

JACOBS SY
Form SC 13G
July 01, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.)*

Home Bancorp, Inc.
(Name of Issuer)

Common Stock, \$0.01 par value
(Title of Class of Securities)

43689E107
(CUSIP Number)

June 24, 2011
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

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The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No 43689E107

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Sy Jacobs

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

407,701

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

407,701

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

407,701

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES (SEE INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.04%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

CUSIP No 43689E107

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Jacobs Asset Management, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

407,701

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

407,701

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

407,701

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES (SEE INSTRUCTIONS)

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.04%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No 43689E107

Item 1. (a). Name of Issuer:

Home Bancorp, Inc.

(b). Address of issuer's principal executive offices:

503 Kaliste Saloom Road
Lafayette, Louisiana 70508

Item 2. (a). Name of persons filing:

Sy Jacobs
Jacobs Asset Management, LLC

(b). Address or principal business office or, if none, residence:

11 East 26 Street
New York, New York 10010

(c). Citizenship:

Sy Jacobs – United States
Jacobs Asset Management, LLC – Delaware limited liability company

(d). Title of class of securities:

Common Stock, \$0.01 par value

(e). CUSIP No.:

43689E107

Item 3. If This Statement is filed pursuant to §§.240.13d-1(b) or 240.13d-2(b), or (c), check whether the person filing is a

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);
- (g)

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A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);

- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C.1813);
 - (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
-

- (j) A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with §240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

Sy Jacobs:

- (a) Amount beneficially owned:

407,701

- (b) Percent of class:

5.04%

- (c) Number of shares as to which the person has:

- (i) Sole power to vote or to direct the vote 0,
- (ii) Shared power to vote or to direct the vote 407,701,
- (iii) Sole power to dispose or to direct the disposition of 0,
- (iv) Shared power to dispose or to direct the disposition of 407,701.

Jacobs Asset Management, LLC:

- (a) Amount beneficially owned:

407,701

- (b) Percent of class:

5.04%

- (c) Number of shares as to which the person has:

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(i)	Sole power to vote or to direct the vote	0,
(ii)	Shared power to vote or to direct the vote	407,701,
(iii)	Sole power to dispose or to direct the disposition of	0,
(iv)	Shared power to dispose or to direct the disposition of	407,701.

Instruction: For computations regarding securities which represent a right to acquire an underlying security see §240.13d-3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [].

Instruction: Dissolution of a group requires a response to this item.

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

If a parent holding company or control person has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

Item 8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

N/A

Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A

Item 10. Certification.

The following certification shall be included if the statement is filed pursuant to §240.13d-1(c):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

July 1, 2011

(Date)

/s/ Sy Jacobs

Sy Jacobs

JACOBS ASSET MANAGEMENT, LLC

By:

/s/ Sy Jacobs

Name: Sy Jacobs

Title: Managing Member

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See s.240.13d-7 for other parties for whom copies are to be sent.

Attention. Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

AGREEMENT

The undersigned agree that this Schedule 13G dated July 1, 2011 relating to the Common Stock of Home Bancorp, Inc. shall be filed on behalf of the undersigned.

Sy Jacobs /s/ Sy Jacobs

JACOBS ASSET MANAGEMENT, LLC

By: /s/ Sy Jacobs
Name: Sy Jacobs
Title: Managing Member

July 1, 2011
Date

SK 01252 0001 1209520

d-color:#cceeef;padding-top:2px;padding-bottom:2px;">
10

\$
12

\$
22

\$
24

Expected return on plan assets

(11
)

(12
)

(24
)

(25
)

Recognized actuarial loss

2

—

3

—

Loss on pension settlement

—

—

24

—

Net periodic benefit cost/(income)

\$

1

\$

—

\$

25

\$

(1

)

NOTE 5. REDEEMABLE NONCONTROLLING INTEREST

We are subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary. The put option expires in January 2016 and is classified as Redeemable noncontrolling interest in the Consolidated Balance Sheets.

The components of redeemable noncontrolling interest are as follows:

Redeemable Noncontrolling Interest (in millions)	Six Months Ended March 31,		
	2015	2014	
Beginning balance	\$216	\$200	
Net earnings	8	11	
Distributions	(12) (11)
Translation adjustment	(23) 10	
Redemption value adjustment	5	—	
Ending Balance	\$194	\$210	

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VIACOM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 6. COMMITMENTS AND CONTINGENCIES

Commitments

As more fully described in Notes 4 and 11 of the 2014 Form 10-K, our commitments primarily consist of programming and talent commitments, operating and capital lease arrangements, and purchase obligations for goods and services. These arrangements result from our normal course of business and represent obligations that may be payable over several years.

Contingencies

We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. (“Famous Players”). In addition, we have certain indemnities provided by the acquirer of Famous Players. These lease commitments amounted to approximately \$314 million as of March 31, 2015. The amount of lease commitments varies over time depending on expiration or termination of individual underlying leases, or of the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We have recorded a liability of \$192 million with respect to such obligations as of March 31, 2015. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

Legal Matters

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

In February 2013, Cablevision Systems Corporation filed a lawsuit in the United States District Court for the Southern District of New York alleging that Viacom’s industry standard practice of offering discounts for additional network distribution constituted a “tying” arrangement in violation of federal and New York state antitrust laws. Similar arrangements have been upheld by numerous federal and state courts, including in a federal case in which Cablevision itself advocated for the legality of such arrangements. We believe the lawsuit is without merit. In July 2014, Viacom answered the amended complaint and asserted counterclaims against Cablevision for having fraudulently induced Viacom to renew their affiliate agreement at the end of 2012 on terms which Cablevision intended to challenge in the courts. Cablevision answered the counterclaims in September 2014. The litigation is now in the discovery phase.

