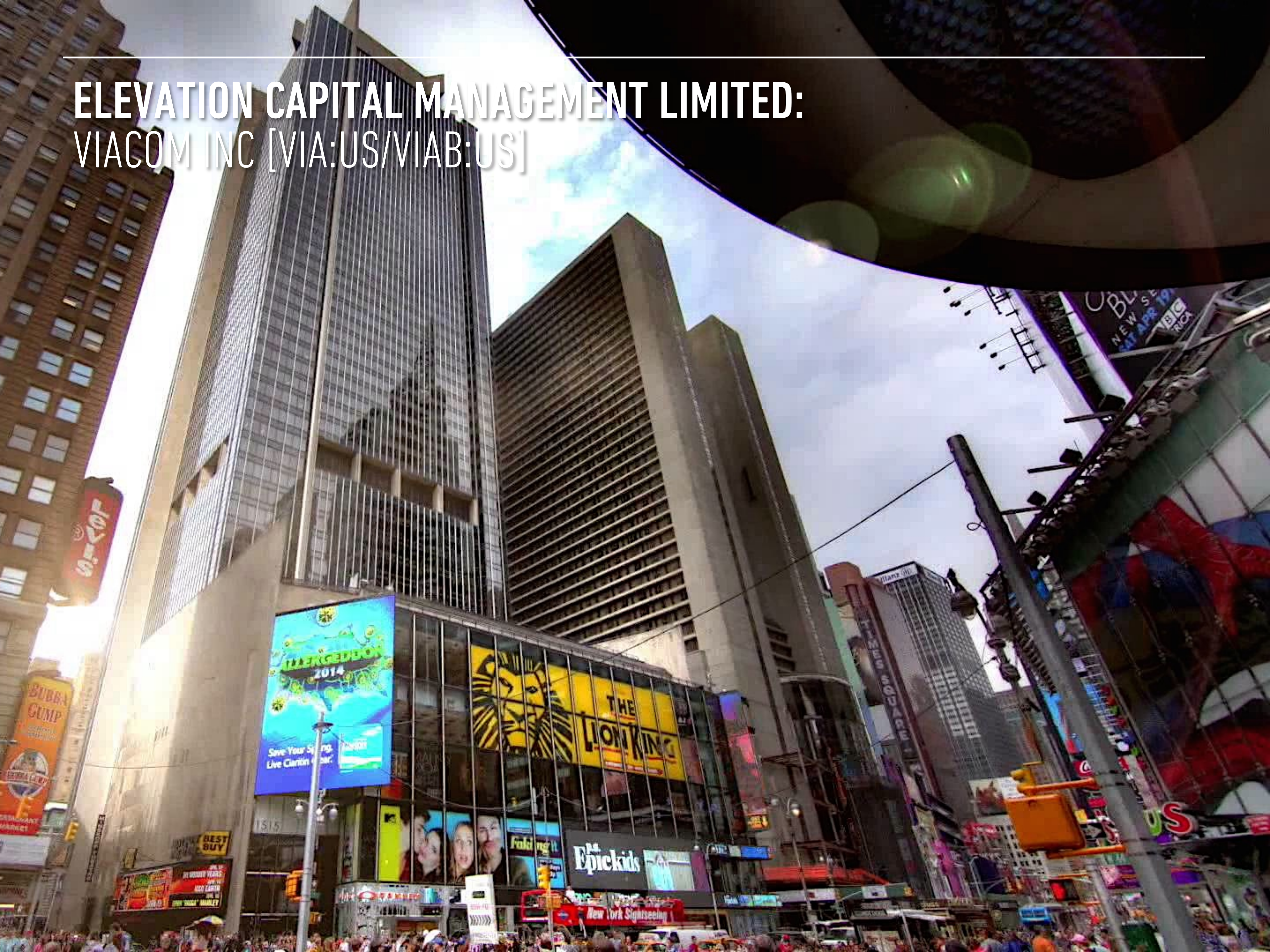
ELEVATION CAPITAL MANAGEMENT LIMITED:
VIACOM INC [VIA:US/VIAB:US]



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VIACOM INC: INTRODUCTION

Viacom Inc is an American global mass media company which owns some of the most popular TV channels in the world, as well as Paramount Pictures, a producer and distributor of films. It is the sixth largest broadcasting and cable company in the world (based on revenue).

It is home to some of the world's premier entertainment brands that connect with audiences through compelling content across television, motion picture, online and mobile platforms in over 160 countries and territories.

With media networks reaching approximately 700 million global subscribers, Viacom's leading brands include: MTV, VH1, CMT, Logo, BET, CENTRIC, Nickelodeon, Nick Jr., TeenNick, Nicktoons, Nick at Nite, COMEDY CENTRAL, TV Land, SPIKE, Tr3s, Paramount Channel and VIVA.

Paramount Pictures, America's oldest film studio and creator of many of the most beloved motion pictures, continues today as a major global producer and distributor of filmed entertainment.

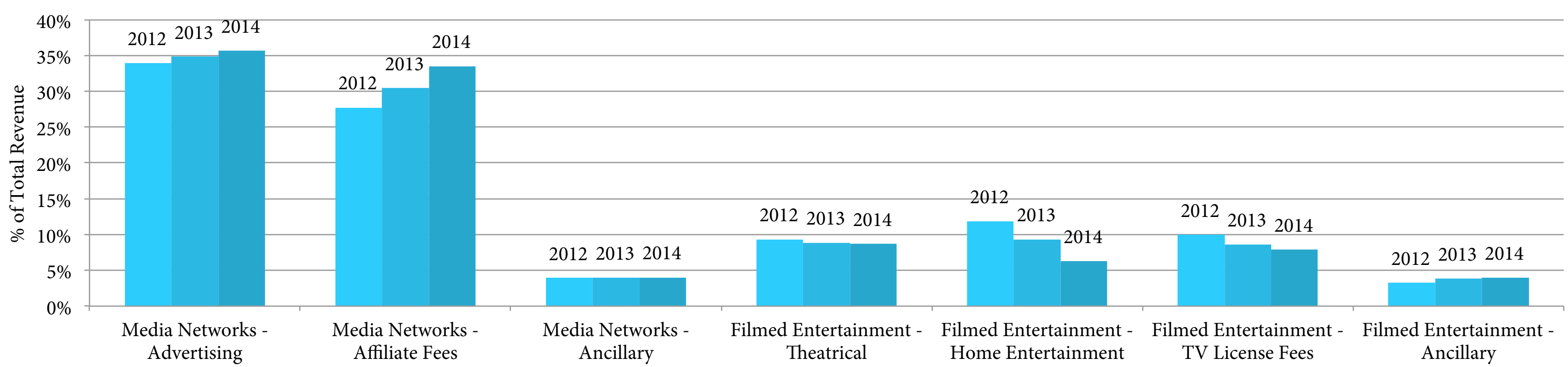
SOURCE: HTTP://WWW.VIACOM.COM/ABOUT/

VIACOM INC: TWO BUSINESS SEGMENTS – DIVERSE INCOME STREAMS

Media Networks
73% of Revenue

Filmed Entertainment
27% of Revenue

Revenue by Category



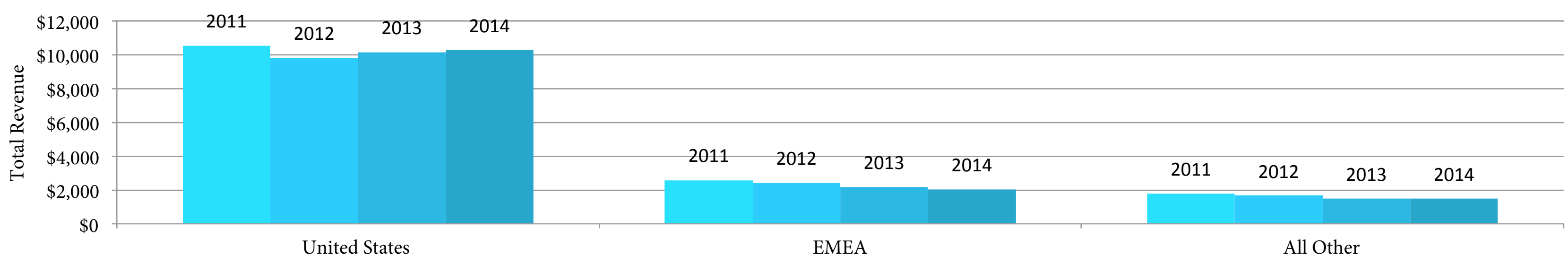
SOURCE: VIACOM 2013, 2014 ANNUAL REPORTS

