

Viacom Inc.  
Form DEF 14A  
January 25, 2019

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:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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January 25, 2019

Dear Viacom Stockholders:

We are pleased to invite you to attend the Viacom Inc. 2019 Annual Meeting of Stockholders. The meeting will be held on Monday, March 11, 2019 at Viacom's corporate headquarters at 1515 Broadway, New York, New York, beginning at 9:00 a.m., Eastern Time.

At this year's meeting, we will be electing nine members of our Board of Directors and ratifying the appointment of our independent auditor, as described in the proxy statement.

To help reduce costs and the environmental impact of printing the proxy materials, we encourage you to take advantage of electronic delivery of proxy materials by following the instructions in the proxy statement. Stockholders who have not elected to receive proxy materials electronically or in print will receive in the mail a Notice of Internet Availability of Proxy Materials that tells you how to:

Access our Notice of 2019 Annual Meeting of Stockholders and Proxy Statement, our Stockholder Letter and our Annual Report on Form 10-K for the fiscal year ended September 30, 2018 through <http://proxymaterials.viacom.com>; and

Submit your vote, if you hold shares of Class A common stock, by telephone, the Internet or in person at the Annual Meeting. Class A holders will also find instructions on how to vote their shares on their proxy card or voting instruction card.

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

THOMAS J. MAY

Chairman of the Board of Directors

ROBERT M. BAKISH

President and Chief Executive Officer

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NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

The Viacom Inc. 2019 Annual Meeting of Stockholders will be held on Monday, March 11, 2019 at Viacom's corporate headquarters at 1515 Broadway, New York, New York, beginning at 9:00 a.m., Eastern Time. At the meeting, we will consider:

1. The election of the nine director nominees identified in the proxy statement;
2. Ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2019; and
3. Such other business as may properly come before the meeting.

Holders of Class A common stock at the close of business on our record date of January 18, 2019 are entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment of the meeting. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open for examination by any stockholder during ordinary business hours at our corporate headquarters located at 1515 Broadway, New York, New York.

Holders of Class B common stock are not entitled to vote at the Annual Meeting, but are invited to attend the meeting and will receive the proxy materials for informational purposes.

National Amusements, Inc., which beneficially owned approximately 79.8% of the shares of Class A common stock as of our record date, has advised us that it intends to vote all of its shares of Class A common stock in accordance with the recommendations of the Board of Directors on each of the items of business identified above, which will be sufficient to constitute a quorum and to determine the outcome of each item under consideration.

If you plan to attend the Annual Meeting, you will need to obtain an admission ticket and present photo identification. Instructions on how to obtain an admission ticket are on page 4 of the proxy statement ("How do I gain admission to the Annual Meeting?").

By order of the Board of Directors,

CHRISTA A. D'ALIMONTE

Executive Vice President, General Counsel and Secretary

January 25, 2019

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

2019 PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING OF STOCKHOLDERS

What is the purpose of this proxy statement?

The Viacom Board of Directors (the “Board of Directors” or “Board”) is soliciting a proxy from each stockholder of our Class A common stock to vote on

the items to be considered at our 2019 Annual Meeting of Stockholders (the “Annual Meeting”), which will be held on Monday, March 11, 2019.

What is the Notice of Internet Availability of Proxy Materials?

The Notice of Internet Availability of Proxy Materials is a document that:

Indicates that our Stockholder Letter, Notice of 2019 Annual Meeting of Stockholders and Proxy Statement, and Annual Report on Form 10-K for the fiscal year ended September 30, 2018 are available at <http://proxymaterials.viacom.com>;

Provides instructions on how Class A stockholders may vote their shares; and

Indicates how you may request printed copies of these materials, including, for holders of Class A common stock, the proxy card or voting instruction card.

We will begin distributing the Notice of Internet Availability of Proxy Materials on or about January 28, 2019.

How can I receive future proxy materials electronically?

We highly recommend that you receive Viacom proxy statements, annual reports and other stockholder communications electronically. This reduces the use of paper and lowers our printing, postage and other costs. If you have not previously enrolled in electronic delivery, you can do so when you vote on the Internet, or at [www.icsdelivery.com/viacom](http://www.icsdelivery.com/viacom).

Stockholders who have not enrolled in electronic delivery will receive printed copies of the Notice of Internet Availability of Proxy Materials (or a full set of proxy materials if you have previously requested them) by mail.

What items of business will be voted on at the Annual Meeting and what vote does the Board of Directors recommend?

At the meeting, we will consider:

1. The election of the nine director nominees identified in this proxy statement, and the Board of Directors recommends a vote “FOR” each of those nominees; and
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as our independent auditor for our fiscal year 2019, and the Board recommends a vote “FOR” ratification.



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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

Who is entitled to vote at the Annual Meeting?

Holders of our Class A common stock as of the record date of January 18, 2019 are entitled to notice of and to vote at the Annual Meeting (and any postponement or adjournment of the meeting).

Holders of our non-voting Class B common stock are not entitled to vote at the Annual Meeting, or any postponement or adjournment of the meeting, and will receive this proxy statement and related materials for informational purposes.

How many shares can vote at the Annual Meeting?

At the close of business on the record date of January 18, 2019, we had 49,430,901 shares of Class A common stock outstanding, and each of

those shares is entitled to one vote. Shares of Class B common stock are not entitled to vote.

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

Under our Amended and Restated Bylaws, the holders of a majority of the aggregate voting power of the Class A common stock outstanding on the record date must be present in person or by proxy at the Annual Meeting to constitute a quorum to conduct business at the Annual Meeting. National

Amusements, Inc. (“NAI”) has advised us that all of the shares of Class A common stock held by it and its wholly-owned subsidiaries will be present at the Annual Meeting. Such shares will be sufficient to constitute a quorum.

What vote is required to approve each of the items of business?

Under our Amended and Restated Bylaws, the affirmative vote of the holders of a majority of the aggregate voting power of the Class A common stock present (whether in person or by proxy) and entitled to vote at the Annual Meeting is required to approve each of the items of business.

At the close of business on our record date, NAI beneficially owned, directly and through wholly-owned subsidiaries, approximately 79.8% of our outstanding Class A common stock. NAI has advised us that it intends to vote all of the shares of Class A common stock held by it and its wholly-owned subsidiaries in accordance with the recommendations of the Board of Directors on each of the items of business. This vote will be sufficient to approve each item under consideration.

What effect do abstentions and broker non-votes have on quorum and the items of business?

If you select the option to “abstain” from voting on either or both of the items of business, your shares will nevertheless be treated as present for the purpose of determining whether a quorum is present, but will have the effect of a vote against that item.

A “broker non-vote” will occur if (i) you hold shares of our Class A common stock beneficially in “street name,” (ii) you do not provide your broker or other nominee specific voting instructions on a matter and (iii) your broker is not permitted, under applicable stock exchange rules, to vote on that matter without instructions from the beneficial owner. If a broker non-vote occurs, the underlying shares of Class A common stock will be treated as present for the purpose of determining whether a quorum is present.

Because brokers are not permitted to vote on item 1 (the election of directors) without receiving specific voting instructions from the beneficial holder of the shares, shares underlying a broker non-vote on item 1 are not considered to be entitled to vote, and therefore broker non-votes will have no effect on the voting results for item 1. Because brokers are permitted to vote on item 2 (the ratification of the appointment of our independent auditor) in their discretion without receiving specific voting instructions from the beneficial holder of the shares, there will not be any broker non-votes on item 2. If you do not provide your broker or other nominee specific voting instructions on Item 2,

and your broker or nominee does not vote on Item 2, that will have the effect of a vote against Item 2.

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

How can I vote my shares at the Annual Meeting?

Voting by Proxy

Holders of Class A common stock may submit a proxy by:

following the instructions on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card to vote by telephone or the Internet. These instructions can also be found at <http://proxymaterials.viacom.com>. Your telephone or Internet proxy must be received by 11:59 p.m., Eastern Time, on March 10, 2019; or completing, signing, dating and returning the proxy card or voting instruction card in accordance with the instructions set forth therein so that it is received by 11:59 p.m., Eastern Time, on March 7, 2019.

Robert M. Bakish and Christa A. D'Alimonte (the "proxy holders") have been designated by our Board

of Directors to vote the shares represented by proxy at the Annual Meeting. Mr. Bakish and Ms. D'Alimonte are executive officers of Viacom, and Mr. Bakish is also a director and director nominee.

The proxy holders will vote the shares represented by your valid and timely received proxy in accordance with your instructions.

If you do not specify instructions on your proxy when you submit it, the proxy holders will vote the shares represented by the proxy in accordance with the recommendations of the Board of Directors on each of the items of business.

If any other matter properly comes before the Annual Meeting, the proxy holders will vote the shares represented by proxy on that matter in their discretion.

Voting Shares Held in the Viacom 401(k) Plan

Voting instructions for shares of Class A common stock held in the Viacom 401(k) plan may be submitted using the same methods described above but must be received in all cases by 11:59 p.m., Eastern Time, on March 7, 2019, 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 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 for which the trustee does receive timely voting

instructions, except as otherwise required by law.

#### Voting other than by Proxy

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

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

#### Shares Held other than in the Viacom 401(k) Plan

You may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting by:

voting again by telephone or the Internet by 11:59 p.m., Eastern Time, on March 10, 2019; submitting a proxy bearing a later date than the proxy being revoked to Broadridge, P.O. Box 9111, Farmingdale, NY 11735, so long as it is received by 11:59 p.m., Eastern Time, on March 7, 2019; or attending the Annual Meeting and voting in person.

#### Shares Held in the Viacom 401(k) Plan

You may change or revoke your voting instructions relating to shares of Class A common stock held in the 401(k) plan by:

voting again by telephone or the Internet by 11:59 p.m., Eastern Time, on March 7, 2019; or

submitting a proxy bearing a later date than the proxy being revoked to Broadridge, P.O. Box 9111, Farmingdale, NY 11735, so long as it is received by 11:59 p.m., Eastern Time, on March 7, 2019.

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

How do I gain admission to the Annual Meeting?

If you are a registered holder of Class A common stock:

Please indicate that you plan to attend the meeting when you vote by telephone or the Internet, or mark the appropriate box on the proxy or voting instruction

card, and an admission ticket will be sent to you. Please bring photo identification with you for admittance to the meeting.

If you are a registered holder of Class B common stock or hold Class A or Class B common stock beneficially in a brokerage account or otherwise:

You must obtain an admission ticket in advance by sending a written request along with proof of ownership (such as your brokerage firm account statement or statement of holdings from our transfer

agent) to Director, Shareholder Relations, Viacom Inc., 1515 Broadway, 52<sup>nd</sup> Floor, New York, New York 10036-5794. Please bring photo identification with you for admittance to the meeting.

Who pays the cost of soliciting votes for the Annual Meeting?

We will pay the cost of the solicitation of proxies, including the preparation, website posting, printing and delivery of the proxy materials. We will furnish copies of these materials to banks, brokers,

fiduciaries, custodians and other nominees that hold shares on behalf of beneficial owners so that they may forward the materials to beneficial owners.