NOTE 7. STOCKHOLDERS’ EQUITY

The components of stockholders’ equity are as follows:

Stockholders’ Equity (in millions)	Six Months Ended March 31, 2015			Six Months Ended March 31, 2014		
	Total Viacom Stockholders’ Equity	Noncontrolling Interests	Total Equity	Total Viacom Stockholders’ Equity	Noncontrolling Interests	Total Equity
Beginning Balance	\$3,719	\$ 28	\$3,747	\$5,193	\$(3)	\$5,190
Net earnings	447	18	465	1,049	19	1,068
Other comprehensive income/(loss) ⁽¹⁾	(278)	(6)	(284)	33	1	34
Noncontrolling interests	(5)	(21)	(26)	—	(20)	(20)
Dividends declared	(269)	—	(269)	(268)	—	(268)
Purchase of treasury stock	(1,500)	—	(1,500)	(1,700)	—	(1,700)
Equity-based compensation and other	189	—	189	117	—	117

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Ending Balance	\$2,303	\$ 19	\$2,322	\$4,424	\$(3)	\$4,421
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(1) The components of other comprehensive income/(loss) are net of a tax benefit of \$11 million and \$1 million for the six months ended March 31, 2015 and March 31, 2014, respectively.

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VIACOM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 8. RESTRUCTURING AND PROGRAMMING CHARGES

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

Media Networks recognized programming charges of \$411 million for the write-down of underperforming programming, including the abandonment of select acquired titles, and \$123 million of accelerated amortization of programming expenses associated with a change in our ultimate revenue projections for certain original programming genres that have been impacted by changing media consumption habits. Filmed Entertainment recognized charges of \$21 million for the write-down of certain films not yet released and \$23 million related to the abandonment of development projects. The strategic realignment is largely complete and we anticipate that a majority of the severance will be paid by March 31, 2016.

The following table presents the 2015 restructuring and programming charges by segment:

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

NOTE 9. EARNINGS/(LOSS) PER SHARE

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

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

Weighted Average Number of Common Shares Outstanding and Anti-dilutive Common Shares (in millions)	Quarter Ended		Six Months Ended	
	March 31, 2015	2014	March 31, 2015	2014
Weighted average number of common shares outstanding, basic	402.5	436.1	406.6	440.5
Dilutive effect of equity awards	—	8.5	4.8	8.8
Weighted average number of common shares outstanding, diluted	402.5	444.6	411.4	449.3

Anti-dilutive common shares	8.6	0.1	4.3	0.1
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VIACOM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION

Our supplemental cash flow information is as follows:

Supplemental Cash Flow Information (in millions)	Six Months Ended March 31,	
	2015	2014
Cash paid for interest	\$305	\$291
Cash paid for income taxes	\$211	\$506

Cash paid for income taxes in the six months ended March 31, 2015 reflects the benefit from the retroactive reenactment of legislation allowing for accelerated tax deductions on certain qualified film and television productions.

Accounts Receivable

We had \$406 million and \$482 million of noncurrent trade receivables as of March 31, 2015 and September 30, 2014, respectively. The accounts receivable were primarily in the Filmed Entertainment segment, included within Other assets in our Consolidated Balance Sheets, and principally related to long-term television license arrangements. Such amounts are due in accordance with the underlying terms of the respective agreements and are principally from investment grade companies with which we have historically done business under similar terms, for which credit loss allowances are generally not considered necessary.

Variable Interest Entities

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

Unconsolidated Variable Interest Entities: We have an unconsolidated investment in Viacom 18, a 50% owned joint venture in India with Network 18 Media and Investments Limited that qualifies as a VIE. Our aggregate investment carrying value in Viacom 18 was \$74 million and \$68 million as of March 31, 2015 and September 30, 2014, respectively.

Consolidated Variable Interest Entities: Our Consolidated Balance Sheets include amounts related to consolidated VIEs totaling \$125 million in assets and \$53 million in liabilities as of March 31, 2015, and \$138 million in assets and \$54 million in liabilities as of September 30, 2014. The consolidated VIEs' revenues, expenses and operating income were not significant for all periods presented.

Income Taxes

Our effective tax rate was 51.0% in the quarter ended March 31, 2015, which included the restructuring and programming charges that contributed 19.8 percentage points to the effective tax rate. Our effective tax rate was 32.8% in the six months ended March 31, 2015, which included the restructuring and programming charges, the pension settlement loss and other discrete tax expense that, when taken together, contributed 1 percentage point to the effective tax rate. This discrete tax expense was principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

Our effective tax rate was 29.7% in the quarter and 31.7% in the six months ended March 31, 2014, which included discrete tax benefits that reduced the effective tax rate by 2.8 and 1.3 percentage points, respectively. This discrete tax benefit was principally related to the recognition of capital loss carryforward benefits.

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VIACOM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 11. FAIR VALUE MEASUREMENTS

The following table summarizes our financial assets and liabilities measured and recorded at fair value on a recurring basis as of March 31, 2015 and September 30, 2014:

Financial Asset/(Liability)	Total	Quoted Prices		
		In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
(in millions)				
March 31, 2015				
Marketable securities	\$ 115	\$ 115	\$—	\$—
Derivatives	(12	) —	(12) —
Total	\$ 103	\$ 115	\$(12) \$—
September 30, 2014				
Marketable securities	\$ 107	\$ 107	\$—	\$—
Derivatives	(8	) —	(8) —
Total	\$ 99	\$ 107	\$(8) \$—

The fair value for marketable securities is determined utilizing a market approach based on quoted market prices in active markets at period end and the fair value for derivatives is determined utilizing a market-based approach.

The notional value of all foreign exchange contracts was \$924 million and \$628 million as of March 31, 2015 and September 30, 2014, respectively. At March 31, 2015, \$629 million related to our foreign currency balances, \$151 million related to anticipated investing cash flows and \$144 million related to future production and programming costs. At September 30, 2014, \$390 million related to our foreign currency balances, \$154 million related to anticipated investing cash flows and \$84 million related to future production costs.