VIACOM INC: THREE GEOGRAPHICAL SEGMENTS – US MARKET STILL DOMINATES

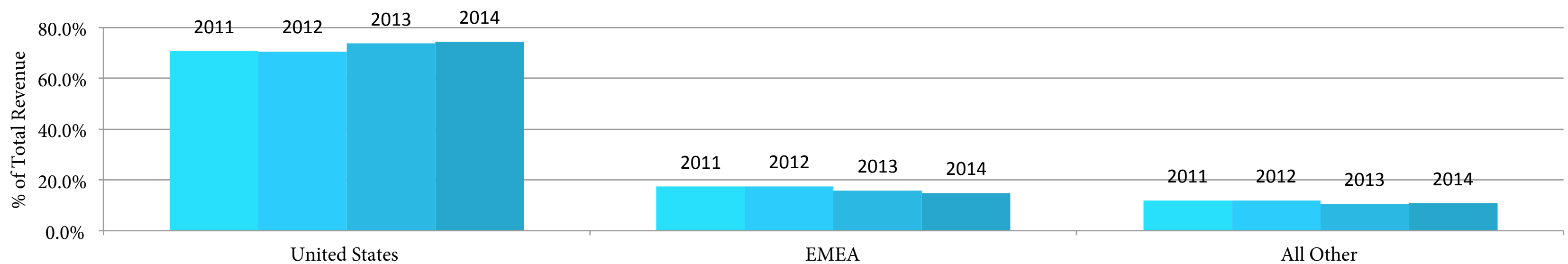
International Expansion Struggling

- Viacom's principal international businesses are in Europe. The United Kingdom and Germany together accounted for approximately 45% of total revenues in the Europe, Middle East and Africa ("EMEA") region in 2014
- Viacom continued to expand its international reach in recent years, with global initiatives including Comedy Central Latin America and Viacom 18 Media, a joint venture with Indian Network 18
- However, the international segment continues to struggle and has declined in revenue terms versus the US market since 2011 (25.6% of revenue in 2014 vs 29.3% revenue in 2011)

Revenue by Geography



% of Revenue by Geography



SOURCE: VIACOM 2012, 2013, 2014 ANNUAL REPORTS

VIACOM INC: HISTORY

1971	Viacom completes the spin-off from Columbia Broadcasting System (CBS)
1985	Viacom acquires ~66% of MTV Networks
1986	Viacom acquires the remaining interest of MTV Networks for US$ 185,000
1987	National Amusements, Inc acquires 83% of Viacom
1994	Viacom completes US$ 9.9B merger with Paramount Communications Inc
1999	Viacom (VIA, VIAB) starts trading on NYSE
2000	Viacom completes US$ 39.8B merger with CBS Corporation
2001	Viacom acquires BET Holding II, Inc for US$ 3B
2002	MTV acquires The College Television Network
2003	Viacom acquires the remaining 50% in COMEDY CENTRAL for US$ 1.2B
2005	Viacom separates into two companies: Viacom Inc and CBS Corporation
2006	Paramount Pictures acquires DreamWorks LLC
2008	Viacom and Paramount Pictures form EPIX, a JV with MGM and Lionsgate
2012	Paramount celebrates its 100th anniversary

SOURCE: HTTP://WWW.VIACOM.COM/ABOUT/PAGES/HISTORY.ASPX

VIACOM INC: HOME TO SOME OF THE WORLD'S PREMIER ENTERTAINMENT BRANDS

Launched in 1989, Comedy Central is an American cable and satellite TV channel that carries only comedy programming. It has localised channels in over 20 countries and approximately 97.8M* households in the US receive Comedy Central.

MTV was launched in 1981, originally with the purpose of playing music videos. More recently the program has targeted adolescents and young teenagers. Approximately 97.7M* households in the US receive MTV.

Originally called Pinwheel, Nickelodeon's programming is geared towards kids in the 8-16 age bracket, while its morning programming is aimed toward younger children from 2-8. It reaches approximately 98.8M* households in the US.

Paramount Pictures is a global producer of filmed entertainment. It is consistently ranked as one of the big six film distributors of Hollywood. Its most successful film series include Transformers, Mission Impossible, Indiana Jones, The Godfather and Star Trek.

VH1 was launched in 1985 with the intention to capture the success of MTV but targeting an older demographic. It has become increasingly popular for its focus on producing reality TV that relates to music. The channel reaches approximately 96.8M* households in the US.

BET (Black Entertainment Network) is the most prominent TV network targeting African American audiences, reaching approximately 90M* households in the US.

* AS AT AUGUST 2013

VIACOM INC: HOME TO SOME OF THE WORLD'S PREMIER ENTERTAINMENT BRANDS

Centric is an American general interest cable television channel geared towards African-American women. A Black Entertainment Television (BET) channel, it was formerly known as BET on Jazz, BET Jazz, and BET J. It reaches approximately 52.0M* households in the US.

Launched in 2009, EPIX is a premium cable/satellite TV network and subscription video-on-demand service. It is a JV between Viacom, MGM and LionsGate, and Viacom handles the operational support for the channel. It competes with HBO and Starz.

Logo was launched in 2005 and is focused on the lesbian, gay and transgender audience. It reaches approximately 52.2M* households in the US.

CMT (Country Music Television) focuses on the production and airing of country music videos, concerts and biographies of country music stars. CMT reaches approximately 91.3M* households in the US.

Spike targets males by featuring a mix of comedy and drama series along with movies, all of which primarily appeal to men. It reaches approximately 98.7M* households in the US.

TR3S focuses on the Latin American audience. It features content in both Spanish and English languages for bilingual audiences between the ages of 12 to 34. It reaches approximately 36M* households.

TV Land (originally "Nick at Nite's TV Land") distributes classic TV series as well as reality series and recently released movies. It is received by approximately 96.3M* households in the US.

* AS AT AUGUST 2013

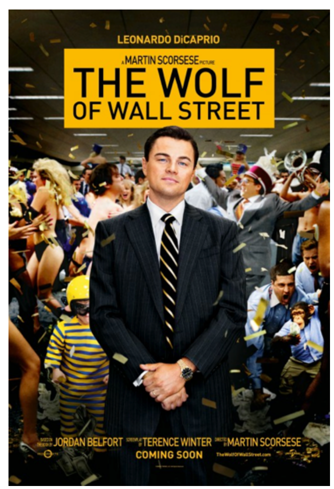
VIACOM INC: HOME TO SOME OF THE WORLD'S PREMIER ENTERTAINMENT BRANDS

Star Trek – Into Darkness, directed by J.J. Abrams was the highest-grossing movie in the Star Trek franchise, with gross earnings of over US$ 467M worldwide

Currently, Paramount Pictures owns the distribution rights for the first four Indiana Jones movies, and will receive "financial participation" from additional films from the series

VIACOM INC: VIA DISTRIBUTION RIGHTS

VIACOM INC: HOME TO SOME OF THE WORLD'S PREMIER ENTERTAINMENT BRANDS



VIACOM INC: VIA CONTENT OWNERSHIP

VIACOM INC: OWNERSHIP – SUMNER REDSTONE AND NATIONAL AMUSEMENTS

- National Amusements Inc (NAI) was founded in 1936 as the Northeast Theatre Corporation by Michael Redstone
- Sumner Redstone, the son of Michael Redstone is currently the majority owner of NAI (80%), and his daughter Shari Redstone owns the remaining 20%
- NAI owns the majority of voting shares of Viacom, Inc (VIA.US) and CBS Corp (CBS/A.US), which makes Sumner Redstone the controlling shareholder of both public companies
- There was speculation that media bankers were pitching to potential acquirers of Viacom and/or CBS after the media mogul, who is 91, sounded feeble on a 13 November 2014 earnings call**

Sumner Redstone
80%

Shari Redstone
20%

NATIONAL AMUSEMENTS
Discover a World of Entertainment

31.1M (**80%**) of
Class A Shares (**voting**)*

CBS CORPORATION

40.2M (**79%**) of
Class A Shares (**voting**)*

560M of Class B Shares
(non-voting)

VIACOM

* DATA SOURCE: THOMSON REUTERS AS AT 3 FEBRUARY 2015
** HTTP://NYPOST.COM/2014/12/04/EAGER-BUYERS-HOPING-FOR-EARLY-SUMNERS-END-TO-VIACOM-REIGN/

VIACOM INC: FUTURE OWNERSHIP?

* DATA SOURCE: HTTP://WWW.VANITYFAIR.COM/NEWS/2015/05/SUMNER-REDSTONE-RETIREMENT-HEALTH-VIACOM-FUTURE

VIACOM INC: FUTURE OWNERSHIP?

Few questions loom larger in American media than the fate of 91-year-old Sumner Redstone's estimated $6.4 billion empire—comprised mostly of his controlling interests in CBS and Viacom. And though Redstone is fond of professing that he will live forever, in Vanity Fair's June issue, contributing editor William D. Cohan investigates rumors of the mogul's mental and physical decline, and the Shakespearean power plays at work in Redstone's kingdom as he nears his 92nd birthday.

Redstone, who seems to be off limits to outsiders these days, tells Cohan via e-mail that his routine hasn't changed much: "I still get up at 4:30/5 a.m. every day I ride my bike and go to the pool and get a haircut. I'm really into watching sports."

