National Amusements, Inc. Calls for Changes to Viacom's Top Leadership in Response to Third Quarter 2016 Earnings

It is time for Viacom's current directors to stop supporting failed management

August 4, 2016

Norwood MA—National Amusements, Inc., the owner of a majority of Viacom Inc.'s (NASDAQ: VIAB, VIA) voting stock, issued the following statement today in response to Viacom's third quarter 2016 earnings:

"Viacom's overall performance continues to highlight the need for changes to leadership at the company, as National Amusements and many other investors have called for. In recent years, the company's senior management has overseen a steep erosion of revenue growth, earnings, operating performance, financial capacity and shareholder returns—with Viacom ranking at or near the very bottom of industry peers across many of these critical metrics. At the same time, there has been a significant exodus of creative and business talent. Viacom's third quarter performance does little if anything to change these adverse trends.

It is National Amusement's view that the current Viacom leadership has failed to articulate a credible long-term plan to reverse the company's decline. Viacom's decline has manifested itself in many ways:

1. Over the two years ending June 15, 2016, the day before National Amusements announced the election of five new Viacom directors, Viacom's stock price dropped more than 50% compared to a median decline of 12% for industry peers. Total shareholder returns have also consistently lagged by large margins, declining 48% compared to a median decline of 10% for industry peers over the same two year period. Further, the company's multiple to earnings has significantly contracted and stands at a meaningful discount to peers.

2. The compound annual growth rate (CAGR) of Viacom's revenue between 2013 and 2015 was negative 3% compared to median industry CAGR of more than 3%, and this diverging trend has continued through the first half of 2016.

3. Major Viacom networks have lost important creative talent and experienced substantial declines. Over the period 2013 to 2015, ratings were down double-digits, advertising revenues shrunk and subscriber losses mounted. Viacom's performance across each of these metrics is substantially worse than prevailing industry trends, and this has continued through the first half of 2016.

4. Management has foregone valuable business opportunities and instead devoted enormous capital to share buybacks in lieu of investments in core franchises, digital distribution and strategic M&A. Between FY 2011 and FY 2015, Viacom spent approximately $15 billion on buybacks at an average cost of approximately $61 per share—nearly 40% more than its current stock price—while free cash flow has fallen by $750 million over the last two years.

5. This week, Moody's Investors Service warned that it may downgrade Viacom's credit rating, which could make it more expensive for the company to continue to finance its debt.

Notwithstanding management's failures and Viacom's declining performance, CEO Philippe Dauman's contract was extended through 2018, he was promoted to Chairman, and (as Viacom disclosed in January 2016) he was awarded $54.2 million in compensation for 2015, a 22% increase over 2014. Mr. Dauman is the third highest paid CEO in the United States and among the worst as measured by pay for performance. Including his pre-negotiated "golden parachute," he stands to receive almost a half billion dollars for a tenure that has seen the marked decline of one of the nation's greatest media companies.

National Amusements is confident in the underlying value and potential of Viacom's assets. To begin the process of strengthening Viacom, National Amusements exercised its rights to appoint five new directors, with impeccable credentials, who will bring fresh forward-looking thinking to the board. Other major investors have endorsed these new directors and urged the board to promptly replace current leadership. On the day that National Amusements announced these appointments, Viacom's stock price surged 7%. However, against the interests of all shareholders, the current board continues to allow Viacom to remain in a state of prolonged and costly paralysis, obstructing changes that are essential to revitalize the company's assets and create long-term value.

National Amusements believes that it is time for Viacom's current directors to stop supporting failed management and start representing shareholders, by allowing the new board to take the reins, and return the company to its position as an industry leader."

About National Amusements, Inc.

National Amusements, Inc., is a world leader in the motion picture exhibition industry operating more than 950 movie screens in the U.S., U.K. and Latin America. National Amusements delivers a superior entertainment experience in theatres around the world under its Showcase, Cinema de Lux, Multiplex, SuperLux and UCI brands. Based in Norwood, Massachusetts, National Amusements is a closely held company operating under the third generation of leadership by the Redstone family. National Amusements is also an equal partner in the online ticketing service MovieTickets.com and is the parent company of both Viacom and CBS Corporation. National Amusements, directly and through subsidiaries, holds approximately 79.8% of the Class A (voting) common stock of Viacom Inc., constituting 10% of the overall equity of the Company. National Amusements, directly and through subsidiaries, also holds approximately 79.5% of the Class A (voting) common stock and 2.2% of the Class B (non-voting) common stock of CBS Corporation, constituting 8.6% of the overall equity of the Company.

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