As described in Note 8, we recognized impairment charges related to the write-down of certain programming and films. The impairment charges reflect the excess of the unamortized cost of the impaired programs and films over their estimated fair value using discounted cash flows, which is a Level 3 valuation technique.

NOTE 12. REPORTING SEGMENTS

The following tables set forth our financial performance by reporting segment. Our reporting segments have been determined in accordance with our internal management structure. We manage our operations through two reporting segments: (i) Media Networks and (ii) Filmed Entertainment. Typical intersegment transactions include the purchase of advertising by the Filmed Entertainment segment on Media Networks' properties and the purchase of Filmed Entertainment's feature films exhibition rights by Media Networks. The elimination of such intercompany transactions in the Consolidated Financial Statements is included within eliminations in the tables below.

Our measure of segment performance is adjusted operating income/(loss). Adjusted operating income/(loss) is defined as operating income/(loss), before equity-based compensation and certain other items identified as affecting comparability, including restructuring and programming charges, when applicable.

Revenues by Segment	Quarter Ended		Six Months Ended	
	March 31,		March 31,	
(in millions)	2015	2014	2015	2014
Media Networks	\$2,452	\$2,375	\$5,106	\$4,916
Filmed Entertainment	659	831	1,379	1,512
Eliminations	(33) (32) (63) (57

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Total revenues	\$3,078	\$3,174	\$6,422	\$6,371
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Adjusted Operating Income/(Loss) (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Media Networks	\$903	\$949	\$2,007	\$2,063
Filmed Entertainment	1	11	(59)	(63)
Corporate expenses	(57)	(52)	(118)	(103)
Eliminations	—	(5)	2	(2)
Equity-based compensation	(25)	(31)	(51)	(63)
Restructuring and programming charges	(784)	—	(784)	—
Loss on pension settlement	—	—	(24)	—
Operating income	38	872	973	1,832
Interest expense, net	(166)	(152)	(326)	(301)
Equity in net earnings of investee companies	42	10	75	36
Other items, net	(12)	(3)	(30)	(3)
Earnings/(loss) before provision for income taxes	\$(98)	\$727	\$692	\$1,564

Total Assets (in millions)	March 31,	September 30,
	2015	2014
Media Networks	\$16,752	\$17,647
Filmed Entertainment	5,645	5,440
Corporate/Eliminations	(640)	30
Total assets	\$21,757	\$23,117

Revenues by Component (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Advertising	\$1,172	\$1,124	\$2,539	\$2,449
Feature film	605	789	1,279	1,428
Affiliate fees	1,146	1,114	2,278	2,180
Ancillary	188	179	389	371
Eliminations	(33)	(32)	(63)	(57)
Total revenues	\$3,078	\$3,174	\$6,422	\$6,371

Certain prior year revenues for the Filmed Entertainment segment have been reclassified to conform to the current year presentation.

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VIACOM INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13. RELATED PARTY TRANSACTIONS

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

Viacom and NAI Related Party Transactions

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. During the six months ended March 31, 2015 and 2014, Paramount earned revenues from NAI in connection with these licenses in the aggregate amounts of approximately \$6 million and \$5 million, respectively.

Viacom and CBS Corporation Related Party Transactions

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

Our Filmed Entertainment segment earns revenues and recognizes expenses associated with its distribution of certain television products into the home entertainment market on behalf of CBS. Pursuant to its agreement with CBS, Paramount distributes CBS’s library of television and other content on DVD and Blu-ray disc on a worldwide basis. Under the terms of the agreement, Paramount is entitled to retain a fee based on a percentage of gross receipts and is generally responsible for all out-of-pocket costs, which are recoupable together with any advance amounts paid. Paramount made advance payments of \$75 million to CBS during the six months ended March 31, 2015. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

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

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

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

CBS Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Consolidated Statement of Earnings				
Revenue	\$33	\$38	\$92	\$111
Operating expenses	\$80	\$57	\$148	\$153
Consolidated Balance Sheets			March 31, 2015	September 30, 2014
Accounts receivable			\$5	\$5
Accounts payable			\$3	\$2
Participants’ share and residuals, current			72	100
Program obligations, current			95	87
Program obligations, noncurrent			79	104

Other liabilities	7	9
Total due to CBS	\$256	\$302

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(continued)

Other Related Party Transactions

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

Other Related Party Transactions (in millions)	Quarter Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Consolidated Statement of Earnings				
Revenue	\$45	\$67	\$58	\$80
Operating expenses	\$19	\$28	\$21	\$30
Selling, general and administrative	\$(4	) \$(4	) \$(6	) \$(6
			March 31, 2015	September 30, 2014
Consolidated Balance Sheets				
Account receivable			\$65	\$84
Other assets			2	1
Total due from other related parties			\$67	\$85
Accounts payable			\$4	\$2
Other liabilities			41	37
Total due to other related parties			\$45	\$39

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

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Management's discussion and analysis of results of operations and financial condition is provided as a supplement to and should be read in conjunction with the unaudited consolidated financial statements and related notes to enhance the understanding of our results of operations, financial condition and cash flows. Additional context can also be found in our Form 10-K for the fiscal year ended September 30, 2014, as filed with the Securities and Exchange Commission ("SEC") on November 13, 2014 (the "2014 Form 10-K"). References in this document to "Viacom," "Company," "we," "us" and "our" mean Viacom Inc. and our consolidated subsidiaries, unless the context requires otherwise. Significant components of management's discussion and analysis of results of operations and financial condition include:

Overview: The overview section provides a summary of our business.

Results of Operations: The results of operations section provides an analysis of our results on a consolidated and reportable segment basis for the quarter and six months ended March 31, 2015, compared with the quarter and six months ended March 31, 2014. In addition, we provide a discussion of items that affect the comparability of our results of operations.