But according to someone who recently visited with him, things sound far worse: "Sumner (a) cannot speak and (b) hasn't had a meal since Labor Day other than tubes. I think there's a big charade going on that Sumner's doing fine. . . . I think he's pretty out of it. . . . He can't speak, and I don't know how much he knows what's going on."

Viacom designated C.O.O. Tom Dooley and Carl Folta, longtime head of communications, to address questions about Redstone's health. According to Dooley, "His memory—you talk about remembering stuff? He would remember what we said two weeks ago, word for word. That's one of his most amazing skill sets over time is his ability to remember everything." Dooley does concede that "he's lost some of his mobility in his jaw," adding that Redstone has been working with a speech therapist. He does not walk well or easily and has round-the-clock staff to help him move. "He can't run out of a building," Dooley explains.

Adds Folta, "He doesn't want to fall, like most people his age, and break something. He has somebody around him that can make sure that he doesn't slip."

Regarding the question of Redstone needing a feeding tube, Folta says, "We are not going to comment one way or the other because we respect Sumner's desire to keep private specific information about his health."

While Dooley says, "He's sharp as a tack," another source tells Cohan, "He's not. He really is not. It's a sham."

Redstone's friend Robert Evans tells Cohan, "Like everybody else, Sumner has good days and bad days," but the legendary producer can't get off the phone fast enough when asked about Redstone's health: "I really don't want to talk about him." A person who visited with Evans recently broached the topic. "He looks like he's dead," he told Evans, who is said to have replied, "Well, you should see him in person—he looks even worse."

* DATA SOURCE: HTTP://WWW.VANITYFAIR.COM/NEWS/2015/05/SUMNER-REDSTONE-RETIREMENT-HEALTH-VIACOM-FUTURE

VIAMCOM INC: OPPORTUNITY – UNCERTAINTY AROUND AFFILIATE RENEWALS

- In 2014, some smaller pay-TV distributors such as Cable ONE and Suddenlink chose to drop Viacom's networks instead of renew its affiliate deal
- The market worries that Viacom might fail to reach an agreement with DISH which has 14M+ subscribers in the upcoming negotiation for the affiliate renewal
- At the same time, analysts are calling for a Viacom-CBS reunion or combination with another cable programmer to strengthen its negotiating power with pay-TV distributors

MARCH 2014	Cable ONE (0.7M subs) permanently dropped its Viacom channels.
APR 2014	Hearst Television pulled its signals to 29 stations from DISH Network viewers in 25 markets for 14 hours, even though DISH offered to keep the networks on while negotiations continued.
SEP 2014	Suddenlink (1.4M subs) permanently dropped all of the Viacom channels from their lineup.
OCT 2014	Turner Broadcasting pulled ten of its channels from DISH subscribers over high rate increases. This dispute is still ongoing.
NOV 2014	AMC informed customers that they are in a possible contract dispute with DIRECTV (20M subs in US). AMC has a history of aggressive tactics with distributors.
NOV 2014	CBS and DISH agreed to an extension of their agreement but CBS pulled their signal from DISH customers before finally coming to an agreement in December.
2015	**Viacom is negotiating affiliate renewal with DISH, which has 14M+ subscribers**

SOURCE: HTTP://WWW.TVONMYSIDE.COM/INDEX.PHP/PAST-DISPUTE-LIST

VIACOM INC: OPPORTUNITY – UNCERTAINTY IN AUDIENCE MEASUREMENT

- Nielson is the primary market research firm which measures the ratings of individual programs and channels
- Analysts, as well as some Viacom senior management, have questioned the ability of Nielson to accurately measure the viewership of channels such as Nickelodeon and MTV, which increasingly has viewers streaming content via computer or portable devices such as iPads
- Since 2011, Phillipe Dauman, the President and CEO of Viacom, questioned a steep decline in Nickelodeon's reported viewership figures
- Nielson subsequently revealed that their methodology for estimating viewership among children was flawed. However, they maintained that this had nothing to do with the Nickelodeon ratings which they reaffirmed
- More broadly, uncertainty around the delivery of content in terms of distribution models (bundling, single channel, single program etc.) has contributed to Viacom's negative share price performance, and we believe there is scope to close this value gap as the means of distributing content is firmed up

The New York Times http://nyti.ms/1uq4AHW

MEDIA

The Chief of Viacom Says Nielsen Is Outdated

By EMILY STEEL NOV. 13, 2014

Faced with ratings and advertising declines, the chief executive of Viacom criticized the television research firm Nielsen on Thursday for failing to keep pace with the way people watch TV.

Ratings for Viacom's networks, which include MTV, Comedy Central and Nickelodeon, tumbled 15 percent during the quarter that ended in September, according to Nielsen data compiled by Bernstein Research. Those ratings challenges led Viacom's domestic ad sales to decline 5 percent for the quarter, the company reported Thursday.

Philippe Dauman, Viacom's chief executive, said a large portion of the viewing of Viacom networks was through mobile apps, gaming devices and other platforms that traditional Nielsen ratings do not include.

"We are in a transitional moment with existing measurement services that have not caught up to the marketplace," Mr. Dauman said during a conference call. "They are trying to catch up. I am sure they will eventually catch up. In the meantime, we are not waiting for that."

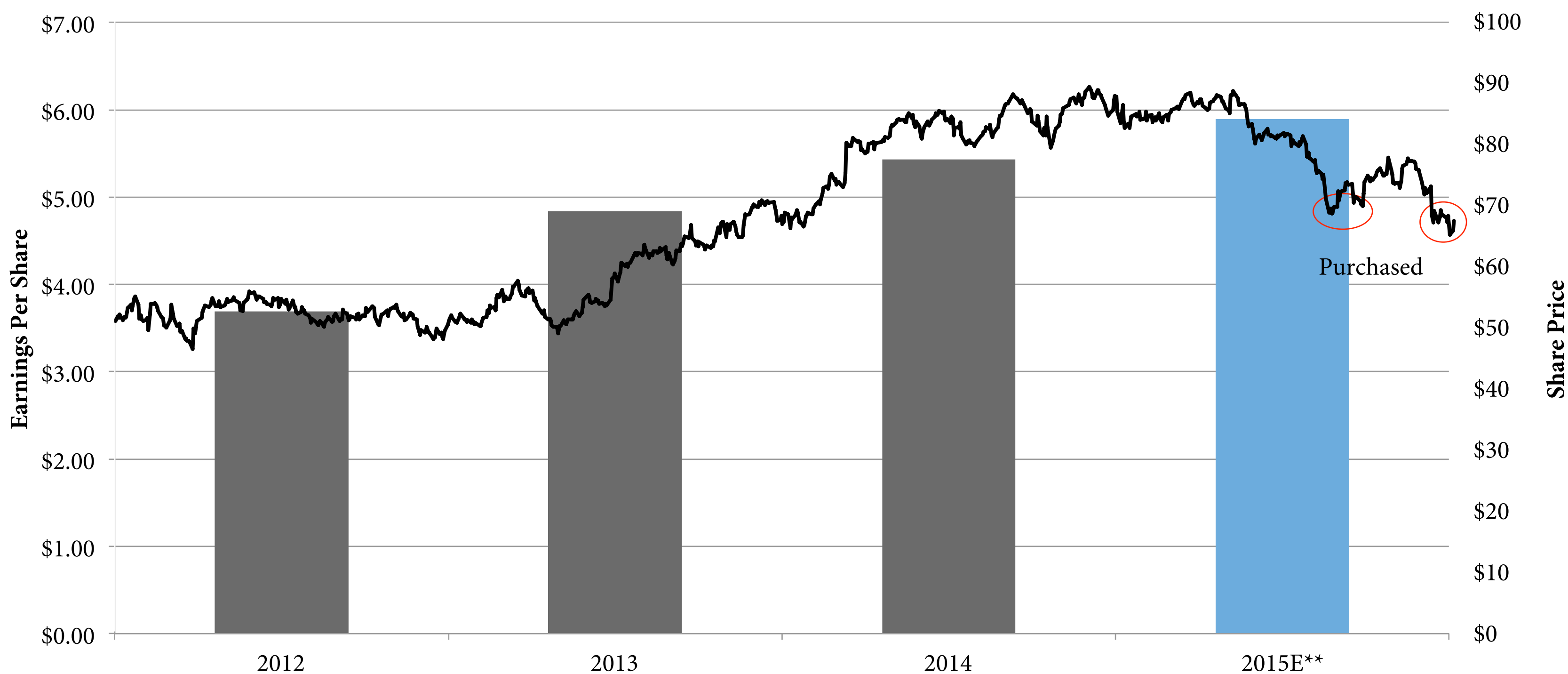
Viacom CEO Plans End-Run Around Nielsen As It Looks To Digital Growth

By David Lieberman *on* Nov 13, 2014 7:03 am

Viacom CEO Philippe Dauman laid into Nielsen this morning, announcing a major effort to make the entertainment company less dependent on the ratings company to measure its audiences. Like many moguls, he says the steep recent drop in cable ratings is partly due to Nielsen's slowness to count people who watch TV on mobile and gaming devices — a big concern for Viacom because its networks, including MTV and Nickelodeon, appeal to young audiences. He wants to use alternative systems, including in-house audience analysis units, to negotiate 50% of its ad sales over the next three years, up from 30% in the fiscal year that ended in September. He also anticipates more sponsorships, dynamic ad insertion, and novel ad sales deals.