Who will count the votes?

We have retained American Election Services, LLC to tabulate the votes and serve as the independent inspector of election for the Annual Meeting.

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

We will publish the final results of the voting in a Current Report on Form 8-K within four business days following the Annual Meeting.

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**COMPANY INFORMATION AND MAILING ADDRESS**

COMPANY INFORMATION AND MAILING ADDRESS

We were organized as a Delaware corporation in 2005 in connection with our separation from former Viacom Inc. (“Former Viacom”), now known as CBS Corporation, which was effective January 1, 2006. Our mailing address is Viacom Inc., 1515 Broadway, New York, NY 10036-5794, and our telephone number is (212) 846-6000. Our website address is

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

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**ITEM 1 ELECTION OF DIRECTORS**

ITEM 1 – ELECTION OF DIRECTORS

The election of nine directors is proposed by the Board of Directors. In accordance with our Amended and Restated Certificate of Incorporation and

Amended and Restated Bylaws, each director will hold office for a term of one year and until his or her successor is duly elected and qualified.

Our Director Nominees

The Governance and Nominating Committee is responsible for reviewing the composition of our Board annually after considering the Board's anticipated needs for the upcoming year. In recommending director nominees to our Board, the members of the Governance and Nominating Committee consider information on the experience and qualifications of each director nominee, including each nominee's independence, each incumbent

director's performance as a Viacom Board member, and an overall assessment of the Board's functioning.

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

Director Qualifications and Biographies

The Governance and Nominating Committee, consistent with the desires of the full Board and our controlling stockholder, seeks to achieve a Board that represents a diverse mix of skills, perspectives, talents, backgrounds and education that will enhance our decision-making process, oversee management's execution of strategic objectives and

represent the interests of all of our stockholders. Independence is a key factor when considering the director nominees, as are critical thinking skills, practical wisdom and mature judgment in the decision-making process. Our Board composition reflects our commitment to include individuals from diverse backgrounds and with diverse experience, and the members of our Governance and Nominating Committee are mindful of that objective when they nominate directors for election. Our Board composition also reflects the Governance and Nominating Committee's determination as to the appropriate size of the Board to facilitate effective communication and cooperation.

The information that follows includes each director nominee's:

independence status as determined by the Board of Directors in accordance with the standards set forth in the listing standards of the NASDAQ Global Select Market ("NASDAQ") and our Corporate Governance Guidelines, as discussed under "Our Board of Directors";  
tenure on our Board and the Board of Former Viacom, as applicable;  
experience, skills, qualifications and attributes that the Governance and Nominating Committee and the Board considered in concluding that each director nominee should serve on Viacom's Board; and  
service on the boards of directors of other public companies and investment companies during the past five years. Important information about Viacom's corporate governance practices, the responsibilities and functioning of the Board and its committees, director compensation and related person transactions is found elsewhere in this proxy statement. We encourage you to review this information in connection with your decisions on the election of the director nominees.

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**ITEM 1 ELECTION OF DIRECTORS**

~~Robert~~ Independent (CEO)

M.

Bakish

~~Committee(s):~~

55

- None

Director

~~Since:~~ Current Public Company Directorship(s):

December

2016 Avid Technology, Inc.

Occupation:

President

and

Chief

Executive

Officer,

Viacom

Inc.

Skills and Qualifications

Mr. Bakish brings to our Board his extensive knowledge of Viacom through various leadership positions in the company spanning approximately 20 years and culminating with President and CEO, a deep understanding of our industry and broad expertise overseeing global operations.

Mr. Bakish has been our President and Chief Executive Officer since December 2016, having served as Acting President and Chief Executive Officer beginning November 2016. Mr. Bakish joined Former Viacom in 1997 and has held positions throughout the organization, including as President and Chief Executive Officer of Viacom International Media Networks and its predecessor company, MTV Networks International (“MTVNI”), from 2007 to 2016; President of MTVNI; Executive Vice President, Operations and Viacom Enterprises; Executive

Vice President and Chief Operating Officer, MTV Networks Advertising Sales; and Senior Vice President, Planning, Development and Technology. Before joining Former Viacom, Mr. Bakish was a partner with Booz Allen Hamilton in its Media and Entertainment practice. Mr. Bakish has served as a director of Avid Technology, Inc. since 2009.

~~Independent~~

Falcone

Sorrell

~~Committee(s):~~

45

- Governance and Nominating Committee

Director

~~Since:~~ Current Public Company Directorship(s):

March

2018 Revlon, Inc.

Occupation:

Principal

Adviser,

Media

Affairs,

World

Economic

Forum

#### Skills and Qualifications

In addition to her independence, Ms. Falcone Sorrell brings to our Board extensive senior executive and marketing expertise, international experience with an extensive global network, media industry experience, public company and corporate governance experience, experience and talent as a consultant, and a knowledge of Viacom.

Ms. Falcone Sorrell has served as Principal Adviser, Media Affairs at the World Economic Forum, since 2018, having previously served as Senior Adviser to the Chairman. She served as Principal Consultant, Office of Outreach and Partnerships, for the Inter-American Development Bank from 2011 to 2015. Prior to joining the World Economic Forum in 2004, Ms.

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Falcone Sorrell held positions at the International Labour Organization and Shell. Ms. Falcone Sorrell is Chief Executive Officer of JMCMRJ Sorrell Foundation, a member of the Italian National Press Guild, a board member of Internews and a member of the board of trustees of The Paley Center for Media. Ms. Falcone Sorrell has served as a director of Revlon, Inc. since 2014.

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**ITEM 1 ELECTION OF DIRECTORS**

~~The~~Independent; Non-Executive Chairman

J.

May

~~As~~Committee(s):

71

- Audit Committee

Director

~~Since~~Compensation Committee

August

~~2016~~ Current Public Company Directorship(s):

~~Bank of~~Bank of America Corp.

Former

Chairman,

President

and

Chief

Executive

Officer,

Eversource

Energy

Skills and Qualifications

In addition to his independence, Mr. May brings to our Board extensive experience as a chief executive officer of regulated businesses, overseeing operations, risk management, business development, strategic planning, board leadership and corporate governance. Having experience as a Certified Public Accountant, he brings extensive accounting and financial skills, and an expert perspective on financial reporting and enterprise and operational risk management. He also brings a knowledge of Viacom.

Mr. May served as the Chairman of Eversource Energy from 2013 to 2017 and as its President and Chief Executive Officer and as a Trustee from 2012 to 2016. He has served as a director of Bank of America Corporation since 2004 and as a director of Liberty Mutual Holding Company Inc., which is privately held, since 2002. He served as a director and the Chairman of each of

The Connecticut Light and Power Company, NSTAR Electric Company (and as its President and Chief Executive Officer and Trustee from 1994 to 2012), NSTAR Gas Company, Public Service Company of New Hampshire, Western Massachusetts Electric Company and Yankee Gas Services Company, which are also privately held, from 2012 to 2016. He is Chairman of the Stonehill College Board of Trustees, a trustee of the Dana-Farber Cancer Institute and a member of the Board of Advisors of the John F. Kennedy Library Foundation.

~~Independent~~

A.

McHale

~~Committee(s):~~

72

- Audit Committee

Director

~~Compensation Committee (Chair)~~

August

~~2016~~ Current Public Company Directorship(s):

~~Occurrence~~ Lauren Corp.

President

~~and~~ Hilton Worldwide Holdings Inc.

Chief

Executive

Officer,

Cane

Investments,

LLC

Skills and Qualifications

In addition to her independence, Ms. McHale brings to our Board extensive experience leading a major media conglomerate with a background in operations and financial management, expertise in global affairs, experience in government affairs and extensive public company and corporate governance experience.

Prior to joining Cane Investments, LLC, a private investment company, in 2011, Ms. McHale served as the Under Secretary of State for Public Diplomacy and Public Affairs for the U.S. Department of State from 2009 to 2011. From

2004 to 2006, Ms. McHale served as the President and Chief Executive Officer of Discovery Communications, Inc., the parent company of Discovery Channel, and served as its President and Chief Operating Officer from 1995 to 2004. In 2006, Ms. McHale worked with private equity firm Global Environment Fund to launch the GEF/Africa Growth Fund, an investment vehicle focused on supplying expansion capital to small and medium-sized enterprises that provide consumer goods and services in emerging African markets. She has served on the board of Ralph Lauren Corporation since 2011 and the board of Hilton Worldwide Holdings Inc. since 2013. She previously served on the boards of SeaWorld Entertainment, Inc., Host Hotel & Resorts, Inc., DigitalGlobe Inc., John Hancock Financial Services, Inc. and Potomac Electric Power Company.



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**ITEM 1 ELECTION OF DIRECTORS**

**Independent**

L.

Nelson

**Committee(s):**

66

- Audit Committee (Chair)

Director

**Governance and Nominating Committee**

August

**Current Public Company Directorship(s):**

**Occidental Brands Inc.**

Consultant,

Avis

Budget

Group,

Inc.

Skills and Qualifications

In addition to his independence, Mr. Nelson brings to our Board extensive experience as a chief executive officer, chief financial officer and chief operating officer of major global companies, significant financial expertise, international business experience, public company and corporate governance experience and a long-standing background in the media industry.

Mr. Nelson has served as a consultant to Avis Budget Group, Inc. since 2018. Prior to that, he served as Executive Chairman of the Board of Avis Budget Group from 2015 to 2018 and as its Chairman and Chief Executive Officer from 2006 to 2015, and also served as Chief Operating Officer from 2010 to 2015. Prior to that, Mr. Nelson held several executive finance and operating roles, beginning in 2003 with Cendant Corporation, including as its Chief Financial Officer and President and a member of its board from 2003 to 2006. From 1994 to 2003, Mr. Nelson served as Co-Chief Operating Officer of DreamWorks SKG. Prior to that, he was

Executive Vice President, Chief Financial Officer and a director at Paramount Communications, Inc., formerly Gulf + Western Industries, Inc. Mr. Nelson has served on the board of Hanesbrands Inc. since 2008. He previously served on the board of Convergys Corporation.

~~Director~~ Independent

Norville

~~Committee(s):~~

60

- Compensation Committee

Director

~~Since:~~ Current Public Company Directorship(s):

March

2011 None

Occupation:

Anchor,

Inside

Edition

#### Skills and Qualifications

In addition to her independence, Ms. Norville brings to our Board extensive expertise, a long-standing background and a broad network in the media industry, public company and corporate governance experience and a knowledge of Viacom.

Ms. Norville has been the anchor of Inside Edition, a top-rated syndicated newsmagazine, since 1995. Prior to Inside Edition, Ms. Norville served as a correspondent and anchor for CBS News programs Street Stories, 48 Hours and CBS Evening News. Previously, she anchored NBC News at Sunrise and was news anchor and co-host of NBC's Today program. Ms. Norville is a two-time Emmy Award winner with more than thirty years of reporting experience and a best-selling author of several books. She serves on the Board of Directors and the Executive Committee of the Broadcasters Foundation of America and as Co-Chair of the Duke University Parents Committee. She is also a member of the Council on Foreign Relations and the Women's



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**ITEM 1 ELECTION OF DIRECTORS**

~~Independent~~

E.