Liquidity and Capital Resources: The liquidity and capital resources section provides a discussion of our cash flows for the six months ended March 31, 2015, compared with the six months ended March 31, 2014, and of our outstanding debt, commitments and contingencies existing as of March 31, 2015.

OVERVIEW

Summary

We are a leading global entertainment content company that connects with audiences in more than 165 countries and territories and is home to premier global media brands that create compelling television programs, motion pictures, short-form video, apps, games, consumer products, social media and other entertainment content. With media networks reaching a cumulative 3.2 billion television subscribers worldwide, Viacom's leading brands include Nickelodeon®, CMT®, Nick Jr.®, TeenNick®, Nicktoons®, TV Land®, Nick at Nite®, MTV®, VH1®, COMEDY CENTRAL®, SPIKE®, Logo®, BET®, CENTRIC®, Channel 5® (UK), Tr3s®, Paramount Channel™ and VIVA™, among others. Paramount Pictures® is a major global producer and distributor of filmed entertainment and Paramount Television™, our television production division, is focused on developing programming for television and digital platforms.

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

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

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Management's Discussion and Analysis
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(continued)

Media Networks

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

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

Filmed Entertainment

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

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

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RESULTS OF OPERATIONS

Consolidated Results of Operations

Our summary consolidated results of operations are presented below for the quarters and six months ended March 31, 2015 and 2014.

	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)		
	2015	2014	\$	%	2015	2014	\$	%	
(in millions, except per share amounts)									
Revenues	\$3,078	\$3,174	\$(96)	(3)%	\$6,422	\$6,371	\$51	1%	
Operating income	38	872	(834)	(96)%	973	1,832	(859)	(47)%	
Adjusted operating income	822	872	(50)	(6)%	1,781	1,832	(51)	(3)%	
Net earnings/(loss) attributable to Viacom	(53)	502	(555)	(111)%	447	1,049	(602)	(57)%	
Adjusted net earnings attributable to Viacom	467	482	(15)	(3)%	1,005	1,029	(24)	(2)%	
Diluted earnings/(loss) per share	(0.13)	1.13	(1.26)	(112)%	1.09	2.33	(1.24)	(53)%	
Adjusted diluted earnings per share	\$1.16	\$1.08	\$0.08	7%	\$2.44	\$2.29	\$0.15	7%	

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

Revenues

Worldwide revenues decreased \$96 million, or 3%, to \$3.078 billion in the quarter ended March 31, 2015. Excluding an unfavorable 2% impact of foreign exchange, worldwide revenues declined 1%. Filmed Entertainment revenues decreased \$172 million, or 21%, primarily driven by lower license fees and home entertainment revenues. Media Networks revenues increased \$77 million, or 3%, due to higher advertising revenues, driven by the acquisition of Channel 5 Broadcast Limited ("Channel 5") in September 2014, and affiliate fees, partially offset by the impact of foreign exchange. Excluding an unfavorable 4% and 2% impact of foreign exchange, Filmed Entertainment revenues declined 17% and Media Networks revenues increased 5%, respectively.

Worldwide revenues increased \$51 million, or 1%, to \$6.422 billion in the six months ended March 31, 2015.

Excluding an unfavorable 2% impact of foreign exchange, worldwide revenues increased 3%. Media Networks revenues increased \$190 million, or 4%, due to higher affiliate fees, as well as an increase in advertising revenues driven by the acquisition of Channel 5, partially offset by the impact of foreign exchange. Filmed Entertainment revenues decreased \$133 million, or 9%, primarily driven by lower license fee revenues. Excluding an unfavorable 1% and 3% impact of foreign exchange, Media Networks revenues increased 5% and Filmed Entertainment revenues declined 6%, respectively.

Operating Income

Adjusted operating income decreased \$50 million, or 6%, to \$822 million in the quarter. Media Networks adjusted operating income declined \$46 million, reflecting an increase in programming and promotional expenses, partially offset by higher revenues, and Filmed Entertainment adjusted operating income declined \$10 million due to the number and mix of available titles in the television licensing windows. Adjusted results exclude the impact of restructuring and programming charges totaling \$784 million. Including the impact of the restructuring and programming charges, operating income decreased \$834 million, or 96%.

Adjusted operating income decreased \$51 million, or 3%, to \$1.781 billion in the six months. Media Networks adjusted operating income declined \$56 million, driven by an increase in programming and promotional expenses partially offset by higher revenues. Filmed Entertainment generated an adjusted operating loss of \$59 million in the six months, compared to an adjusted operating loss of \$63 million in the prior period. Adjusted results exclude the impact of restructuring and programming charges totaling \$784 million and a non-cash pension settlement loss of \$24 million. Including the impact of the restructuring and programming charges and pension settlement loss, operating income decreased \$859 million, or 47%.

See the section entitled “Segment Results of Operations” for a more in-depth discussion of the revenues, expenses and adjusted operating income/(loss) for each of the Media Networks and Filmed Entertainment segments.

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Net Earnings/(Loss) Attributable to Viacom

Adjusted net earnings attributable to Viacom decreased \$15 million, or 3%, to \$467 million in the quarter and \$24 million, or 2%, to \$1.005 billion in the six months, principally due to the decline in tax-effected operating income described above, increased interest expense, reflecting higher levels of debt outstanding, and foreign currency exchange losses, partially offset by higher income from equity in net earnings of investee companies and a lower effective income tax rate.

Our effective income tax rate was 31.2% and 31.8% in the quarter and six months, respectively, compared with 32.5% and 33.0% in the quarter and six months ended March 31, 2014, respectively, excluding the impact of discrete tax items. The decrease in the effective income tax rate was principally due to a change in the mix of domestic and international income.