VIACOM INC: UNCERTAINTY PRESENTS OPPORTUNITY

- We believe the declining share price (down ~25%) since March 2014 provides an opportunity to invest in this great franchise with possible catalysts in the short to medium term
- We started to build our position in October 2014, at an average cost of US$ 69.51 for the A shares (to date*)
- Current share price (Class A Share)* = US$ 67.13 (Market Capitalisation = US$ 26.4B)

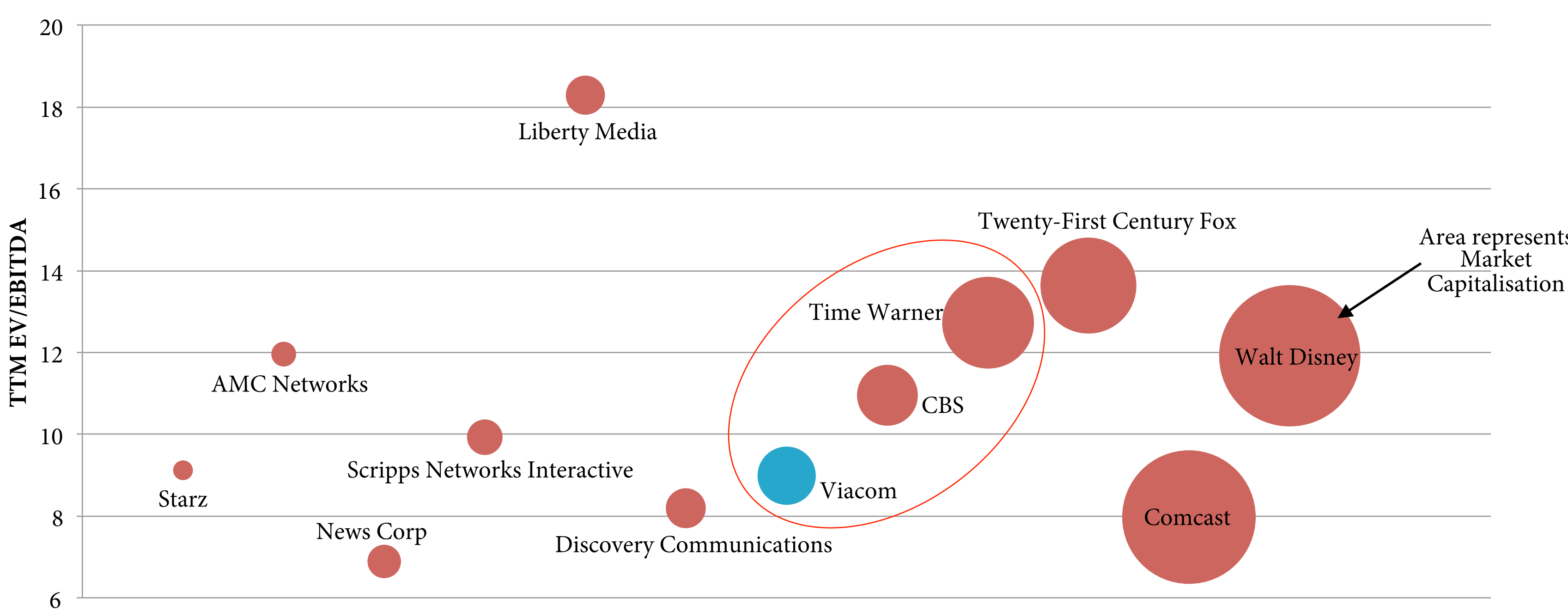


* AS AT 3 FEBRUARY 2015
** SOURCE: THOMSON REUTERS ESTIMATE AS AT 3 FEBRUARY 2015

VIACOM INC: VIACOM WITHIN THE GLOBAL MEDIA LANDSCAPE

- As technology and consumer habits evolve, content programmers need scale, a strategic partner, or both in order to thrive as the market becomes more global and digital
- Viacom is an attractive potential target for its larger peers / competitors, given the trend of consolidation in the industry (See possible mergers of Comcast/Timer Warner Cable and AT&T/DirectTV)
- Viacom trades at a low valuation multiple and holds brands which may be extremely desirable to its competitors
- We believe that the most strategic value could be achieved via a merger between Viacom, CBS and/or Time Warner

Market Capitalisation and EV/EBITDA



MARKET CAPITALISATION DATA SOURCED FROM THOMSON REUTERS AS AT 3 FEBRUARY 2015

VIACOM INC: VERSUS GLOBAL PEERS

- Viacom trades at a significant discount to its global peers in all traditional metrics, except P/B because of the buyback program since 2011 that has reduced Book Value significantly
- The valuation metrics also suggest that the stock is undervalued on an absolute basis
- Viacom pays a higher dividend than its global peers (in fact the highest in the peer group), returning 1.95% to shareholders per annum on top of the share buybacks conducted by management

Peer Group

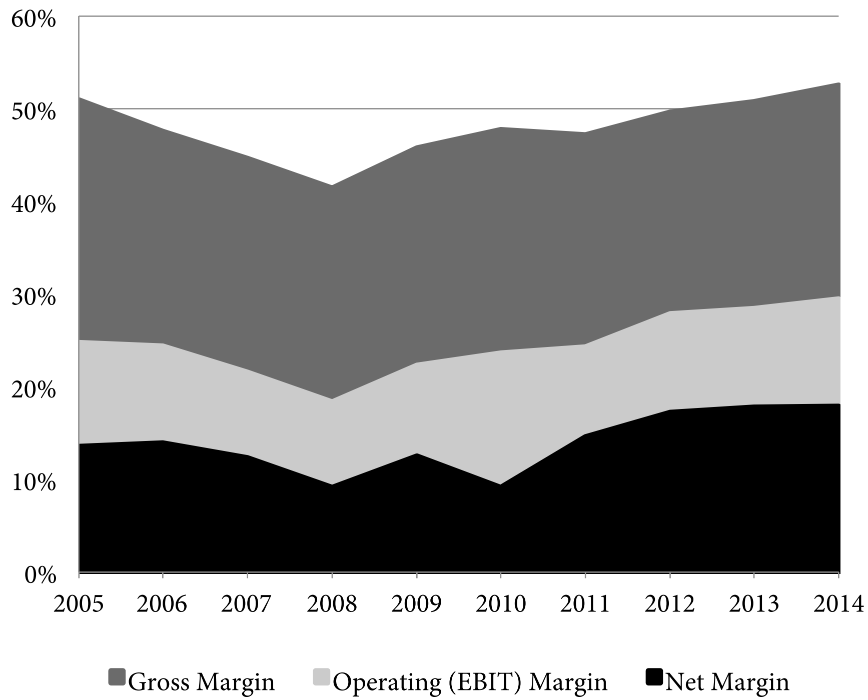
	Trailing P/E	Forward P/E	Price/Sales	EV/EBITDA	Price/Cash Flow	Price/Book	Dividend Yield
AMC Networks	22.0x	15.2x	2.4x	11.9x	16.6x	-11.5x	-
CBS Corp	23.5x	15.7x	2.1x	11.1x	15.8x	3.9x	1.1%
Discovery Communication Inc	14.1x	15.7x	2.2x	8.3x	14.2x	1.9x	-
Liberty Media	6.7x	43.4x	2.7x	18.2x	10.6x	0.3x	-
News Corp	31.9x	29.2x	1.0x	7.1x	12.9x	0.7x	-
Scripps Networks Interactive	19.9x	16.2x	3.7x	10.0x	12.4x	5.9x	1.1%
Starz	12.3x	11.9x	1.8x	8.9x	12.6x	55.9x	-
Time Warner	17.1x	16.9x	2.3x	12.7x	16.0x	2.6x	1.6%
Twenty-First Century Fox	18.5x	17.1x	2.2x	13.6x	20.8x	4.6x	0.7%
Walt Disney	21.7x	18.7x	3.2x	12.0x	15.8xx	3.5x	1.2%
Peer Group Median	**18.5x**	**16.2x**	**2.2x**	**11.1x**	**14.2x**	**3.5x**	**0.7%**
Viacom (Class A Share)	**12.1x**	**11.1x**	**1.6x**	**8.9x**	**9.8x**	**7.9x**	**1.95%**