Phillips,

Jr.

~~Committee(s):~~

59

- Audit Committee

Director

~~Since:~~ Current Public Company Directorship(s):

January

~~2006~~ One

(and

Former

Viacom

beginning

in

2004)

Occupation:

Chief

Executive

Officer,

Infor,

Inc.

Skills and Qualifications

In addition to his independence, Mr. Phillips brings to our Board extensive experience as a senior executive in a large, multinational corporation, financial industry background and financial and analytical expertise, significant public company and corporate governance experience, expertise in technology issues and familiarity with issues facing media, new media and intellectual property-driven companies and a deep knowledge of Viacom.

Mr. Phillips has been Chief Executive Officer of Infor, Inc. since 2010. He was a President of Oracle Corporation from 2003 to 2010 and served as a member of its Board of Directors and

Executive Management Committee from 2004 to 2010. Prior to Oracle, Mr. Phillips was a managing director at Morgan Stanley in the Technology Group and served on its Board of Directors. He is a member of the Board of Directors of the Federal Reserve Bank of New York, the Apollo Theater, Business Executives for National Security and the New York Police Foundation. He served on President Obama's Economic Recovery Board, led by Paul Volcker, and is a member of the Council on Foreign Relations. Mr. Phillips earned a BS in Computer Science from the U.S. Air Force Academy, an MBA from Hampton University and a JD from New York Law School, and he is a member of the Georgia State Bar Association.

~~Not~~ Independent; Non-Executive Vice Chair  
Redstone

~~Committee(s):~~

64

- None

Director

~~Other:~~ Current Public Company Directorship(s):

January

2006 CBS Corporation

(and

Former

Viacom

beginning

in

1994)

Occupation:

Co-founder

and

Managing

Partner,

Advancit

Capital

#### Skills and Qualifications

Ms. Redstone brings to our Board her extensive experience in and understanding of the entertainment industry, a deep knowledge of Viacom, broad experience and talent managing

a large business, extensive legal experience and her experience as President of NAI, including as one of its significant stockholders.

Ms. Redstone has been the Non-Executive Vice Chair of our Board and the board of Former Viacom since 1994. She also serves as Non-Executive Vice Chair of the Board of Directors of CBS Corporation. Ms. Redstone is Co-founder and Managing Partner of Advancit Capital, an investment firm launched in 2011 that focuses on early stage companies at the intersection of media, entertainment and technology, with investments in over 75 companies. Ms. Redstone has been President of NAI since 2000, and also serves as a director. Ms. Redstone is a member of the board of trustees of The Paley Center for Media. Ms. Redstone is actively involved in a variety of charitable, civic, and educational organizations. She is a member of the Boards of Directors of Combined Jewish Philanthropies and the John F. Kennedy Library Foundation and sits on the Board of Trustees of the Dana-Farber Cancer Institute. Ms. Redstone also serves on the Legal Services Corporation's Leaders Council. Ms. Redstone earned a BS from Tufts University and a JD and a Masters in Tax Law from Boston University. She practiced corporate law, estate planning and criminal law in the Boston area before joining NAI. Ms. Redstone is the daughter of Sumner M. Redstone.

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**ITEM 1 ELECTION OF DIRECTORS**

Nicole Independent  
Seligman

Age: 62 Committee(s):

Director • Compensation Committee

Since:

August • Governance and Nominating  
2016 Committee (Chair)

Occupation • Other Current Public Company

Former Directorship(s):

President,

Sony • WPP plc

Entertainment,

Inc. and • Far Point Acquisition Corp.

Sony

Corporation

of

America

Skills and Qualifications

In addition to her independence, Ms. Seligman brings to our Board extensive media industry experience with various leadership roles at a major media conglomerate, public company and corporate governance experience, and exceptional achievements in the legal profession.

Until March 2016, Ms. Seligman served as the President of Sony Entertainment, Inc. (beginning in 2014) and of Sony Corporation of America (beginning in 2012), and as Senior Legal Counsel of Sony Group (beginning in 2014). Ms. Seligman previously served as Executive Vice President and General Counsel of Sony Corporation from 2005 to 2014. She joined Sony in 2001 and served in a variety of other capacities during her tenure, including as a Corporate Executive Officer and Group Deputy General Counsel of Sony Corporation, and as General Counsel and an Executive Vice President at Sony Corporation of America, a subsidiary of Sony Corporation. Prior to

joining Sony Corporation of America, Ms. Seligman was a partner in the litigation practice at Williams & Connolly LLP in Washington, D.C., where she worked on a broad range of complex civil and criminal matters and counseled a wide range of clients, including President William Jefferson Clinton and Lt. Col. Oliver North. Ms. Seligman joined Williams & Connolly in 1985. Ms. Seligman served as law clerk to Justice Thurgood Marshall on the Supreme Court of the United States from 1984 to 1985 and as law clerk to Judge Harry T. Edwards at the U.S. Court of Appeals for the District of Columbia Circuit from 1983 to 1984. Ms. Seligman has served on the board of Far Point Acquisition Corporation since 2018, and has been a Non-Executive Director of WPP plc since 2014 and its Senior Independent Director since 2016. She has served as Chairman of the Board of Directors of The Doe Fund since 2017.



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**ITEM 1 ELECTION OF DIRECTORS**

RECOMMENDATION OF THE BOARD OF DIRECTORS

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

In accordance with the Board’s recommendation, the proxy holders will vote the shares of Class A common stock covered by valid and timely received proxies “FOR” the election of each of the director nominees, 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.

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**OUR BOARD OF DIRECTORS**

OUR BOARD OF DIRECTORS

Our Board of Directors is currently comprised of the nine director nominees, seven of whom are independent under all applicable standards, as discussed below. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee (collectively, the “Committees”), each of which consists solely of independent directors. Our

Board met 9 times in fiscal year 2018, and each of our directors attended more than 75% of the meetings of the Board and Committees (including any ad hoc committees) on which the director served. Under our Corporate Governance Guidelines, directors are expected to attend the Annual Meeting. Eight of our nine directors attended our 2018 Annual Meeting.

Board Structure

Our Board of Directors is comprised of the following nine members:

an independent Non-Executive Chairman;  
a Non-Executive Vice Chair;  
our President and Chief Executive Officer; and  
six other directors, all of whom are independent.

Mr. May, our Non-Executive Chairman, presides at all meetings of the Board of Directors and the stockholders, and develops and approves Board agendas. He and our Committee Chairs play leading roles with respect to various other matters that are appropriate for consideration by independent directors, such as executive compensation, matters involving related parties and potential conflicts of interest.

Ms. Redstone has a minority ownership interest in, and is President of, NAI. The Board of Directors believes it is appropriate for Ms. Redstone to be Non-Executive Vice Chair of the Board because of her extensive experience in and understanding of the entertainment industry, her experience and talent managing a large business, and her ownership

interest in and role as President of NAI.

Mr. Bakish has been a member of our Board and our President and Chief Executive Officer since December 12, 2016, having served as Acting President and Chief Executive Officer beginning November 15, 2016 and in various other leadership roles at Viacom and Former Viacom beginning in 1997. The Board of Directors has determined that his participation on the Board is beneficial because of his experience, talent and deep understanding of our industry, and because of his extensive knowledge of, history with and day-to-day management of Viacom.

In keeping with best corporate governance practices, we maintain a majority of independent directors and our Board Committees are comprised solely of independent directors, even though — as a controlled company — we are not required to do so under NASDAQ listing or any other standards. Independent directors have the ability and are encouraged to propose agenda items, including for executive sessions, to the Chairman.

We believe our Board leadership structure provides the appropriate balance of independent directors, one director affiliated with our controlling stockholder and one management director, who work together effectively to represent the interests of our entire stockholder base.

#### Board Role in Risk Oversight

Our Board receives regular reports from our Chief Executive Officer, Chief Financial Officer, General Counsel and other members of senior management regarding areas of significant risk to us, including operational, strategic, legal, regulatory, financial and reputational risks.

Certain risks that are under the purview of a particular Committee are monitored by that Committee, which then reports to the full Board as appropriate. For example, under the Compensation Committee Charter, the Compensation Committee oversees periodic risk assessments of our compensation programs. Under the Audit Committee

Charter, the Audit Committee reviews our risk assessment and risk management processes, including with respect to cyber security risk, and our Chief Audit and Compliance Officer, who identifies and manages a wide range of risks companywide, reports to the Audit Committee. Under the Governance and Nominating Committee Charter, the Governance and Nominating Committee is responsible, in collaboration with the other Board Committees, for overseeing and monitoring significant issues impacting our culture, including our handling of environmental, social and governance issues.



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**OUR BOARD OF DIRECTORS**

Director Independence

Our Corporate Governance Guidelines (the “Guidelines”) provide that a majority of our directors must be independent of Viacom, as “independence”

is defined in the NASDAQ listing standards and in the Guidelines.

NASDAQ Listing Standards

The NASDAQ listing standards provide six “bright-line” tests to determine independence. A Viacom director will not be independent if any of the following relationships exist:

the director is, or has been within the last three years, an employee of Viacom;  
a family member of the director is, or has been within the last three years, an executive officer of Viacom;  
the director has received, or a family member of the director has received, during any 12-month period within the last three years, more than \$120,000 in compensation from Viacom, other than compensation for board or board committee service, compensation paid to a family member of the director who is an employee (other than an executive officer) of Viacom, or benefits under a tax-qualified retirement plan, or non-discretionary compensation;  
the director is, or has a family member who is, a current partner of Viacom’s outside auditor, or was a partner or employee of Viacom’s outside auditor who worked on Viacom’s audit at any time during any of the past three years;  
the director is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of Viacom have served on  
the compensation committee of such other  
entity; or

the director is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which Viacom made, or from which Viacom received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenues for that year, or \$200,000, whichever is more, other than payments arising solely from investments in Viacom’s securities or payments under non-discretionary charitable contribution matching programs.

For this purpose, “family member” means the director’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in the director’s home.

If a director fails any of the six tests, the director must be found to be not independent. In addition, the NASDAQ listing standards provide that a director is not independent unless the Board affirmatively determines that the director has no relationship that would impair his or her independence, which we refer to as a “material relationship.”

#### Our Corporate Governance Guidelines

Our Guidelines provide categorical standards to assist the Board in determining what constitutes a “material relationship” with Viacom for purposes of the NASDAQ listing standards. These categorical standards are summarized below and can be found in their entirety in our Guidelines, which are posted in the “Investors/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 NASDAQ listing standard’s bright-line tests, if they occurred more than five years ago (the Board will review any such relationship if it occurred more than three but less than five years ago);  
a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, \$120,000 or less in direct compensation from us during any 12-month period within the last three years; and  
a relationship in which the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:  
a company that made payments to or received payments from us for property or services in an amount that, in any of the last three fiscal years, is less than 1% of that company’s annual consolidated gross revenues;  
a company that is either indebted to us or a creditor of ours in an amount that is less

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**OUR BOARD OF DIRECTORS**

than 1% of that 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 and 1% of that organization's consolidated gross revenues.