Adjusted diluted EPS increased \$0.08 per diluted share to \$1.16 in the quarter and \$0.15 to \$2.44 in the six months, principally reflecting fewer shares outstanding, partially offset by the impact of foreign exchange. Foreign exchange had a \$.04 and a \$.09 unfavorable impact on adjusted diluted EPS in the quarter and six months, respectively.

Adjusted results attributable to Viacom exclude the restructuring and programming charges and the pension settlement loss noted above. In the six months ended March 31, 2015, adjusted results attributable to Viacom also exclude discrete taxes. Including these items, we generated a net loss attributable to Viacom of \$53 million and a diluted loss per share of \$0.13 in the quarter compared to net earnings attributable to Viacom of \$502 million and diluted EPS of \$1.13 in the prior year quarter. Including these items, net earnings attributable to Viacom decreased \$602 million, or 57%, to \$447 million and diluted EPS declined \$1.24 to \$1.09 in the six months.

Segment Results of Operations

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

Media Networks

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)			
	2015	2014	\$	%	2015	2014	\$	%		
Revenues by Component										
Advertising	\$1,172	\$1,124	\$48	4	%	\$2,539	\$2,449	\$90	4	%
Affiliate fees	1,146	1,114	32	3		2,278	2,180	98	4	
Ancillary	134	137	(3)	(2)	)	289	287	2	1	
Total revenues by component	\$2,452	\$2,375	\$77	3	%	\$5,106	\$4,916	\$190	4	%
Expenses										
Operating	\$957	\$861	\$(96)	(11)	)%	\$1,944	\$1,729	\$(215)	(12))%
Selling, general and administrative	551	529	(22)	(4)	)	1,073	1,052	(21)	(2))
Depreciation and amortization	41	36	(5)	(14)	)	82	72	(10)	(14))
Total expenses	\$1,549	\$1,426	\$(123)	(9)	)%	\$3,099	\$2,853	\$(246)	(9))%
Adjusted Operating Income	\$903	\$949	\$(46)	(5)	)%	\$2,007	\$2,063	\$(56)	(3))%

Revenues

Worldwide revenues increased \$77 million, or 3%, to \$2.452 billion in the quarter ended March 31, 2015, and \$190 million, or 4%, to \$5.106 billion in the six months ended March 31, 2015, driven by higher advertising and affiliate

fee revenues. Excluding an unfavorable 2% and 1% impact of foreign exchange, worldwide revenues increased 5% in both the quarter and six months, respectively. Domestic revenues were substantially flat in the quarter and six months at \$2.022 billion and \$4.146 billion, respectively. International revenues grew 23% to \$430 million and 24% to \$960 million in the quarter and six months, respectively. The growth in international revenues was primarily due to the acquisition of Channel 5, partially offset by foreign exchange, which had a 13-percentage point and a 10-percentage point unfavorable impact on international revenues in the quarter and six months, respectively.

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Advertising

Worldwide advertising revenues increased \$48 million, or 4%, to \$1.172 billion in the quarter and \$90 million, or 4%, to \$2.539 billion in the six months. Domestic advertising revenues decreased 5% in the quarter and 6% in the six months. While demand remained strong, lower ratings trends across our channels resulted in a decline in the average price per unit, partially offset by the impact of an increase in units delivered to satisfy our audience deficiency liabilities. International advertising revenues increased 80% in the quarter and 68% in the six months, driven by growth in Europe, principally from the acquisition of Channel 5, partially offset by the impact of foreign exchange, which had a 17-percentage point and a 10-percentage point unfavorable impact on international advertising revenues in the quarter and six months, respectively.

Affiliate Fees

Worldwide affiliate fee revenues increased \$32 million, or 3%, to \$1.146 billion in the quarter, and \$98 million, or 4%, to \$2.278 billion in the six months, driven by rate increases. Domestic affiliate revenues increased 5% and 6% in the quarter and six months, respectively. Excluding the impact from the timing of product available under certain distribution agreements, domestic affiliate revenues grew mid-to high-single digits. International affiliate revenues decreased 8% and 5%, respectively, principally due to foreign exchange, partially offset by an increase in revenues driven by the launch of new channels and new distribution agreements. Foreign exchange had a 13-percentage point and a 10-percentage point unfavorable impact on international affiliate revenues in the quarter and six months, respectively.

Expenses

Total expenses increased \$123 million, or 9%, to \$1.549 billion and \$246 million, or 9%, to \$3.099 billion in the quarter and six months, respectively.

Operating

Operating expenses increased \$96 million, or 11%, to \$957 million in the quarter and \$215 million, or 12%, to \$1.944 billion in the six months primarily driven by the acquisition of Channel 5. Programming costs increased \$76 million, or 10%, and distribution and other expenses increased \$20 million, or 23%, in the quarter. For the six months, programming costs increased \$187 million, or 12%, and distribution and other expenses increased \$28 million, or 14%.

Selling, General and Administrative

SG&A expenses increased \$22 million, or 4%, to \$551 million in the quarter and \$21 million, or 2%, to \$1.073 billion in the six months, driven by higher promotional expenses related to new programming and the acquisition of Channel 5, which contributed a 2-percentage point increase in the quarter and six months, partially offset by the impact of foreign exchange and lower employee costs.

Depreciation and Amortization

Depreciation and amortization increased \$5 million, or 14%, to \$41 million and \$10 million, or 14%, to \$82 million, in the quarter and six months, respectively, driven by the acquisition of Channel 5.

Adjusted Operating Income

Adjusted operating income decreased \$46 million, or 5%, to \$903 million and \$56 million, or 3%, to \$2.007 billion in the quarter and six months, respectively, reflecting the operating results discussed above and a 2-percentage point and 1-percentage point unfavorable foreign exchange impact in the quarter and six months, respectively.