DATA SOURCE: THOMSON REUTERS EIKON AS AT 3 FEBRUARY 2015

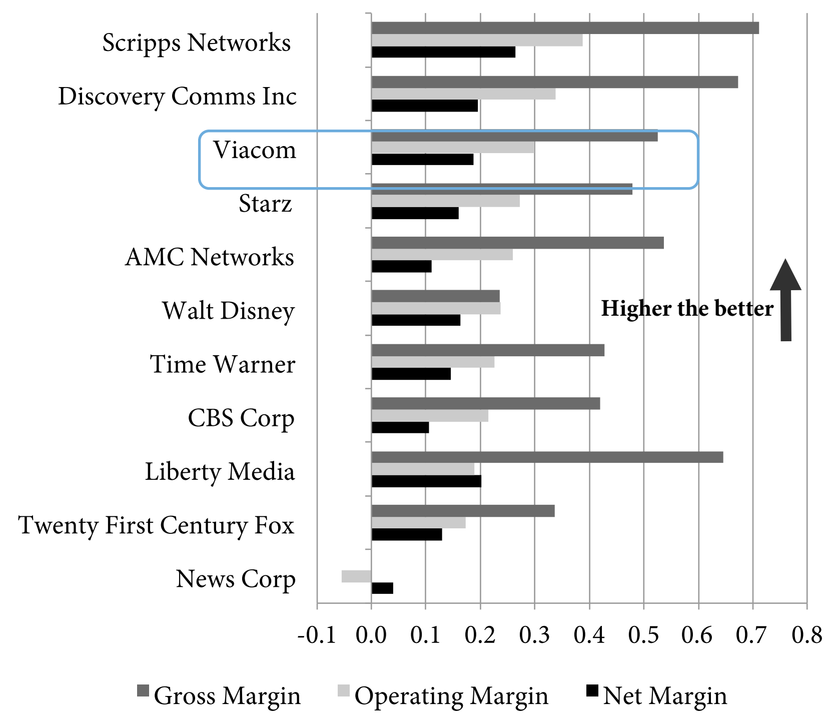
VIACOM INC: THE MARGIN STORY

- There has been solid growth in Viacom's Gross, Operating and Net Margins since 2010. It is now one of the industry leaders in terms of profitability
- This is partially reflective of simple economic growth (businesses are more willing and able to invest in advertising)
- However, Viacom's margins are above industry peer group averages and reflect various cost saving initiatives as well as pricing power through strong brand recognition

Viacom Margins Evolution*



Gross/Operating/Net Margins*



DATA SOURCE: THOMSON REUTERS EIKON

VIACOM INC: CONSOLIDATION IN RESPONSE TO CONSOLIDATION?

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Disney-Discovery? Fox-Viacom? Michael Wolff Predicts M&A Mania and a New Wave of Consolidation

by Michael Wolff
4/9/2015 7:00am PDT

This story first appeared in the April 24 issue of The Hollywood Reporter magazine.

Rupert Murdoch's foiled $80 billion takeover of Time Warner last summer and Comcast's ongoing but stressed effort to pay $45 billion for Time Warner Cable have underlined not so much the difficulties of big media mergers but the "What the hell happens now?" question.

Time Warner's public middle finger to Murdoch and 21st Century Fox hasn't solidified its independence so much as highlighted what a good idea a Time Warner acquisition might be and, to boot, emphasized the attractiveness of a supersize pure-play content business. Likewise, if the FCC kiboshes Comcast's TWC deal, as seems increasingly possible, that only would mean TWC, the No. 2 U.S. cable provider, would need another partner to fortify it in an ever-more-hostile business environment, hence giving other cable companies a chance to match ambitions with Comcast. And, too, it would mean Comcast would need another way to maintain its dominance.

Perhaps never before has consolidation been so much the flavor of the month, nor has it seemed so difficult to get a taste. The table is set, but nobody's sitting down to eat.

On one side, you have largely invulnerable companies: Disney, Fox and Comcast, ultimate winners through 30 years of consolidation and deconsolidation. On the other side, you have everyone else jockeying for position and eyeing one another as marriageable partners — though nobody, so far, is even dancing: Time Warner, Viacom, CBS, Discovery Communications, Scripps Networks, AMC Networks, Starz, Sony, Endemol, Fremantle, Lionsgate; and, in distribution, Time Warner Cable, Cox, Charter, FiOS, DirecTV and Dish Network.

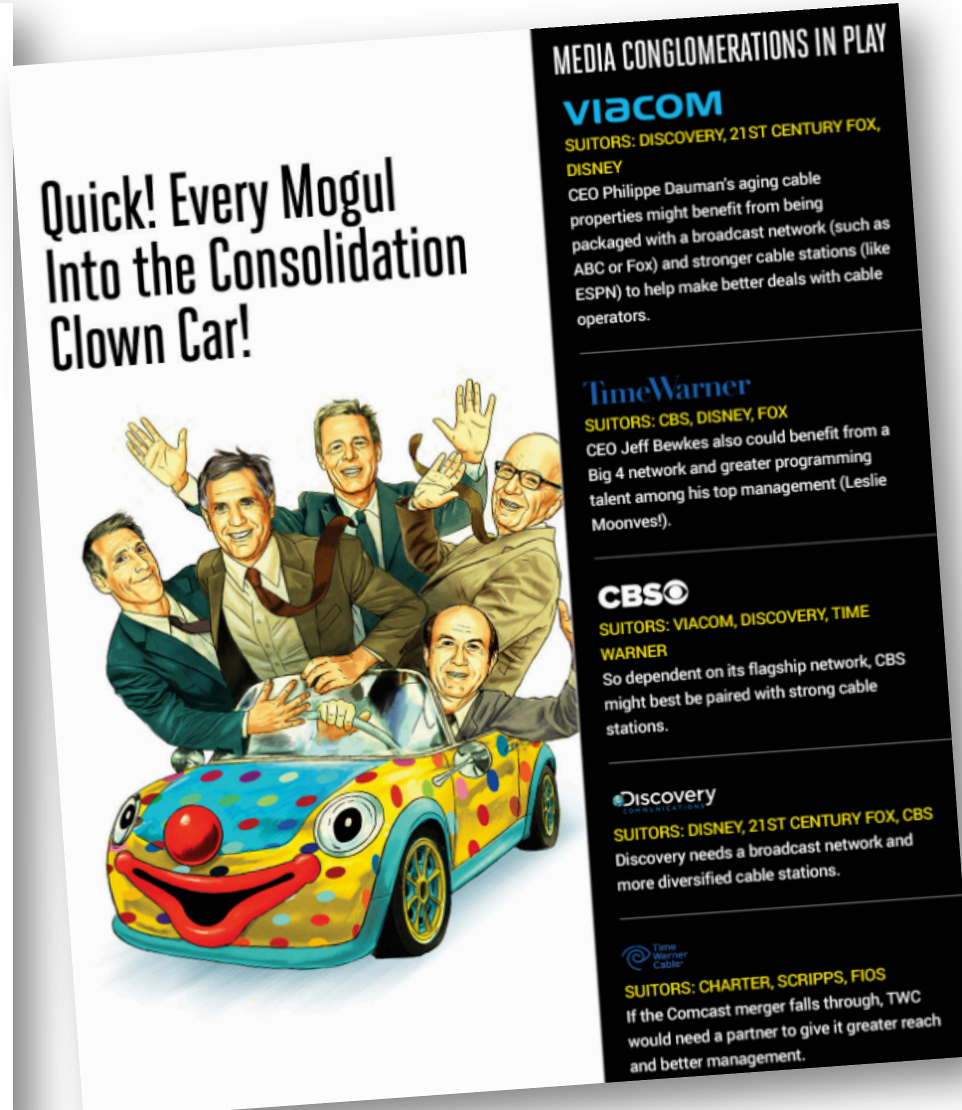
A new set of assumptions frames the media M&A playing field and encourages the hookup game:

- The media business is now all about video — how you make, license, deliver and monetize it. Everything else (print, music, radio, even web), unlike during the convoluted days of horizontal integration, is another business. Pure play makes the logic of acquisition, and the operational exigencies, so much cleaner.
- Distribution and content have become firmly separate (except in the case of ever-less-meaningful theatrical release revenue for movies) and largely antagonistic businesses. There's no myth of synergy, encouraging a balance-of-power strategy: Big negotiates best with big.
- The rapid fracturing of distribution through over-the-top services, set-top options, mobile apps and cloud delivery means a new and unstable fight for dominance — not an unbundling, as digital promoters would have it, but a rebundling. Autonomous a la carte cloud-based services are an unlikely outcome; rather, more likely, someone with cloud-based technology, set-top- box functionality or broadband ubiquity will build a dominant streaming platform — a Spotify for television. In other words, be prepared for the next leviathan (as likely, a bigger version of an existing leviathan).
- The more content you own — or, that is, the more sought-after content you own — the stronger you are in a morphing distribution world.
- Everyone needs a hedge against advertising — in other words, the heft to negotiate higher licensing fees.

But then there are the complicating circumstances standing in the way of what seems like impending merger mania:

- The market, anticipating content's consolidation and noting its growing strength, has made content companies too expensive — the key reason for the failure of the Fox/Time Warner deal.
- Distribution dominance is a battle between digital behemoths and cable behemoths, with the former (Google, Yahoo, Facebook), under the Obama administration, commanding enhanced political sway — hence, uneasy lies the Comcast-TWC deal. (A new administration easily could take back digital's advantage.)

