

Our 2008 LTMIP design is expected to be substantially the same as in 2007.



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**Other Compensation Policies**

**Timing of Equity Grants**

We do not have a plan or practice designed to time equity grants in coordination with the release of material non-public information but instead protect against timing issues by granting equity awards on an annual basis at regular Committee meetings scheduled long in advance. Since 2006, the Committee has made our annual equity grants at the meeting of the Committee held in connection with our Annual Meeting and plans to continue that practice. The Committee makes annual grants to executives and employees on the same date. Stock option exercise prices and the values of the annual equity grants are determined based on the closing price of our Class B common stock on the date of grant.

For certain newly hired executives, and occasionally upon entering into new or amended employment agreements with existing executives, the Committee may award off-cycle equity grants. These grants are generally made 10 days after the later of Committee approval or the execution of the employment agreement by both parties and are valued based on the closing price of our Class B common stock on the date of grant. The Committee has determined that it is appropriate to continue these practices.

**Repricing of Stock Options**

Our LTMIP prohibits the repricing of stock options.

**Executive Stock Ownership Requirements**

Mr. Redstone owned approximately 82% of our Class A common stock and 5% of our Class B common stock as of February 29, 2008 and has been our controlling stockholder since the formation of Former Viacom in 1987. At the behest of the Committee and as required by their employment agreements, Messrs. Dauman and Dooley personally invested \$5 million and \$4 million, respectively, in Viacom stock in open market transactions upon joining our company, and the vesting of the RSUs that they were granted after they completed the investment is conditioned on their retention of the corresponding portion of the investment through each applicable RSU vesting date. In light of these significant equity investments and the other equity incentive awards held by our top three executives, and considering the steps recently taken to more closely link compensation to performance and to increase the equity components of compensation and the current equity holdings and incentives of other members of senior management, the Committee has determined not to impose equity ownership or retention requirements on other levels of senior management at this time.

**Pledges and Hedges of Viacom Stock**

All hedges and pledges of Viacom securities by our executive officers are prohibited. In addition, all of our employees are prohibited from selling short our stock and may not hedge or pledge equity compensation.

**Adjustment to Bonuses/Equity Awards in the Event of a Restatement**

The Committee reserves its right to require any of our employees or former employees to return all or a portion of the bonus or equity compensation the employee receives if any of the performance goals or quantitative factors considered in determining the amount of any award are restated in a manner that would have affected the amount of such bonus or equity award if known prior to the award, or, with respect to bonus amounts, if such restatement alters the Committee's assessment of the employee or former employee's individual performance in a manner that warrants reduction.



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The following table sets forth information on the total compensation in 2007 and 2006 for our named executive officers ( NEOs ).

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)
Sumner M. Redstone	2007	\$ 1,000,000	\$ 3,500,000	\$ 1,815,372	\$ 4,529,571	\$ 2,543,500(6)	\$ 140,451	\$ 13,528,894
<i>Executive Chairman and Founder</i>	2006	\$ 3,050,000	\$ 5,500,000	\$ 679,122	\$ 4,080,185	\$ 3,050,542(6)	\$ 76,276	\$ 16,436,125
Philippe P. Dauman(7)	2007	\$ 2,000,000	\$ 7,000,000	\$ 6,134,100	\$ 5,182,284	\$ 16,380(8)	\$ 264,326	\$ 20,597,090
<i>President and Chief Executive Officer</i>	2006	\$ 653,846	\$ 2,036,713	\$ 766,960	\$ 7,709,499		\$ 23,031	\$ 11,190,049
Thomas E. Dooley(7)	2007	\$ 1,600,000	\$ 5,600,000	\$ 5,031,641	\$ 4,145,827	\$ 13,957(8)	\$ 32,809	\$ 16,424,234
	2006	\$ 523,077	\$ 1,810,411	\$ 613,564	\$ 6,167,600		\$ 6,063	\$ 9,120,715
<i>Senior Executive Vice President, Chief Administrative Officer and Chief Financial Officer</i>								
Michael D. Fricklas	2007	\$ 1,084,875	\$ 1,725,000	\$ 1,355,016	\$ 1,058,692	\$ 20,415	\$ 30,125	\$ 5,274,123
<i>Executive Vice President, General Counsel and Secretary</i>	2006	\$ 1,513,200	\$ 1,375,000	\$ 447,797	\$ 666,870	\$ 67,177	\$ 30,035	\$ 4,100,079
Jacques Tortoroli	2007	\$ 636,000	\$ 450,000	\$ 192,837	\$ 257,507	\$ 52,045	\$ 3,450	\$ 1,591,839
<i>Senior Vice President, Controller and Chief Accounting Officer</i>								
JoAnne A. Griffith	2007	\$ 725,000	\$ 532,875	\$ 111,236	\$ 214,077	\$ 192,137	\$ 6,969	\$ 1,782,294
<i>Former Executive Vice President, Human Resources</i>								

(1) Mr. Dauman became our President and Chief Executive Officer on September 5, 2006, and Mr. Dooley became our Senior Executive Vice President and Chief Administrative Officer on September 5, 2006 and our Chief Financial Officer on January 1, 2007. Their base salary in 2006 is prorated from September 5, 2006. Base salary for Messrs. Redstone and Fricklas includes compensation deferred in accordance with their employment agreements prior to the time their agreements were amended to eliminate the deferral equal to \$1,300,000 for Mr. Redstone and \$250,000 for Mr. Fricklas in 2006, and \$41,346 for Mr. Fricklas in 2007.

(2) Represents cash bonus amounts under the Senior Executive STIP for performance during the respective year. In 2006, the cash bonuses received by Messrs. Dauman and Dooley were set by the Committee in their employment agreements as a fixed prorated amount of their target bonus representing their service from September 5, 2006 through year end and were not subject to the achievement of performance goals. Mr. Dauman's 2006 bonus amount reflects the voluntary reduction of his 2006 bonus to 90% of his guaranteed amount.

(3)

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Reflects equity compensation expense recognized in the respective year, not including assumed forfeitures. These amounts do not solely reflect the expense we incurred with respect to equity awards granted in 2007 or 2006, but also include expense for awards from prior years that we are still accounting for as an expense. Grant date fair value assumptions are consistent with those disclosed in the *Stock Based Compensation* Notes to our Consolidated Financial Statements in our 2007 and 2006 Annual Reports on Form 10-K. For information on the grant date fair value of awards granted in 2007, see the 2007 Grants of Plan-Based Awards table.

- (4) Change in pension value only, except as noted with respect to Mr. Redstone.
  
- (5) All Other Compensation includes the following amounts received by the named executive officers:

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*Employer Matching Contributions, Dividend Equivalents Settled in Cash and Additional Life Insurance.*

Executive	Year	Company Match in 401(k) Plan	Company Match in Excess 401(k) Plan	Dividend Equivalents on RSUs Settled in Cash(a)	Life Insurance(b)	Total
Sumner M. Redstone	2007				\$ 3,387	\$ 3,387
	2006				\$ 2,925	\$ 2,925
Philippe P. Dauman	2007	\$ 6,750	\$ 15,750		\$ 5,940	\$