For relationships that exceed these thresholds, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, is made by the directors who are

independent. In addition, the Guidelines state that, generally, the types of relationships not addressed by the NASDAQ listing standards or the categorical standards described in the Guidelines will not, by themselves, cause a director to be considered not independent. The Board may, after considering relevant facts and circumstances, determine that a director is not independent for any reason it deems appropriate.

Independence of Our Directors

When considering whether a director is independent, we believe it is important for our Board to have a range of information about the director so that it can make an informed independence determination. Our Governance and Nominating Committee and the full Board review information about:

the director's employment;

any relationships required to be disclosed as related person transactions in this proxy statement;

certain other relationships not required to be disclosed in this proxy statement because they do not meet materiality thresholds;

any relationship of which we are aware between the director or a director's family member and Viacom or any other Viacom director or executive officer (for example, overlapping directorships); and

other public company board and committee memberships and affiliations with not-for-profit organizations.

In addition, as discussed under "Related Person Transactions," the Governance and Nominating Committee receives reports on all transactions

between related persons and us, regardless of whether such transaction is determined to involve a material interest by a related person.

Since our 2018 Annual Meeting, seven of our nine directors, or 78%, have been independent.

In January 2019, the Board conducted its annual review of the independence of the director nominees and confirmed that seven of the nine nominees – Mses. Falcone Sorrell, McHale, Norville and Seligman, and Messrs. May, Nelson and Phillips – are independent. The only nominees who are not independent are Mr. Bakish, our President and Chief Executive Officer, and Ms. Redstone, President of NAI, our controlling stockholder.

With respect to specific companies with which we conduct business and an independent director is affiliated, the Governance and Nominating Committee and the Board considered that Ms. Norville is the anchor of Inside Edition, which is a program produced and distributed by CBS Television Distribution, a unit of CBS Corporation. The transactions between Viacom and CBS were negotiated on an arm's length basis, and the Board determined that these transactions did not affect Ms. Norville's independence.

## Board Committees

### Committee Membership

The Board reviews and determines the membership of our Board Committees at least annually, with input from the Governance and Nominating Committee. The following discusses the membership of the Committees in fiscal year 2018, including the number of meetings held in fiscal year 2018, as well as information about the Committees, their respective roles and responsibilities and their charters. Each of

our Committees has a written charter, which is posted in the "Investors/Corporate Governance" section of our website at [www.viacom.com](http://www.viacom.com).

In fiscal year 2018, the Audit Committee met eight times, the Compensation Committee met 10 times and the Governance and Nominating Committee met four times.



Table of Contents**OUR BOARD OF DIRECTORS**

The following table provides the composition of our Board Committees as of September 30, 2018 and currently:

| Name                      | Compensation    |           | Governance and |                          |
|---------------------------|-----------------|-----------|----------------|--------------------------|
|                           | Audit Committee | Committee | Nominating     | Committee <sup>(1)</sup> |
| Cristiana Falcone Sorrell | —               | —         | Member         |                          |
| Thomas J. May             | Member          | Member    |                | —                        |
| Judith A. McHale          | Member          | Chair     |                | —                        |
| Ronald L. Nelson          | Chair           |           | —              | Member                   |
| Deborah Norville          | —               | Member    |                | —                        |
| Charles E. Phillips, Jr.  | Member          |           | —              | —                        |
| Nicole Seligman           | —               | Member    | Chair          |                          |

(1) From October 1, 2017 until March 8, 2018 (the date of our 2018 Annual Meeting of Stockholders), Kenneth B. Lerer was also a member of our Board and of our Governance and Nominating Committee.

#### Audit Committee

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

the appointment, retention, termination, compensation and oversight of the work of our independent auditor, which reports directly to the Committee, including reviewing with the independent auditor the scope, planning and staffing of the annual audit, and the sole authority to approve all services provided by the independent auditor;

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

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

reviewing our risk assessment and risk management processes, including with respect to cyber security;

reviewing our policies governing, and approving our use of, certain swap transactions;

overseeing our internal audit function;

overseeing our compliance with legal and regulatory requirements; and

periodically reviewing and approving our Global Business Practices Statement (the “GBPS”), which encompasses our standards for ethical conduct.

For additional information on the Audit Committee’s role and its oversight of the independent auditor during fiscal year 2018, see “Report of the Audit Committee.”

The Audit Committee Charter also provides that:

the Committee will be comprised of at least three independent directors, each of whom also meets the separate standards for Audit Committee independence set forth in the NASDAQ listing standards;

all Committee members must be financially literate, and the Committee must have at least one “audit committee financial expert”;

the Committee will hold at least six regular meetings each calendar year;

the Committee will meet separately with the independent auditor at least four times each year;

the Committee will meet regularly in executive session with members of our senior management team; and

the Committee is empowered to hire outside advisors as it deems appropriate.

#### Audit Committee Financial Experts

The Board of Directors has determined that all of the members of the Audit Committee are independent and “financially sophisticated” under NASDAQ listing standards and qualify as “audit committee financial experts” under 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.

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**OUR BOARD OF DIRECTORS**

Audit Committee Oversight of Cyber Security

Protecting the security of our networks, information systems and other technologies and those of our third-party vendors, and the privacy of information obtained from our business partners, employees and customers is of paramount importance to us, and we are committed to maintaining strong and effective information security and privacy protections throughout the company.

The Audit Committee has primary responsibility for overseeing our risk management program, including relating to cyber security. The Audit Committee monitors our compliance in this area and receives periodic updates on cyber security and related privacy matters.

Viacom's Chief Technology Officer and Chief Information Security Officer are responsible for leading our companywide information security strategy, architecture, policies, standards and processes. Our comprehensive information security program includes vulnerability detection and

remediation, next-generation endpoint antivirus and malware protection, file integrity monitoring, third party vendor monitoring, encryption and access control, and enhanced awareness. The Chief Information Security Officer leads comprehensive reviews on a regular basis with the Audit Committee dedicated to our cyber risks and protections, which are then reported to the full Board.

We also have a dedicated Chief Privacy Officer, who leads Viacom's global privacy program and advises the business on the use, collection and disclosure of personal information in a manner that complies with the company's data protection compliance obligations. The Audit Committee is briefed periodically on data privacy regulations and risks, including updated data protection laws, such as the European Union's General Data Protection Regulation, that may impact our business activities involving the processing of personal data.

Compensation Committee

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

- establishing and regularly reviewing our general compensation philosophy, strategy, principles and policies, including oversight of periodic risk assessments of our compensation programs;
- reviewing and approving the total compensation packages for, and key terms of any agreements with, our President and Chief Executive Officer, our other executive officers, operating managers who report to the CEO, and certain other executives;
- reviewing and making recommendations to the Board on compensation plans and overseeing the administration of those plans;

determining the appropriate design for awards made under our annual cash bonus and equity compensation plans and setting related performance targets;  
approving equity awards; and  
evaluating the performance of our President and Chief Executive Officer, and reviewing the evaluations of other executives by the President  
and CEO, as appropriate, including in the context of succession planning.  
For additional information on the Compensation Committee's role, its processes for the consideration and determination of executive compensation and its use of outside advisors, see "Compensation Discussion and Analysis."

The Compensation Committee Charter also provides that:

the Committee will be comprised of at least three independent directors, each of whom must be a "non-employee director" as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act");  
the Committee will hold at least four regular meetings each calendar year;  
the Committee will meet periodically in executive session, which sessions typically include its independent compensation consultant; and  
the Committee is empowered to hire outside advisors as it deems appropriate and will conduct annual assessments of the independence of each such advisor.

#### Compensation Committee's Relationship with Its Independent Compensation Consultant

Our Compensation Committee retains Pearl Meyer & Partners, LLC ("Pearl Meyer") as its independent compensation consultant.

Pearl Meyer is engaged by, and reports directly to, the Compensation Committee, which has the sole authority to hire or fire Pearl Meyer and to approve fee arrangements for work performed.

Pearl Meyer assists the Compensation Committee in fulfilling its responsibilities under its Charter, including advising on proposed compensation packages for top

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**OUR BOARD OF DIRECTORS**

executives, compensation program design and market practices generally. The Compensation Committee has authorized Pearl Meyer to interact with management on behalf of the Compensation Committee, as needed in connection with advising the Compensation Committee, and Pearl Meyer is included in discussions with management and, when applicable, the Compensation Committee's outside legal counsel on matters being brought to the Compensation Committee for consideration.

It is the Compensation Committee's policy that the Chair of the Compensation Committee or the full

Compensation Committee pre-approve any additional services provided to management by its independent compensation consultant. In fiscal year 2018, Pearl Meyer did not provide any services to Viacom other than to the Compensation Committee and, as described below, the Governance and Nominating Committee. The Compensation Committee has assessed the independence of Pearl Meyer pursuant to Securities and Exchange Commission ("SEC") rules and concluded that Pearl Meyer's work for the Compensation Committee does not raise any conflict of interest.

Governance and Nominating Committee

Under its Charter, the Governance and Nominating Committee is responsible for the following, among other things:

identifying and recommending to the Board potential director candidates and reviewing the composition of the Board as part of this process;  
overseeing and monitoring significant issues impacting our culture, including our handling of environmental, social and governance issues;  
overseeing all aspects of our corporate governance initiatives, including periodic assessments of our principal governance documents, and making recommendations to the Board as appropriate;  
establishing policy on and overseeing our entry into related person transactions;  
establishing criteria for the annual self-assessments of the Board and its Committees;  
reviewing and making recommendations to the Board on director compensation matters; and  
monitoring developments in the law and practice of corporate governance.

The Governance and Nominating Committee Charter also provides that:

the Committee will be comprised of at least three independent directors;  
the Committee will hold at least three regular meetings each calendar year;  
the Committee will meet regularly in executive session; and  
the Committee is empowered to hire outside advisors as it deems appropriate.

The Governance and Nominating Committee periodically uses Pearl Meyer, the Compensation Committee's independent compensation consultant, for advice on director compensation.

For additional information on the Governance and Nominating Committee's oversight of director compensation and related person transactions, see the sections "Director Compensation" and "Related Person Transactions."