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Filmed Entertainment

(in millions)	Quarter Ended March 31,		Better/(Worse)		Six Months Ended March 31,		Better/(Worse)	
	2015	2014	\$	%	2015	2014	\$	%
Revenues by Component								
Theatrical	\$205	\$229	\$(24)	(10)%	\$374	\$388	\$(14)	(4)%
Home entertainment	194	257	(63)	(25)	510	529	(19)	(4)
License fees	206	303	(97)	(32)	395	511	(116)	(23)
Ancillary	54	42	12	29	100	84	16	19
Total revenues by component	\$659	\$831	\$(172)	(21)%	\$1,379	\$1,512	\$(133)	(9)%
Expenses								
Operating	\$554	\$704	\$150	21%	\$1,222	\$1,338	\$116	9%
Selling, general & administrative	91	100	9	9	190	200	10	5
Depreciation & amortization	13	16	3	19	26	37	11	30
Total expenses	\$658	\$820	\$162	20%	\$1,438	\$1,575	\$137	9%
Adjusted Operating Income/(Loss)	\$1	\$11	\$(10)	(91)%	\$(59)	\$(63)	\$4	6%

Revenues

Worldwide revenues decreased \$172 million, or 21%, to \$659 million, and \$133 million, or 9%, to \$1.379 billion in the quarter and six months ended March 31, 2015, respectively. Excluding an unfavorable 4% and 3% impact of foreign exchange, worldwide revenues declined 17% and 6% in the quarter and six months, respectively. Domestic revenues were \$369 million, a decrease of 14%, and \$741 million, an increase of 1%, in the quarter and six months, respectively. International revenues were \$290 million, a decrease of 28%, and \$638 million, a decrease of 18%, with foreign exchange having a 7-percentage point and 6-percentage point unfavorable impact on international revenues, in the quarter and six months, respectively.

Theatrical

Worldwide theatrical revenues decreased \$24 million, or 10%, to \$205 million in the quarter. Carryover revenues were \$65

million lower driven by the mix of prior period releases, while revenues from our current quarter releases were higher by \$41 million principally due to the release of The SpongeBob Movie: Sponge Out of Water. We released three titles as well as the wide release of Selma in the current quarter and three titles in the prior year quarter. Domestic theatrical revenues increased 10% driven by the strong performance of The SpongeBob Movie: Sponge Out of Water, while international theatrical revenues decreased 35%. Foreign exchange had a 12-percentage point unfavorable impact on international theatrical revenues.

Worldwide theatrical revenues decreased \$14 million, or 4%, to \$374 million in the six months. Carryover revenues were \$52 million higher driven by the prior period release of Teenage Mutant Ninja Turtles, while revenues from our current year releases were lower by \$66 million due to the mix of releases. We released eight titles in both the current year and prior year, with the current year including Interstellar, The Gambler, Selma, Top Five and The SpongeBob Movie: Sponge Out of Water and the prior year including The Wolf of Wall Street, Jackass Presents: Bad Grandpa and Anchorman 2: The Legend Continues. Domestic theatrical revenues increased 1% and international theatrical revenues decreased 12%. Foreign exchange had a 12-percentage point unfavorable impact on international theatrical revenues.

Home Entertainment

Worldwide home entertainment revenues decreased \$63 million, or 25%, to \$194 million in the quarter. Revenues from current quarter titles decreased \$32 million driven by the mix of releases. We released three titles in each of the current and prior year quarters, with the current quarter including Interstellar. The prior year quarter included The Wolf of Wall Street and Jackass Presents: Bad Grandpa. Carryover revenues from prior year releases were lower by \$31 million due to the number and mix of available titles. Domestic home entertainment revenues decreased 16% and international home entertainment revenues decreased 35%. Foreign exchange had a 7-percentage point unfavorable impact on international home entertainment revenues.

Worldwide home entertainment revenues decreased \$19 million, or 4%, to \$510 million in the six months. Revenues from our current year titles increased \$110 million as we released five titles in the current year, including Teenage Mutant Ninja Turtles, Hercules and Interstellar compared with three in the prior year, including The Wolf of Wall Street and Jackass Presents: Bad Grandpa. Carryover and catalog revenues from prior year releases were lower by \$129 million due to the number and mix of available titles. Domestic home entertainment revenues increased 28%, primarily driven by the mix of releases discussed above,

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while international home entertainment revenues decreased 28%, primarily from lower catalog revenues. Foreign exchange had a 6-percentage point unfavorable impact on international home entertainment revenues.

License Fees

License fees decreased \$97 million, or 32%, to \$206 million, and \$116 million, or 23%, to \$395 million, in the quarter and six months, respectively, primarily driven by the number and mix of available titles.

Ancillary

Ancillary revenues increased \$12 million, or 29%, to \$54 million, and \$16 million, or 19%, to \$100 million, in the quarter and six months, respectively, primarily driven by higher merchandising and third-party production service revenues.

Expenses

Total expenses decreased \$162 million, or 20%, to \$658 million, and \$137 million, or 9%, to \$1.438 billion, in the quarter and six months, respectively, principally driven by a decline in operating expenses.

Operating

Operating expenses decreased \$150 million, or 21%, to \$554 million, and \$116 million, or 9%, to \$1.222 billion, in the quarter and six months, respectively. Film costs decreased \$53 million, or 16%, in the quarter and \$37 million, or 6%, in the six months, primarily as a result of lower participation costs on third-party distribution arrangements. Distribution and other costs, principally print and advertising expenses, decreased \$97 million, or 26%, in the quarter driven by the mix of prior year theatrical and home entertainment titles and decreased \$79 million, or 11%, for the six months as a result of the mix of current year theatrical titles.

Selling, General and Administrative

SG&A expenses decreased \$9 million, or 9%, to \$91 million, and \$10 million, or 5%, to \$190 million, in the quarter and six months, respectively, primarily driven by lower employee costs.