Page 1



VIACOM INC: CONSOLIDATION IN RESPONSE TO CONSOLIDATION?

- Content distributors have initiated a process of consolidation in 2014:
  - AT&T's pending US$ 67B acquisition of DirecTV
  - Comcast's pending US$ 67B acquisition of Time Warner Cable
  - Media General's US$ 1.6B acquisition of LIN Media
  - Liberty Media's US$ 12.7B acquisition of Ziggo
- In response, content producers may also need to consolidate in order to maintain their negotiating positions with distributors
- The table below details M&A transaction precedents (where content producers are M&A targets) over the past 12 years, demonstrating a median takeover multiple of 16x EV/EBITDA
- We apply the conservative ("low-end") multiple of 12x in order to generate what we believe Viacom may be worth in a takeover situation, generating an estimated intrinsic value of US$ 109.66 per share

Recent Transactions*

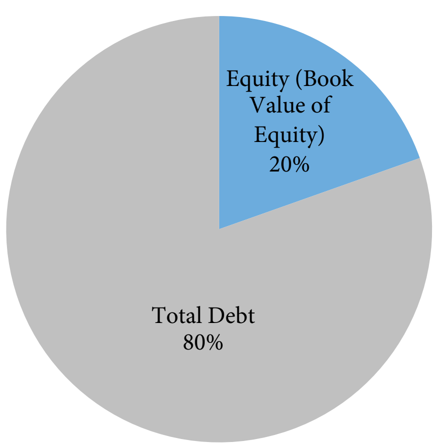
Transaction	Acquisition Price	EV/EBITDA Multiple
Discovery Communications/Liberty Global acquisition of All3Media (2014)	US$ 930M	8.5x
Twenty-First Century Fox rejected acquisition of Time Warner (2014)	US$ 80B	12.6x
Disney/Hearst acquisition of A&E Networks (2012)	US$ 19.2B	15x
Hasbro acquisition of Discovery Kids (2009)	US$ 600M	19x
NBCU/Private Equity acquisition of Weather Channel (2008)	US$ 3.5B	15x
Cablevision acquisition of Sundance Channel (2008)	US$ 496M	14x
Cox acquisition of Travel Channel (2007)	US$ 684M	18x
Time Warner acquisition of Court TV (2006)	US$ 1.5B	18x
CBS acquisition of CSTV (2005)	US$ 325M	17x
GE acquisition of USA Networks (2003)	US$ 8.7B	17x
	Transaction Sample Median:	**16x**

* SOURCES: DISCOVERY COMMUNICAITONS INC 8 MAY 2014 ANNOUNCEMENT, NEW YORK TIMES 18 JULY 2014 & BOYAR RESEARCH REPORT ON CROWN MEDIA – AUGUST 2012

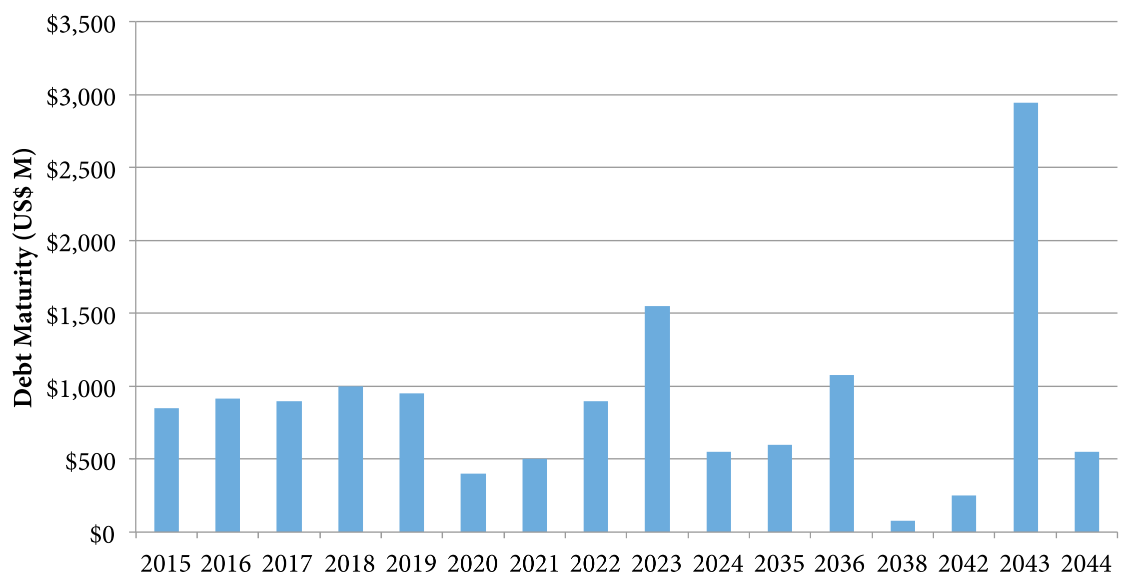
VIACOM INC: CAPITAL STRUCTURE

- **Equity** – Viacom has 50.6M A shares and 355.2M B shares outstanding. Current market capitalisation is ~US$ 26.4B*
- **Debt** – Viacom currently has US$ 13.8B in total debt
- Viacom's capital structure reflects relatively high levels of debt in relation to equity. In terms of the Company's ability to sustain the debt however, we do not anticipate any problems. Viacom have undertaken a program of share buybacks over the past five years. This has increased the ratio of Debt to Equity and has directed cash away from the repayment of debt. However, <u>as per management's comments, we believe more focus will be placed on paying down debt over the next one to two years</u>