## Director Nomination Process and Consideration of Diversity of Perspectives

Our Corporate Governance Guidelines and the Governance and Nominating Committee Charter set forth certain criteria for director qualifications and Board composition. These criteria include an expectation that directors have substantial accomplishments in their professional backgrounds, are able to make independent, analytical inquiries and exhibit practical wisdom and mature judgment. The Governance and Nominating Committee seeks to achieve a Board that represents a diverse mix of skills, qualifications, perspectives, talents, backgrounds and education that will enhance our decision-making process, oversee management's execution of strategic objectives and represent the interests of all of our stockholders. Director candidates should meet our standards for independence, be free of potential conflicts of

interest, possess the highest personal and professional ethics, integrity and values, be committed to promoting the long-term interests of our stockholders and be able and willing to devote the necessary time to carrying out their duties and responsibilities as members of the Board. These criteria are described more fully in our Guidelines and the Governance and Nominating Committee Charter. The Governance and Nominating Committee considers these criteria, including diversity, in connection with its annual review of the composition, qualifications and independence of our Board.

For additional discussion of how the Governance and Nominating Committee determines the director nominees, see "Item 1 — Election of Directors" and "Our Board of Directors — Director Independence."

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**OUR BOARD OF DIRECTORS**

Stockholder Recommendations for Director Candidates

The Governance and Nominating Committee will consider potential director candidates recommended by our stockholders. When making a recommendation, stockholders should consider our criteria for director qualifications and Board composition set forth above and in our Guidelines and the Governance and Nominating Committee Charter. Director candidates recommended by stockholders who meet these qualifications will be considered by the Chair of the Governance and Nominating Committee, who will present the information on the candidate to the entire

Governance and Nominating Committee. All director candidates recommended by stockholders will be considered by the Governance and Nominating Committee in the same manner as any other candidate and may or may not be selected by the Governance and Nominating Committee.

All recommendations by stockholders for potential director candidates must include written materials on the potential candidate's qualifications and be sent to Christa A. D'Alimonte, Secretary, Viacom Inc., 1515 Broadway, New York, NY 10036-5794.

Executive Sessions of the Board

Under our Corporate Governance Guidelines, the Board is required to hold separate executive sessions of non-management and independent

directors. Mr. May, our non-executive Chairman, leads these executive sessions.

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**

CORPORATE GOVERNANCE

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

Our principal governance documents are our Corporate Governance Guidelines, Board Committee Charters, Global Business Practices Statement and

Supplemental Code of Ethics for Senior Financial Officers. These documents are available in the “Investors/Corporate Governance” section of our website at [www.viacom.com](http://www.viacom.com), and copies of these documents may be requested by writing to Investor Relations, Viacom Inc., 1515 Broadway, New York, NY 10036-5794.

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

Corporate Governance Guidelines

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

the roles and responsibilities of the Board Chairman, the Vice Chair and, when the offices of Chairman and Chief Executive Officer are held by the same person, a lead independent director;

director qualifications, including our director independence standards;

the requirement to hold separate executive sessions of the non-management directors and of the independent directors and their frequency;

how stockholders and interested parties may communicate with the non-management directors;

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

director orientation and continuing education;

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

the roles of the independent and non-management directors in reviewing the performance of our President and Chief Executive Officer and in executive succession planning; and

the annual self-assessment by the Board and each Committee to evaluate their 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.

#### Viacom Global Business Practices Statement

Our GBPS encompasses our standards for ethical conduct that are expected of all directors and employees of Viacom and its subsidiaries.

The GBPS is updated periodically and reviewed with, and approved by, the Audit Committee.

The GBPS has been distributed to our directors and employees worldwide. As part of our compliance and ethics programs, directors and employees receive regular training on the contents of the GBPS and, where permitted, are required to certify as to



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**CORPORATE GOVERNANCE**

compliance with it. They are also required to disclose any conflicts or potential conflicts of interest on an ongoing basis and appropriately report on suspected violations of the GBPS. The GBPS addresses, among other things, topics such as:

- compliance with laws, rules and regulations;
- conflicts of interest and interference, including the disclosure of actual or potential conflicts;
- confidentiality, transactions in securities and fair disclosure;
- financial accounting and improper payments;
- our commitment to being an equal opportunity employer and providing a workplace environment free of harassment and improper bias;
- fair dealing and relations with competitors, customers and suppliers;
- connecting, communicating and sharing through social media;
- protection and proper use of company assets, information systems and electronic communications;
- privacy, data security and information protection;
- anti-corruption laws such as the Foreign Corrupt Practices Act and the UK Bribery Act;
- export control and anti-boycott laws;
- health, safety and the environment; and
- political contributions.

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

Our Senior Vice President, Chief Audit and Compliance Officer, reports to the Audit Committee and has oversight responsibility for our compliance and ethics programs. Together with senior executives of various disciplines from Viacom and its business divisions, he regularly reviews and updates the GBPS policies, and generates 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 GBPS 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

The Supplemental Code of Ethics for Senior Financial Officers is applicable to our President and Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Supplemental Code of Ethics addresses matters specific to those senior financial positions at Viacom, including responsibility for the disclosures made in our filings with the SEC, reporting obligations with respect to certain matters and a

general obligation to promote honest and ethical conduct within Viacom. As with all employees, the Senior Financial Officers are also required to comply with the GBPS.

Amendments to or waivers of the Supplemental Code of Ethics for these officers will be disclosed on our website at [www.viacom.com](http://www.viacom.com) or by Form 8-K filed with the SEC.

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**OUR COMMITMENT TO CULTURE AND CORPORATE RESPONSIBILITY**

OUR COMMITMENT TO CULTURE AND CORPORATE RESPONSIBILITY

Our initiatives relating to culture and corporate responsibility are numerous and varied, and reflect our core values and beliefs — from our programs to support employees who volunteer in their communities, to our brands’ campaigns that empower our audiences to take action, to our environmental conservation efforts at our global offices, to our commitment to create and champion a diverse, multicultural workforce in a dynamic environment where all employees can achieve and contribute.

Our employees are fundamental to our success. Their creativity and energy fuel our business, and their commitment to volunteering, community activism and advocating for equality is the driving force behind so many of our social impact efforts. Our Office of Global Inclusion — with teams in New York, Los Angeles and London — works closely with our senior leaders, including those on our Global Inclusion Advisory Committee, to harness the diverse creativity of our workforce to fuel their leadership growth and keep us connected to multicultural audiences around the world. We have engaged Employee Resource Groups (“ERGs”) that reach across our brands to provide a forum for employees to flourish personally and professionally while facilitating strong connections to the community. With locations worldwide, spanning various cultures and more than 50% of our workforce, our employee-led ERGs are a key catalyst to prioritize culture in our organization.

Our Minority Supplier Diversity Program formally launched in 2018 and is quickly executing against our plans to increase procurement from gender and ethnically diverse businesses. Our Executive Vice President, Global Head of Inclusion Strategy, reports periodically to the Board on a variety of diversity and inclusion matters.

We also have a dedicated team driving our social impact and purpose-driven initiatives, under the global umbrella “Viacommunity.” By leveraging our diverse culture, Viacommunity offers programs that empower, engage and inspire our employees, audiences and company to make a real difference in our communities around the world. A few examples of our efforts follow:

Viacommunity Day, our global day of service, offers over 100 opportunities for thousands of employees across Viacom, in 25 regions, to join together to volunteer in our communities each year. From beautifying local parks to mentoring

youth in schools to assembling kits for those in need and promoting many other types of volunteer activities, Viacommunity Day celebrated its 22nd year in 2018.

For over eight years, Nickelodeon’s Helping And Leading Others (“HALO”) initiative celebrates the extraordinary impact that kids can have in their neighborhoods and beyond — as activists, fundraisers, visionaries and volunteers. To

date, 100 kids have been honored as HALO award winners and \$500,000 has been donated to non-profit organizations in the form of scholarships and seed grants.

For 15 years, Nickelodeon's Worldwide Day of Play has championed active play as essential for all kids. Emphasizing participation in underserved communities, and with the help of an alliance of more than 40 youth and sports partners, Nickelodeon engages more than 1 million kids and families annually through on-the-ground events.

Since 2014, our Unlimited Potential ("UP") program has connected Viacom employees in New York City with promising high school students for mentoring and other forms of career and college readiness. The students meet with a supportive adult and are able to see a large media company firsthand, while building real and marketable skills. To date, more than 250 employees have given their time, energy and insights as UP mentors, and more than 200 young people have received mentoring.

In partnership with Viacom, the Get Schooled Foundation leverages the power of pop culture to inspire and empower students to graduate from high school and succeed in college. Get Schooled partners with over 2,000 middle and high schools, and engages close to two million students, nationwide.

For 20 years, the MTV Staying Alive Foundation has worked around the world to stop the spread of HIV among young people. MTV Staying Alive uses original content to deliver information about HIV and sexual reproductive health and rights to vast audiences. To date, MTV Staying Alive has funded 208 youth-led sexual health organizations, trained 21,000 peer educators, awarded more than \$6 million in grants, distributed 9.5 million condoms and helped 260,000 people get tested for HIV.

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**OUR COMMITMENT TO CULTURE AND CORPORATE RESPONSIBILITY**

At Viacom, we strive to support sustainable living and business. We recently removed plastic bottles and straws from all in-house catering at our locations throughout the United States and provided thousands of employees with reusable metal water bottles and unlimited access to filtered water. At our headquarters in New York, there will now be approximately 520,000 fewer plastic bottles and 80,000 fewer plastic straws used each year — equivalent to about 20,000 pounds of plastic.

Through its long-running initiative “Green. It’s paramount to us,” Paramount tries to boost sustainability in every aspect of its work. The studio plays an active part in the industry-wide coalition that drafted the Green Production Guide and other tools

designed to promote sustainable practices on set, and has also taken steps to make its facilities greener, including by installing a low-carbon alternative energy plant that saves more than 10 million KW hours of electricity per year.

By making our facilities more efficient, we are also working to save energy, water and waste. For example, our Burbank and Hollywood locations both achieved the U.S. Green Building Council’s LEED Gold certification. We are continuing to install energy-efficient equipment and LED fixtures in place of older lighting, and we’re monitoring our usage, year over year, to find even more ways to reduce our footprint.

We continue to explore ways to strengthen our culture and corporate responsibility framework.



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**DIRECTOR COMPENSATION**

DIRECTOR COMPENSATION

Directors who are not employees of Viacom or any of its subsidiaries (the “Outside Directors”) are entitled to receive compensation for their service on the Board and are eligible to participate in certain director plans, as discussed below. Mses. Falcone Sorrell, McHale, Norville, Redstone and Seligman, and Messrs. May, Nelson and Phillips, are Outside Directors.

Our director compensation programs are overseen by our Governance and Nominating Committee, which makes recommendations at least every other year to the Board on the appropriate amount and structure of director compensation in light of then current competitive practice and other factors. The

Governance and Nominating Committee receives advice from Pearl Meyer, the Compensation Committee’s independent compensation consultant, on director compensation matters, including our director compensation plans. In November 2017, the Governance and Nominating Committee, in consultation with Pearl Meyer, reviewed our director compensation program and determined not to recommend any changes to the Board at that time. The Governance and Nominating Committee again determined in November 2018 not to recommend to the Board any changes to our director compensation program.