Depreciation and Amortization

Depreciation and amortization decreased \$3 million, or 19%, to \$13 million, in the quarter, and \$11 million, or 30%, to \$26 million, in the six months, driven by a decline in amortization expense associated with an intangible asset becoming fully amortized in the prior year.

Adjusted Operating Income/(Loss)

Adjusted operating income was \$1 million for the quarter ended March 31, 2015 compared with \$11 million for the quarter ended March 31, 2014, a decline of \$10 million due to the number and mix of available titles in the television licensing windows. Adjusted operating loss was \$59 million for the six months ended March 31, 2015 compared with an adjusted operating loss of \$63 million for the six months ended March 31, 2014, an improvement of \$4 million. The generation of an operating loss reflects the recognition of print and advertising expenses incurred in the period, generally before and throughout the theatrical release of a film, while revenues for the respective films are recognized as earned through its theatrical exhibition and subsequent distribution windows.

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Factors Affecting Comparability

The Consolidated Financial Statements as of and for the quarters and six months ended March 31, 2015 and 2014 reflect our results of operations, financial position and cash flows reported in accordance with GAAP. Results for the aforementioned periods, as discussed in the section entitled "Overview", have been affected by certain items identified as affecting comparability. Accordingly, when applicable, we use adjusted measures to evaluate our actual operating performance.

The following tables reconcile our adjusted measures to our reported results for the quarters and six months ended March 31, 2015 and 2014. The tax impacts included in the tables have been calculated using the rates applicable to the adjustments presented.

(in millions, except per share amounts)

	Quarter Ended March 31, 2015			
	Operating Income	Pre-tax Earnings/(Loss)	Net Earnings/(Loss) Attributable to Viacom	Diluted EPS
Reported results	\$38	\$ (98)	\$ (53)	\$(0.13)
Factors Affecting Comparability:				
Restructuring and programming charges	784	784	520	1.29
Adjusted results	\$822	\$ 686	\$ 467	\$1.16

(in millions, except per share amounts)

	Six Months Ended March 31, 2015			
	Operating Income	Pre-tax Earnings	Net Earnings Attributable to Viacom	Diluted EPS
Reported results	\$973	\$ 692	\$ 447	\$1.09
Factors Affecting Comparability:				
Restructuring and programming charges	784	784	520	1.26
Loss on pension settlement	24	24	15	0.04
Discrete tax expense	—	—	23	0.05
Adjusted results	\$1,781	\$ 1,500	\$ 1,005	\$2.44

Restructuring and programming charges: We recognized a pre-tax charge of \$784 million in the quarter, reflecting \$578 million of programming charges and a \$206 million restructuring charge associated with workforce reductions. The strategic realignment is largely complete and we anticipate that a majority of the severance will be paid by March 31, 2016. We plan to achieve net savings in fiscal 2015 of approximately \$175 million as a result of the programming charges and reduced headcount requirements, and ongoing annual net savings of approximately \$350 million. See Note 8 of the Consolidated Financial Statements for additional information.

Loss on pension settlement: The pre-tax non-cash charge of \$24 million was driven by the settlement of pension benefits of certain participants of our funded pension plan.

Discrete tax expense: The discrete tax expense in the six months is principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.

Our effective tax rate was 31.2% in the quarter, excluding the impact of the restructuring and programming charges. The inclusion of the restructuring and programming charges contributed 19.8 percentage points to the effective tax rate, which reconciles to the reported effective tax rate of 51.0%.

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Our effective tax rate was 31.8% in the six months, excluding the impact of the restructuring and programming charges, the pension settlement loss and other discrete tax expense. Discrete tax expense, taken together with the impact of the restructuring and programming charges and the pension settlement loss, contributed 1 percentage point to the effective tax rate, which reconciles to the reported effective tax rate of 32.8%.

(in millions, except per share amounts)

	Quarter Ended March 31, 2014			
	Operating Income	Pre-tax Earnings	Net Earnings Attributable to Viacon	Diluted EPS
Reported results	\$872	\$ 727	\$ 502	\$1.13
Factors Affecting Comparability:				
Discrete tax benefits	—	—	(20)	(0.05)
Adjusted results	\$872	\$ 727	\$ 482	\$1.08

(in millions, except per share amounts)

	Six Months Ended March 31, 2014			
	Operating Income	Pre-tax Earnings	Net Earnings Attributable to Viacon	Diluted EPS
Reported results	\$1,832	\$ 1,564	\$ 1,049	\$2.33
Factors Affecting Comparability:				
Discrete tax benefits	—	—	(20)	(0.04)
Adjusted results	\$1,832	\$ 1,564	\$ 1,029	\$2.29

Discrete tax benefits: The discrete tax benefits are principally related to the recognition of capital loss carryforward benefits. Our effective tax rate was 32.5% and 33.0% in the quarter and six months ended March 31, 2014, respectively, excluding the impact of discrete tax benefits. In the quarter and six months ended March 31, 2014, discrete tax benefits reduced the effective tax rate by 2.8 and 1.3 percentage points, which reconcile to the reported effective tax rate of 29.7% and 31.7%, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Sources and Uses of Cash

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

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

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

Cash Flows

Cash and cash equivalents were \$306 million as of March 31, 2015, a decrease of \$694 million compared with September 30, 2014.

Operating Activities

Cash provided by operations was \$680 million for the six months ended March 31, 2015, a decrease of \$133 million compared with the six months ended March 31, 2014, primarily reflecting an increase in programming spending, partially offset by lower income tax payments.

Investing Activities

Cash used in investing activities was \$59 million and \$36 million for the six months ended March 31, 2015 and 2014, respectively, reflecting higher capital expenditures in the current year.