Capital Structure



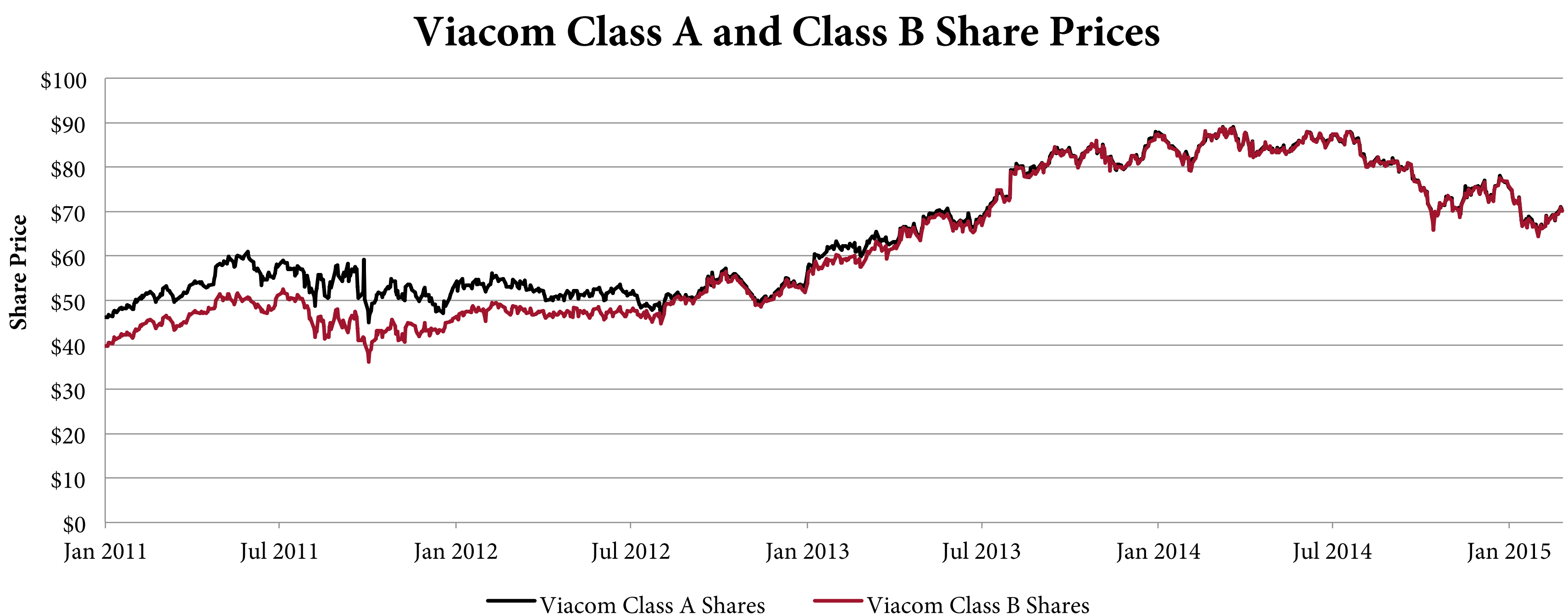
Debt Maturity Profile**



* AS AT 3 FEBRUARY 2015
** DATA SOURCE: VIACOM INC Q1 FY2015 10Q REPORT

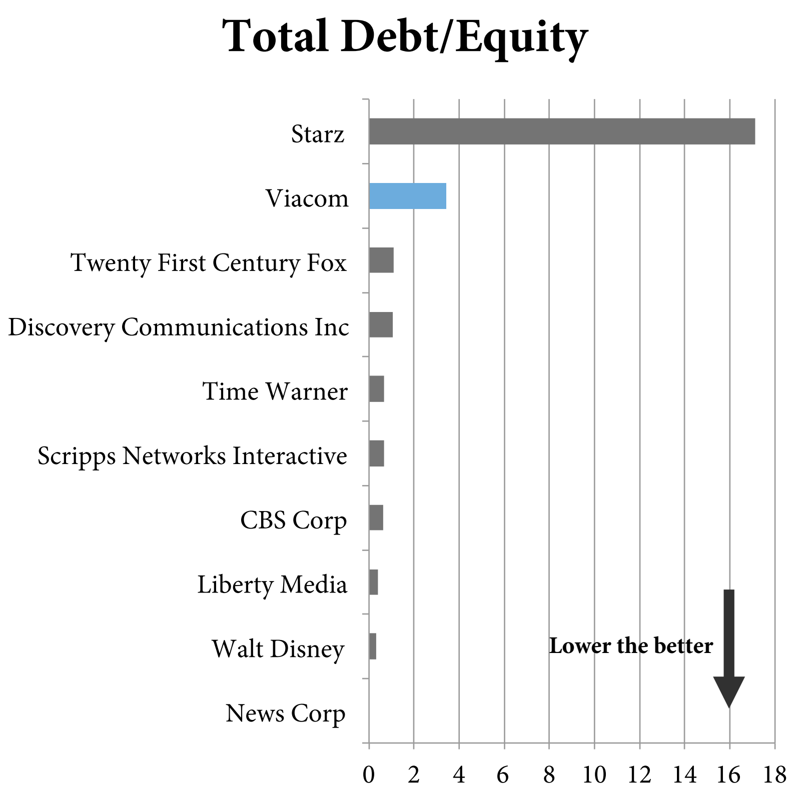
VIACOM INC: CLASS A AND CLASS B SHARES

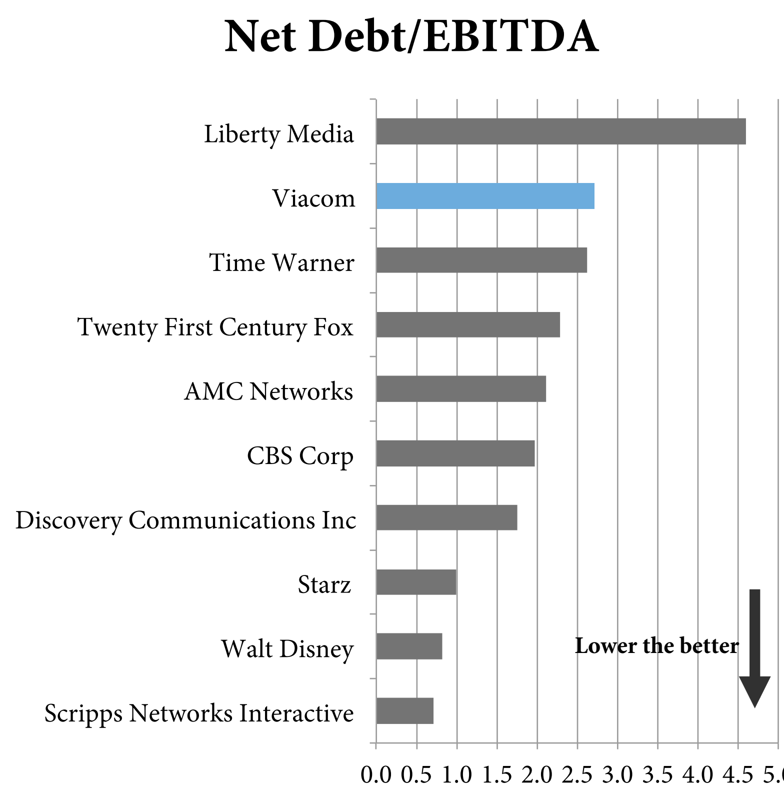
- In 2011, the spread between Class A (voting) and Class B (non-voting) reached a high of 26% based on rumours that Sumner Redstone would sell Viacom or relinquish control
- Since then the shares have converged and they currently trade at near parity (average spread since 1/1/2013 = \$0.49, approximately 0.7% of current price)
- For a negligible premium (depending on parcel size), voting shares can be acquired and this may be of some benefit in the future



VIACOM INC: FINANCIAL LEVERAGE

- Viacom employs a higher level of financial leverage than its global peer group average
- Debt/Equity is 3.4x versus the global peer group average of 2.5x. However, this metric may be misleading. Viacom has increased its debt as a result of buying back shares while at the same time the buybacks have the effect of reducing the book value of equity
- We prefer the Net Debt/EBITDA metric as a measurement of the sustainability of Viacom's debt position. This metric demonstrates that Viacom's debt position is sustainable, at only a slightly higher level than its global peers