Elements of Outside Director Compensation

Cash Compensation

We pay cash compensation to our Outside Directors as follows:

Our Chair receives an annual Board retainer of \$300,000, our Vice Chair receives an annual retainer of \$200,000 and all other Outside Directors receive an annual retainer of \$100,000, in each case payable in equal installments quarterly in advance.

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

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

#### Deferred Compensation Plan

Under the Viacom Inc. Deferred Compensation Plan for Outside Directors, Outside Directors may elect to defer their Board and Committee cash 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 and are paid in cash upon a director's retirement from the Board.

Amounts credited to a stock unit account are deferred into a fixed number of fully-vested RSUs based on the value of our Class B common stock on the first day of the relevant calendar quarter. The

awarded RSUs will be settled in shares of Class B common stock.

Whether paid in cash or in shares of Class B common stock, deferred amounts will be paid in either 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 January 15 of the following year.

For more information on the RSUs related to deferred cash compensation held by our Outside Directors as of December 15, 2018, see footnote (4) to the "Security Ownership of Certain Beneficial Owners and Management" table.

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**DIRECTOR COMPENSATION**

Equity Compensation

Pursuant to the Viacom Inc. 2011 RSU Plan for Outside Directors, as amended and restated as of October 31, 2016, on January 31 of each year, our Outside Directors automatically receive an annual grant of restricted share units (“RSUs”) equal in value to \$175,000 based on the closing price of our Class B common stock on NASDAQ on the date of grant. The RSUs vest one year from the date of grant and are payable in shares of Class B common stock upon vesting unless the Outside Director elects to defer settlement of the RSUs to a future date. Deferred RSUs will be paid in either 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 January 31 of the following year. For more information on the RSUs related to deferred annual grants of RSUs held by our Outside Directors as of December 15, 2018, see footnote (4) to the “Security Ownership of Certain Beneficial Owners and Management” table.

Dividend equivalents are credited on the RSUs each time we pay a regular cash dividend on our Class B common stock until the RSUs are settled.

Director Stock Ownership Requirement

Under our Corporate Governance Guidelines, directors are expected to own shares of Viacom stock worth three times the standard annual Board retainer (or \$300,000) within three years of becoming

a director. RSUs received under the Deferred Compensation Plan for Outside Directors and the RSU Plan for Outside Directors count toward fulfilling the requirement.

Director Perquisites

We generally do not provide perquisites to our directors.

We believe it is in our best interest for directors to participate in certain events throughout the year, and the Board has established a policy under which directors are allocated tickets without charge to attend specific events that have been designated as having a business purpose. Travel expenses to such events are reimbursed by us in accordance with our normal travel policies. The Governance and Nominating Committee is responsible for oversight of this policy.

Occasionally, a director's spouse may accompany him or her to Viacom events at our request. This policy involves a de minimis or no incremental cost to us, and we believe it serves a legitimate business purpose.

Table of Contents**DIRECTOR COMPENSATION**

## Fiscal Year 2018 Director Compensation

The following table presents information on compensation for services as an Outside Director for fiscal year 2018.

| Name                                       | Fees Earned<br>or | Paid in Cash <sup>(1)</sup> | Awards <sup>(2)</sup> | Change in               | Total     |
|--|-------------------|-----------------------------|-----------------------|-------------------------|-----------|
|  |                   |                             |                       | Deferred                |           |
|  |                   |                             |                       | Pension                 |           |
|  |                   |                             |                       | Value and               |           |
|  |                   |                             |                       | Nonqualified            |           |
|  |                   |                             |                       | Deferred                |           |
|  |                   |                             |                       | Compensation            |           |
|  |                   |                             |                       | Earnings <sup>(3)</sup> |           |
| Cristiana Falcone Sorrell <sup>(4)</sup>   |                   | \$ 104,535                  | \$ 174,987            | \$ 3,822                | \$283,344 |
| Kenneth B. Lerer <sup>(5)</sup>            |                   | \$ 45,146                   | \$ 174,987            | \$ —                    | \$220,133 |
| Thomas J. May, Chair <sup>(6)</sup>        |                   | \$ 488,035                  | \$ 174,987            | \$ —                    | \$663,022 |
| Judith A. McHale <sup>(7)</sup>            |                   | \$ 294,035                  | \$ 174,987            | \$ —                    | \$469,022 |
| Ronald L. Nelson <sup>(8)</sup>            |                   | \$ 284,035                  | \$ 174,987            | \$ —                    | \$459,022 |
| Deborah Norville <sup>(9)</sup>            |                   | \$ 118,035                  | \$ 174,987            | \$ 80                   | \$293,102 |
| Charles E. Phillips, Jr. <sup>(10)</sup>   |                   | \$ 114,035                  | \$ 174,987            | \$ 3,519                | \$292,541 |
| Shari Redstone, Vice Chair <sup>(11)</sup> |                   | \$ 200,035                  | \$ 174,987            | \$ —                    | \$375,022 |
| Nicole Seligman <sup>(12)</sup>            |                   | \$ 303,035                  | \$ 174,987            | \$ —                    | \$478,022 |

<sup>(1)</sup>Includes director fees for service on a non-standing committee in fiscal year 2018.

<sup>(2)</sup> Reflects the grant date fair value of the \$175,000 annual RSU award, calculated in accordance with FASB ASC Topic 718 — Stock Compensation. Grant date fair value assumptions are consistent with those disclosed in the Equity-Based Compensation Note to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018. The stock award to Mr. Lerer was forfeited upon his departure from the Board effective March 8, 2018 (the date of our 2018 Annual Meeting of Stockholders).

<sup>(3)</sup> Reflects nonqualified deferred compensation only. Interest accrues on the amounts deferred under our Deferred Compensation Plan for Outside Directors at the prime rate in effect at Citibank N.A. at the beginning of each calendar quarter. The prime rate generally represents an interest rate that is more than 120% of the long-term applicable federal rate published by the Internal Revenue Service and therefore is deemed to be preferential for purposes of this table. Accordingly, we have indicated above the difference in the amount of interest accrued for each director in fiscal year 2018 compared to the interest that would have been accrued at 120% of the long-term applicable federal rate.

<sup>(4)</sup>

- Ms. Falcone Sorrell deferred receipt of her cash director fees in fiscal year 2018. As of September 30, 2018, Ms. Falcone Sorrell held a total of 25,588 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (5) Mr. Lerer served as a member of the Board until March 8, 2018 (the date of our 2018 Annual Meeting of Stockholders). Mr. Lerer did not defer receipt of his cash director fees in fiscal year 2018. Mr. Lerer forfeited the stock award he received in fiscal year 2018 upon his departure from the Board. As of September 30, 2018, Mr. Lerer did not hold any outstanding equity.
- (6) Mr. May did not defer receipt of his cash director fees in fiscal year 2018. As of September 30, 2018, Mr. May held a total of 9,515 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (7) Ms. McHale did not defer receipt of her cash director fees in fiscal year 2018. As of September 30, 2018, Ms. McHale held a total of 5,236 RSUs for shares of Class B common stock.
- (8) Mr. Nelson did not defer receipt of his cash director fees in fiscal year 2018. As of September 30, 2018, Mr. Nelson held a total of 9,515 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (9) Ms. Norville deferred receipt of her cash director fees in fiscal year 2018. As of September 30, 2018, Ms. Norville held a total of 33,645 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (10) Mr. Phillips deferred receipt of his cash director fees in fiscal year 2018. As of September 30, 2018, Mr. Phillips held a total of 5,155 stock options for shares of Class B common stock and 63,896 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (11) Ms. Redstone deferred receipt of her cash director fees in fiscal year 2018. As of September 30, 2018, Ms. Redstone held a total of 107,998 RSUs (including vested but deferred RSUs) for shares of Class B common stock.
- (12) Ms. Seligman did not defer receipt of her cash director fees in fiscal year 2018. As of September 30, 2018, Ms. Seligman held a total of 9,515 RSUs (including vested but deferred RSUs) for shares of Class B common stock.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below presents as of December 15, 2018, 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 of our named executive officers (“NEOs”) during fiscal year 2018 and (iii) our current directors and executive officers as a group. “Option Shares” reflects stock options to purchase shares that were unexercised but exercisable, either currently or within a period of 60 days from December 15, 2018, and are excluded from the column “Number of Equity Shares.” Each person has

sole voting and investment power over the shares reported, except as noted. The table also includes information concerning the beneficial ownership by each person, or group of affiliated persons, who is known by us to beneficially own 5% or more of our Class A common stock.

As of December 15, 2018, there were 49,430,905 shares of our Class A common stock outstanding and 353,448,290 shares of our Class B common stock outstanding.

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

## Beneficial Ownership of Equity Securities

| Name   | Title of Equity Security | Number of Equity Shares | Option Shares  | Percentage of Class | Common                           |
|--|--------------------------|-------------------------|----------------|---------------------|----------------------------------|
|  |                          |                         |                |                     | Stock Equivalents <sup>(9)</sup> |
| Robert M. Bakish   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 159,428                 | (1)(2) 697,745 | *                   | —                                |
| Christa A. D'Alimonte  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 5,365                   | 40,619         | *                   | —                                |
| Wade C. Davis  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 70,239                  | (2)(3) 241,659 | *                   | 1,572 (3)                        |
| Cristiana Falcone Sorrell  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | —                       | (4) —          | *                   | 20,601 (4)                       |
| Doretha (DeDe) F. Lea  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 32,923                  | (2)(3) 97,986  | *                   | 1,124 (3)                        |
| Thomas J. May  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | —                       | (4) —          | *                   | 4,332 (4)                        |
| Judith A. McHale   | Class A common stock     | 15                      | —              | *                   | —                                |
|  | Class B common stock     | 4,313                   | —              | *                   | —                                |
| Scott M. Mills   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 42,055                  | 272,276        | *                   | —                                |
| Ronald L. Nelson   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 20,000                  | (4) —          | *                   | 4,332 (4)                        |
| Deborah Norville   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 219                     | (4) —          | *                   | 29,646 (4)                       |
| Charles E. Phillips, Jr.   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 4,098                   | (4) 5,155      | *                   | 60,207 (4)                       |
| Shari Redstone   | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 1,500                   | (1)(4)(5) —    | *                   | 105,553 (4)                      |
| Nicole Seligman  | Class A common stock     | —                       | —              | *                   | —                                |
|  | Class B common stock     | 500                     | (1)(4) —       | *                   | 4,332 (4)                        |
| Current directors and executive officers as a group (12 persons) | Class A common stock     | 15                      | —              | *                   | —                                |
|  | Class B common stock     | 298,585                 | (2) 1,083,164  | *                   | 231,699                          |
| Sumner M. Redstone <sup>(6)</sup>                                | Class A common stock     | 39,442,372              | (7) —          | 79.8                | % —                              |
|  | Class B common stock     | 371,300                 | (7) —          | *                   | —                                |
| National Amusements, Inc.  | Class A common stock     | 39,442,332              | (7) —          | 79.8                | % —                              |
|  | Class B common stock     | 371,300                 | (7) —          | *                   | —                                |
| Mario J. Gabelli <sup>(8)</sup><br>GAMCO Investors, Inc.         | Class A common stock     | 5,033,625               | —              | 10.2                | % —                              |

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

(1) Includes for Mr. Bakish, 242 Class B shares held by his children; for Shari Redstone, 1,500 Class B shares held in trusts for the benefit of her children, for which she is co-Trustee; and for Nicole Seligman, 500 Class B shares held



indirectly as Trustee of a trust.