Financing Activities

Cash used in financing activities was \$1.228 billion for the six months ended March 31, 2015, primarily driven by the settlement of share repurchases totaling \$1.506 billion and dividend payments of \$273 million, partially offset by net proceeds of \$390 million from debt transactions. Proceeds of \$990 million from the issuance of senior notes and debentures were partially offset by the repayment of the \$600 million aggregate principal amount of our 1.250% Senior Notes due in February 2015.

Cash used in financing activities was \$606 million for the six months ended March 31, 2014, primarily driven by the settlement of share repurchases of \$1.830 billion and dividend payments totaling \$271 million, partially offset by net proceeds of \$1.485 billion from the issuance of senior notes and debentures with an aggregate principal amount of \$1.5 billion.

Capital Resources

Capital Structure and Debt

Total debt was \$13.230 billion as of March 31, 2015, an increase of \$461 million from \$12.769 billion at September 30, 2014.

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

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2.750% Senior Notes due December 2019 with an aggregate principal amount of \$400 million at a price equal to 99.986% of the principal amount.

4.850% Senior Debentures due December 2034 with an aggregate principal amount of \$600 million at a price equal to 99.543% of the principal amount.

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Management's Discussion and Analysis
of Results of Operations and Financial Condition
(continued)

The proceeds, net of the discount and other issuance fees and expenses, from the issuance of the senior notes and debentures were \$990 million. We utilized the net proceeds for the repayment of the \$600 million aggregate principal amount of our 1.250% Senior Notes due in February 2015. We utilized the remaining proceeds for general corporate purposes, including the repurchase of shares under our stock repurchase program.

Commercial Paper

We had \$75 million of commercial paper outstanding as of March 31, 2015.

Credit Facility

In November 2014, we amended our revolving credit agreement, originally dated as of October 8, 2010, to, among other things, extend the maturity date of the \$2.5 billion revolving credit facility from November 9, 2017 to November 18, 2019. At March 31, 2015, there were no amounts outstanding under the credit facility. The credit facility has one principal financial covenant that requires our interest coverage for the most recent four consecutive fiscal quarters to be at least 3.0x, which we met as of March 31, 2015.

Stock Repurchase Program

During the six months ended March 31, 2015, we repurchased 21.1 million shares of Class B common stock for an aggregate purchase price of \$1.5 billion, leaving \$5.0 billion of remaining capacity under our program. Given recent strategic initiatives, we have temporarily paused share purchases under our program in order to stay within our target leverage ratio. We anticipate resuming stock repurchases no later than October 2015, the beginning of our 2016 fiscal year. Share repurchases under the program are expected to be funded through a combination of debt and cash generated by operations, as deemed appropriate.

Commitments and Contingencies

Legal Matters

Litigation is inherently uncertain and difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the legal matters described in this document and other litigation to which we are a party are not likely, in the aggregate, to have a material adverse effect on our results of operations, financial position or operating cash flows. For additional information, see Note 6 to the Consolidated Financial Statements.

OTHER MATTERS

Related Parties

In the ordinary course of business we enter into transactions with related parties, including National Amusements, Inc., CBS Corporation, their respective subsidiaries and affiliates, and companies that we account for under the equity method of accounting. For additional information, see Note 13 to the Consolidated Financial Statements.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q, including "Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: the measured audience acceptance of our programs, motion pictures and other entertainment content on the various platforms on which they are distributed; technological developments and their effect in our markets and on consumer behavior; competition for content, audiences, advertising and distribution; the impact of piracy; economic fluctuations in advertising and retail markets, and economic conditions generally; fluctuations in our results due to the timing, mix and availability of our motion pictures and other programming; the potential for loss of carriage or other reduction in the distribution of our content; changes in the Federal communications laws and regulations; evolving cybersecurity and similar risks; other domestic and global economic, business, competitive and/or regulatory factors affecting our

businesses generally; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2014 Form 10-K and reports on Form 10-Q and Form 8-K. The forward-looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to the impact of interest rate changes, foreign currency fluctuations and changes in the market value of investments. In the ordinary course of business, we may employ established and prudent policies and procedures to manage our exposure principally to changes in interest rates and foreign exchange risks. The objective of such policies and procedures is to manage exposure to market risks in order to minimize the impact on earnings and cash flows. We do not hold or enter into financial instruments for speculative trading purposes.

Item 4. Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Since our 2014 Form 10-K, there have been no material developments in the material legal proceedings in which we are involved, except as set forth in Note 6 to the Consolidated Financial Statements.

Item 1A. Risk Factors.

A wide range of risks may affect our business and financial results, now and in the future. We consider the risks described in our 2014 Form 10-K to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information about our purchases of Viacom Class B common stock during the quarter ended March 31, 2015 under our publicly announced stock repurchase program.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under Program
	(thousands)	(dollars)	(thousands)	(millions)
Open Market Purchases				
Month ended January 31, 2015	3,100	\$68.87	3,100	\$5,536
Month ended February 28, 2015	3,625	\$68.14	3,625	\$5,290
Month ended March 31, 2015	4,169	\$69.44	4,169	\$5,000
Total	10,894		10,894	

(1) There is no expiration date for the program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Exhibit No. Description of Exhibit

10.1	Viacom Inc. 2016 Long-Term Management Incentive Plan (incorporated by reference to Exhibit A to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).
10.2	Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of January 16, 2016 (incorporated by reference to Exhibit B to the Definitive Proxy Statement of Viacom Inc. filed January 23, 2015) (File No. 001-32686).
31.1*	Certification of the Chief Executive Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Viacom Inc. pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Viacom Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIACOM INC.

Date: April 30, 2015

By: /s/ WADE DAVIS
Wade Davis
Executive Vice President, Chief Financial Officer

Date: April 30, 2015

By: /s/ KATHERINE GILL-CHAREST
Katherine Gill-Charest
Senior Vice President, Controller
(Chief Accounting Officer)