- (2) Includes shares held in our 401(k) plan.
- (3) The following Class B phantom stock units credited to the respective executive officer under the Excess 401(k) Plan for Designated Senior Executives are excluded from the “Number of Equity Shares” column and the “Percentage of Class” column and included in the “Common Stock Equivalents” column:  
Davis: 1,572 phantom stock units  
Lea: 1,124 phantom stock units
- (4) The following vested Class B RSUs include (1) RSUs credited to the respective director for deferred cash compensation under the Deferred Compensation Plan for Outside Directors and/or (2) RSUs resulting from annual RSU grants to the respective director under the RSU Plan for Outside Directors, in each case the settlement of which the director elected to defer. These shares are excluded from the “Number of Equity Shares” column and the “Percentage of Class” column and included in the “Common Stock Equivalents” column:
  - Falcone Sorrell: 20,601 vested RSUs
  - May: 4,332 vested RSUs
  - Nelson: 4,332 vested RSUs
  - Norville: 29,646 vested RSUs
  - Phillips: 60,207 vested RSUs
  - Shari Redstone: 105,553 vested RSUs
  - Seligman: 4,332 vested RSUs
- (5) Ms. Redstone is a stockholder of NAI and has an indirect minority beneficial interest in the Viacom shares owned by NAI.
- (6) The address for Mr. Redstone is c/o Viacom Inc., 1515 Broadway, New York, New York 10036-5794.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

(7) Mr. Redstone is the beneficial owner of the controlling interest in NAI, through his control of the Sumner M. Redstone National Amusements Trust (the “SMR Trust”), which owns 80% of the voting interest of NAI. The shares of NAI held by the SMR Trust are voted solely by Mr. Redstone until such time as his incapacity or death. Except for 40 Class A shares owned directly by Mr. Redstone, all of the shares of Class A common stock and Class B common stock reported above are beneficially owned by NAI and a wholly-owned subsidiary of NAI. As the beneficial owner of the controlling interest in NAI, Mr. Redstone beneficially owns all such shares. Mr. Redstone is neither a Viacom executive officer (or other employee) nor a member of the Board.

Based on information received from NAI, approximately 34.2% of the Viacom Class A shares beneficially owned by NAI, or 27.3% of the total Class A shares outstanding and 3.4% of the total Class A and Class B shares outstanding, are pledged to NAI’s lenders. Approximately 65.7% of the Viacom Class A shares beneficially owned by NAI, or 52.5% of the total Class A shares outstanding, are not pledged. The purpose of the pledge is to secure certain indebtedness of NAI.

The address for NAI and its subsidiaries is 846 University Avenue, Norwood, Massachusetts 02062.

- (8) According to Amendment No. 5 to a Schedule 13D filed on October 2, 2015 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.
- (9) This column represents the following economic interests not otherwise included in the table above that relate to the value of, or will be paid out upon settlement with, Viacom common stock: Class B phantom stock units credited to the respective executive officer under the Excess 401(k) Plan for Designated Senior Executives (see footnote (3)), and vested Class B RSUs credited to the respective director under the Deferred Compensation Plan for Outside Directors and under the RSU Plan for Outside Directors (see footnote (4)).

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

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and NASDAQ. Executive officers, directors and greater than 10% beneficial owners are required by the Exchange Act to furnish us with copies of all Section 16(a) forms they file. As an administrative matter, we assist our

executive officers and directors by monitoring transactions and filing Section 16 reports on their behalf. Based on our records, compliance program, and review of written representations, we believe that during fiscal year 2018 our executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

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**RELATED PERSON TRANSACTIONS**

RELATED PERSON TRANSACTIONS

NAI, directly and indirectly, is the controlling stockholder of both Viacom and CBS Corporation. NAI owns shares in Viacom representing approximately 79.8% of the voting interest in Viacom and approximately 10% of Viacom's combined common stock. NAI is controlled by Sumner M. Redstone, our Chairman Emeritus, who is the Chairman and Chief Executive Officer of NAI, through the Sumner M. Redstone National Amusements Trust (the "SMR Trust"), which owns shares in NAI representing 80% of the voting interest of NAI. The shares representing the other 20% of the voting interest of NAI are held through a trust controlled by Shari Redstone, who is Mr. Redstone's daughter, the non-executive Vice Chair of our Board of Directors and a director nominee identified in this proxy statement, the non-executive Vice Chair of CBS's board of directors, and the President and a member of the board of Directors of NAI. The shares of NAI held by the SMR Trust are voted solely by

Mr. Redstone until such time as his incapacity or death. Upon Mr. Redstone's incapacity or death, Ms. Redstone will also become a trustee of the SMR Trust and the shares of NAI held by the SMR Trust will be voted by the trustees of the SMR Trust. The current trustees include Mr. Redstone and David R. Andelman, both of whom are also members of the boards of directors of NAI. In addition, Mr. Redstone serves as Chairman Emeritus of CBS. The current Board of Directors of NAI includes Mr. Redstone, Ms. Redstone and Mr. Andelman.

We consider NAI, CBS Corporation and Mr. Redstone, as well as our directors (including Ms. Redstone) and executive officers, certain of their family members and certain entities with which they and their family members are affiliated, to be "related persons."

Policy on Oversight of Related Person Transactions

The Governance and Nominating Committee maintains a written policy on its review, approval and ratification of transactions with related persons. The policy generally groups these transactions into four categories: (1) transactions requiring the advance approval of the Committee, (2) transactions that the Chair of the Committee is authorized to approve, (3) certain ordinary course transactions below established financial thresholds, and other designated categories of transactions, that are deemed pre-approved by the Committee and (4) certain transactions requiring reporting to the Committee.

Regardless of whether a transaction is approved by the Chair of the Committee or deemed pre-approved, all transactions with related persons, including NAI, CBS Corporation and their respective subsidiaries, in any amount, are required to be reported periodically to the full Governance and Nominating Committee.

Generally, the Governance and Nominating Committee deems pre-approved any transaction or series of transactions between Viacom and an entity for which a related person is an executive or employee (except NAI and CBS Corporation) that is entered into in the ordinary course of our business and where the aggregate amount of all such transactions on an annual basis is less than 1% of the annual consolidated gross revenues of the other entity.

Ordinary course transactions with NAI or CBS Corporation, or any of their respective subsidiaries, where the amount exceeds \$10 million or \$25 million, respectively, require pre-approval of the Governance and Nominating Committee.

The Committee reviews and discusses with management the determination on whether a transaction with a related person involves a direct or indirect material interest.

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**RELATED PERSON TRANSACTIONS**

Related Person Transactions in Fiscal Year 2018

Transactions with National Amusements, Inc.

NAI licenses films in the ordinary course of business for its motion picture theaters from all major studios, including Paramount. Payments made to us in connection with these licenses for fiscal year 2018 amounted to approximately \$7.6 million and are continuing in fiscal year 2019 as a result of this ongoing relationship. NAI also licenses films from a number of unaffiliated companies, and Paramount expects to continue to license films to NAI on similar terms in the future. In addition, NAI and Paramount have co-op advertising arrangements, which are

continuing in fiscal year 2019, and occasionally engage in other ordinary course transactions (e.g., movie ticket purchases and various promotional activities) from time to time. In connection with these arrangements and transactions, Paramount paid NAI a total of approximately \$115,000 in fiscal year 2018. We believe that the terms of these transactions between NAI and Paramount were no more or less favorable to Paramount than transactions between unaffiliated companies and NAI.

Transactions with CBS Corporation

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

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 prior to any participation amounts paid. Paramount also earns revenues from CBS through leasing of studio space and licensing of certain film products.

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

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

The following table summarizes the transactions with CBS reported in our consolidated financial statements contained in our Annual Report on Form 10-K for fiscal year 2018, which are calculated under accounting principles generally accepted in the United States of America (“GAAP”).

|  | Year Ended         |
|--|--------------------|
| (in millions)                              | September 30, 2018 |
| <b>Consolidated Statements of Earnings</b> |                    |
| Revenues                                   | \$ 117             |
| Operating expenses                         | 142                |
| <b>Consolidated Balance Sheets</b>         |                    |
| Accounts receivable                        | \$ 7               |
| Participants’ share and residuals, current | 58                 |
| Program obligations, current               | 38                 |
| Program obligations, noncurrent            | 32                 |
| Other liabilities                          | 2                  |
| <b>Total due to CBS</b>                    | <b>\$ 130</b>      |

#### Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee during fiscal year 2018 has ever been an officer or employee of ours or any of our subsidiaries or had any relationship requiring disclosure under the SEC’s rules regarding related person transactions.

During fiscal year 2018, 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.

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**COMPENSATION COMMITTEE REPORT**

COMPENSATION COMMITTEE REPORT

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

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

MEMBERS OF THE COMPENSATION COMMITTEE

Judith McHale, Chair  
Thomas May  
Deborah Norville  
Nicole Seligman



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**EXECUTIVE COMPENSATION**

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our NEOs and Compensation Committee

Our Fiscal Year 2018 Named Executive Officers

Our NEOs for fiscal year 2018 were:

Mr. Bakish, President and Chief Executive Officer, and a member of the Board;  
Wade C. Davis, Executive Vice President, Chief Financial Officer;  
Christa A. D'Alimonte, Executive Vice President, General Counsel and Secretary;  
Doretha (DeDe) F. Lea, Executive Vice President, Global Government Affairs; and  
Scott M. Mills, Executive Vice President, Chief Administrative Officer until January 1, 2018, when he became President of BET Networks, a division of Viacom.

Our Compensation Committee

During fiscal year 2018, the Compensation Committee (the "Committee" in this section) was comprised of Judith A. McHale (Chair), Thomas J. May, Deborah Norville and Nicole Seligman, each of whom is an independent director, and three of whom joined our Board in August 2016.

The Committee makes compensation decisions for our NEOs, our executive officers and certain other key executives. 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.

The Committee retains the services of Pearl Meyer, an independent compensation consultant with particular expertise in compensation matters for media and entertainment companies. Pearl Meyer is engaged by, and reports directly to, the Committee, and the Committee has the sole authority to hire or fire Pearl Meyer and to approve its fee arrangements. Pearl Meyer assists the Compensation Committee in

fulfilling its responsibilities, including advising on proposed compensation packages for top executives, compensation program design and market practices generally. A representative of Pearl Meyer attends Committee meetings, reviews compensation data with the Committee and participates in general discussions regarding executive compensation issues. The Committee has authorized Pearl Meyer to interact with management at the Committee's direction, as needed. Pearl Meyer is included in discussions with management and, when applicable, the Committee's outside legal counsel on matters being brought to the Compensation Committee for consideration.

The Committee also considers input from management, as discussed in “Additional Detail Regarding Compensation Program Design” below.

While the Committee considers input from Pearl Meyer and management, the Committee’s decisions ultimately reflect many factors and considerations, as discussed below.

## A Year of Strategic Execution

### Our Strategic Priorities

In fiscal year 2018, we executed against three strategic priorities:

- driving share and margins in our core business;
- accelerating our transition to next-generation platforms and marketing solutions; and
- diversifying beyond our core business, by extending the reach of our brands in the physical world through consumer products, live events, recreation and other similar experiences.

### Viacom’s Performance in Fiscal Year 2018

In fiscal year 2018, our Board and senior management team continued to refine and execute our business strategy despite significant industry-wide headwinds that included declines in cable subscriber and viewership universe estimates. We

delivered a turnaround of our core business and grew full-year consolidated operating income for the first time since fiscal year 2014. Our international media networks business achieved record revenue and profitability, and our cost transformation initiatives

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**EXECUTIVE COMPENSATION**

gave rise to approximately \$100 million in savings in fiscal year 2018.

We took a number of actions in fiscal year 2018 to turn around our core business and evolve the company for growth in fiscal year 2019. Specifically:

We continued to execute on our “Flagship” programming strategy, increasing our share of viewership in our core domestic and international media networks business and achieving six straight quarters of year-over-year share growth across our flagship networks. We held the number one share of U.S. basic cable viewing across key audiences, with particular strength at MTV, BET and Comedy Central, in the fourth quarter and the year, and our brands had six of the ten highest-rated original cable series among Adults 18-34 in the fourth quarter. We launched Paramount Network in the second fiscal quarter of 2018, and its programming achieved critical acclaim and strong viewership in its first year. We continued to build on Nickelodeon’s strength among kids with new leadership and initiatives in consumer products and successful live events.

Our strategic execution at Paramount Pictures resulted in a resurgence that was evident in its box office results, thriving television production business at Paramount Television, and seven straight quarters of year-over-year adjusted operating income improvement. New management successfully rebuilt Paramount’s content engine to service its slate strategy of making films for someone or making films for everyone. Paramount entered into new multi-year relationships with Hasbro, deepened collaboration with content creators across the company and enhanced utilization of valuable Viacom properties and brands, including at MTV, BET and Nickelodeon. In the year, Paramount Television revenues grew 127% to over \$400 million in fiscal year 2018 with popular programming launching on key content platforms.

We launched a global, cross-portfolio studio production initiative to leverage our considerable intellectual property library to produce new, first-run, episodic content for third-party distributors. This initiative has been driven by the launch of Viacom International Studios, leveraging our international brands and platforms, including at Elephant House Studios in the UK and our newly-established domestic studios housed under Nickelodeon and MTV.

We launched Viacom Digital Studios to accelerate the production of original programming for consumption across the leading social platforms to build loyalty for, and engagement with, our flagship brands. We acquired Awesomeness, which creates programming for various social and subscription video-on-demand platforms and produces premium original series and films through its Emmy Award-winning dedicated television and film studios.

We secured agreements with key distribution partners to strengthen our core distribution business. In most of these deals, we modernized rights grants beyond linear to deliver a better consumer experience. In addition, we strategically expanded our distribution relationships to capitalize on our advanced advertising and content capabilities.

We continued to innovate in advertising sales, pioneering new methods to improve monetization and measurement of viewing of, and audience engagement with, content across all platforms. Our advanced marketing solutions (“AMS”) portfolio both utilizes advanced addressable video inventory to allow dynamic ad insertion and advanced targeting and provides our marketing partners with a variety of consulting and creative services and associated activations. In the fourth quarter, AMS revenue grew 32% year-over-year, and in fiscal year 2018 AMS grew to be 10% of our advertising sales business.

We launched a global consumer products group to manage our consumer products business across the company, with oversight of product and business development, licensing, merchandising, retail sales and marketing.

We launched a program of cost transformation initiatives to improve our margins, including an organizational realignment of support functions across our Media Networks segment, new sourcing and procurement policies, real estate consolidation and technology enhancements. We achieved more than \$100 million in savings in fiscal year

2018, and expect the initiatives to result in approximately \$300 million of run-rate savings in fiscal 2019 and beyond. We drove a significant reduction in our leverage, reducing debt by approximately \$1 billion by using our excess cash to redeem notes and debentures.

And we continued to consolidate and mobilize an improved senior management team, with new leadership at key brands and business units.

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**EXECUTIVE COMPENSATION**

Our Rationalized Compensation Approach

Our Compensation Philosophy

We compete for talented executives in a highly-compensated industry globally, with the majority of our executives located in the New York and Los Angeles markets.

The goal of our compensation programs is to provide competitive compensation packages that (1) help ensure we have the talented executives and employees we need to achieve our strategic operating and financial goals and deliver financial returns to our stockholders over both the short term and the long term, and (2) compensate our executives and employees in a way that appropriately encourages and rewards their performance. To achieve this, our compensation packages are designed to reward (i) company performance as measured by strategic, operating and financial results, (ii) individual contributions to those results and (iii) stock price growth on both an absolute and a relative basis. The Committee seeks to ensure that a large portion of our NEOs' compensation is performance-based and/or equity-linked rather than fixed pay elements, and awards are balanced between short-term and long-term compensation to incentivize our executives to achieve strong operating and financial results, while achieving long-term strategic objectives that drive stockholder value.

With each compensation decision, the Committee takes a holistic approach and considers information and recommendations from several sources. The Committee considers:

- the executive's individual performance and qualifications;
- the executive's professional experience, tenure and accomplishments at our company and/or within the industry;
- the company's recent performance;
- the executive's compensation history at our company;
- compensation levels of executives at comparable levels within the company;
- past and evolving practices of our media and entertainment industry peer companies and other comparable public companies;
- competitive conditions, management development and succession planning activities;
- input from Pearl Meyer; and
- input from management.

Our Continuing Shift to Components that Emphasize Performance-Based over Fixed Compensation

In fiscal year 2018, we continued to shift our executive compensation to further emphasize performance-based over fixed compensation and align compensation levels with the company’s overall

strategy. Specifically, among other things, steps taken include:

|                                  |  |
|----------------------------------|--|
| Pay Mix                          | To better align pay with performance, over time we are shifting executive compensation packages towards increasing equity-based compensation and decreasing cash compensation.   |
| Bonus                            | Our Short-Term Incentive Plan (“STIP”) design is tailored to each business unit to better align with unit-specific priorities and business variability. The selection of metrics, their weighting and the payout curves vary by business unit. This provides employees with a clearer and more direct understanding of how they can impact STIP outcomes.  |
| Performance Share Units (“PSUs”) | We modified the mix of equity awards for our NEOs and other designated senior executives to include PSUs in addition to stock options and RSUs, as part of a continuing shift towards performance-based pay for the company’s leadership. In addition, for the PSUs awarded in fiscal year 2018, 75% of the total target award was based on the internal metric of fully-diluted adjusted earnings per share (“EPS”), and the remaining 25% was based on the external metric of total shareholder return (“TSR”) performance of the company’s Class B common stock in comparison to the TSR performance of the companies in the S&P 500. Payout is capped at 200%. Executives receiving PSUs are also required to hold any shares resulting from settlement of the PSUs for a period of six months. For additional information regarding the PSU awards, see “Fiscal Year 2018 Named Executive Officer Compensation and our Pay-for-Performance Approach – Equity Awards – Performance Share Units.” |

### The Components of our Compensation Program

Our compensation program includes annual base salaries, a cash bonus plan that rewards annual performance, a long-term equity plan, health and retirement benefits and severance and restrictive

covenants. Each component is designed to serve a specific purpose. The Committee considers each component individually and in light of the overall

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value of the compensation package as part of its pay-for-performance approach.

Each of our NEOs has an employment agreement in which the Committee sets the components of compensation and initial compensation levels.

| Component                           | Compensation Profile                                 | Rationale  |
|-------------------------------------|--|--|
| Base Salary                         | Fixed; Merit increases reflect performance           | Rewards individual experience, performance and tenure, and considers competitive internal and external market data   |
| Annual Cash                         | Performance-based                                    | Rewards annual company operating and strategic performance and individual performance during the year  |
| <b>Bonus</b>                        |  |  |
| Long-Term Equity Awards             | Performance-based and/or linked to stock performance | <p>Contain multi-year vesting periods and/or performance conditions designed to motivate employees to focus on long-term growth and create stockholder value. Stock options have no value if our stock price does not increase over the exercise price. Performance Share Units and Restricted Share Units help support long-term retention of executive talent.</p> <ul style="list-style-type: none"> <li>•Stock options: vest in equal annual installments over 4 years</li> <li>•Performance Share Units: vest at the end of a performance period of 3 years, provided performance targets are met</li> <li>•Restricted Share Units: vest in equal annual installments over 4 years</li> </ul> |
| Health and Retirement               | Fixed  | Support the health and safety of our employees and provide mechanisms for retirement savings. Our NEOs and other executives participate in the same health and retirement benefits as the rest of our employee population.   |
| <b>Benefits</b>                     |  |  |
| Severance and Restrictive Covenants | Contingent   | Provide cash payments upon termination without “cause” or resignation for “good reason” (as defined in the executive’s employment agreement) capped at two times base salary and target bonus. No severance payment is made if an employee leaves voluntarily or is terminated for “cause.” Severance protections are designed to attract and retain talent in a competitive marketplace, allow executives to think and act without the distraction of possible termination (balanced by our ability to terminate without “cause”) and provide   |

## Base Salary

Base salaries for our NEOs and other executive officers are generally reviewed annually by the Committee and increased at its discretion if individual performance and competitive considerations warrant.

## Annual Performance-Based Cash Bonus

Our annual bonuses are paid under our STIP, which is a broad-based program that we use to incentivize and reward management at all levels to obtain superior operating, strategic and individual results during a particular year. Prior to the start of fiscal year 2018, the Board approved a fiscal year 2018 budget that, consistent with prior years, contained challenging targets to drive growth. The Committee then established 2018 bonus targets that were directly linked to achievement of the budget's goals as well as specific qualitative objectives. A participant's ability to realize a bonus at target is directly linked to the company's achievement of results at budget.

Our NEOs participate in the Senior Executive STIP, a plan that contains a separate performance goal and, for fiscal year 2018, was designed to comply with the provisions on performance-based compensation of Section 162(m) of the Internal Revenue Code ("Section 162(m)") that were in effect for fiscal year 2018. This performance goal was achieved in fiscal year 2018, since our operating income for STIP purposes of \$2.571 billion exceeded the performance

target set for the Senior Executive STIP of \$1.555 billion. The Senior Executive STIP provides for a maximum allowable bonus amount of eight times base salary or \$50,000,000, whichever is lower, if the performance target is achieved and certified by the Committee. The Committee then applies it