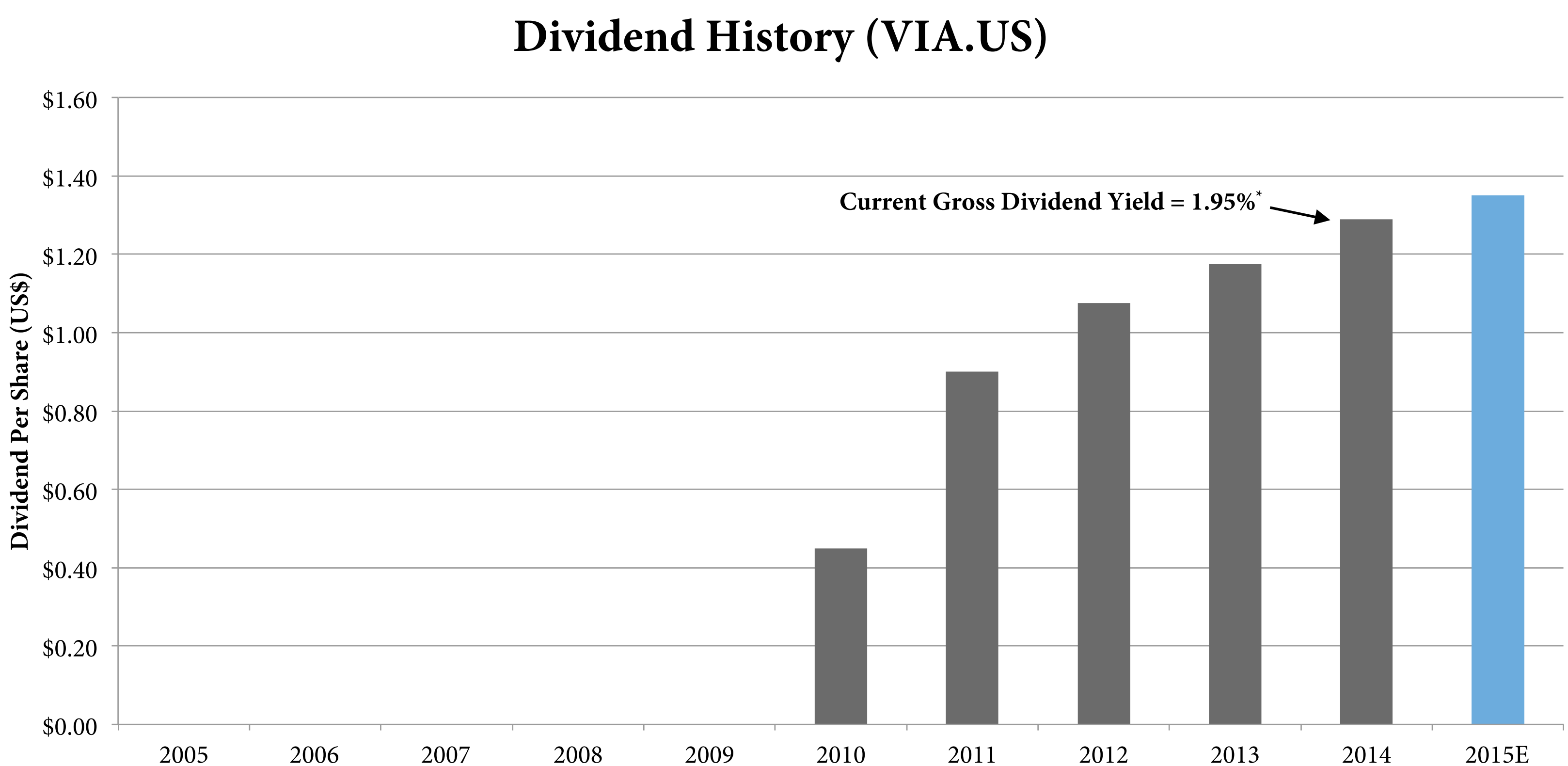




* DATA SOURCE: THOMSON REUTERS EIKON AS AT 3 FEBRUARY 2015

VIACOM INC: CAPITAL RETURN – DIVIDEND HISTORY

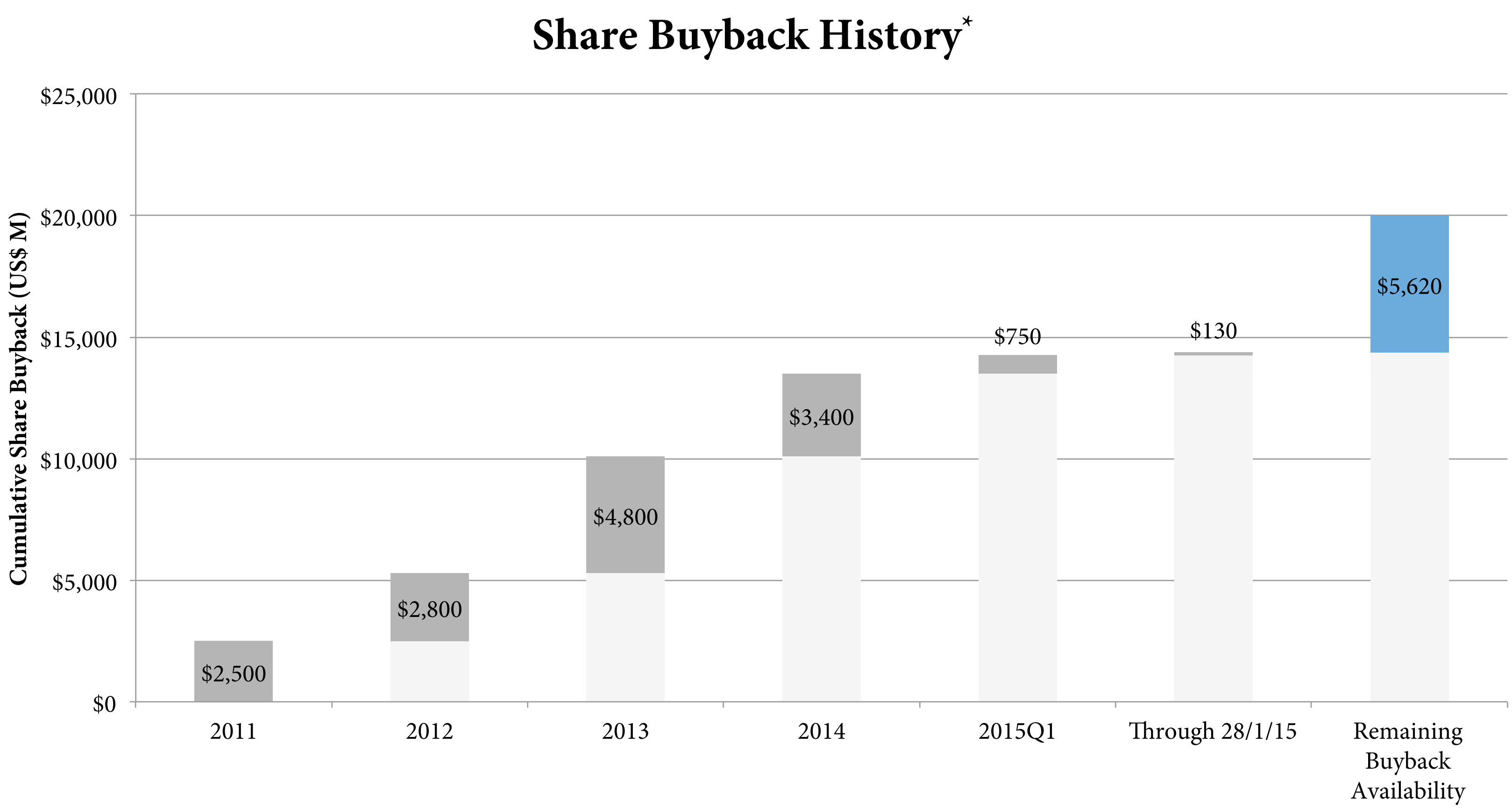
- Dividends per share have increased consistently since introduction in 2010 after the Viacom/CBS demerger in 2005
- The FY2014 dividend amounts to a 22.6% payout ratio
- Viacom currently has a Gross Dividend Yield of 1.95%*



* AS AT 3 FEBRUARY 2015
DATA SOURCE: THOMSON REUTERS WORLDSCOPE AS AT 3 FEBRUARY 2015

VIACOM INC: CAPITAL RETURN – SHARE BUYBACKS

- The Company has a significant share buyback program (US$ 20B authorised since 2011)
- US$ 5.6B is still available for share buybacks* vs current market capitalisation of US$ 26.4B
- In our view, this share buyback program benefits those existing shareholders that are not selling out, particularly Sumner Redstone. As they will own a larger chunk of the Company without buying one additional share with their own money



* SOURCE: VIACOM Q1 FY2015 PRESENTATION RELEASED ON 29 JANUARY 2015

VIACOM INC: ELEVATION CAPITAL'S VALUATION

- We believe that Viacom is undervalued by the market on both a cross sectional (comparison with other companies), a time series (compared with its own historical trading multiples) basis and based on historical industry consolidation multiples (Even assigning a small discount to Twenty-First Century Fox's failed US$85.00 per share (12.6x EBITDA) offer for Time Warner in 2014)

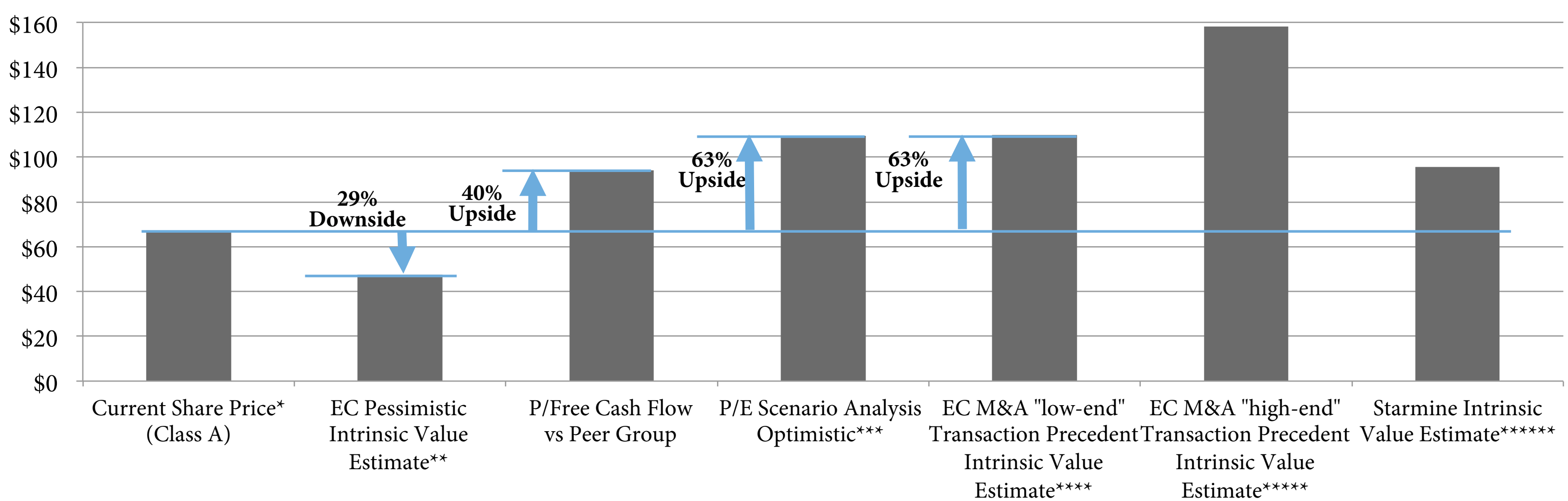
Elevation Capital Estimated Intrinsic Value Range:

US$ 47.49 - US$ 109.66 PER SHARE

Downside/Upside Potential Range:

-29% - +63%

Class A Share - Valuation Summary



* VIACOM CLASS A SHARE PRICE AS AT 3 FEBRUARY 2015
** BASED ON EC PESSIMISTIC SCENARIO OF A 20% DECLINE IN 2015 NET INCOME AND A P/E MULTIPLE OF 9.7X (20% DISCOUNT TO CURRENT P/E)
*** BASED ON 19X 2016 ESTIMATED OPTIMISTIC CASE EPS DISCOUNTED TO PRESENT VALUE (DISCOUNT RATE = 8%) – VALUATION = US$ 109.43 PER SHARE
**** BASED ON CONSERVATIVE ("LOW-END") ESTIMATED M&A TRANSACTION EV/EBITDA MULTIPLE OF 12.0X – VALUATION = US$ 109.66 PER SHARE
***** BASED ON MEDIAN EV/EBITDA MULTIPLE FOR THE M&A TRANSACTION SAMPLE GROUP (16X) - WE RECOGNISE THIS AS A "HIGH-END" SCENARIO ONLY
****** SOURCE: THOMSON REUTERS EIKON, AS AT 3 FEBRUARY 2015 (STARMINE IS A PROPRIETARY RESEARCH TOOL OWNED BY THOMSON REUTERS)

VIACOM INC: KEY OPPORTUNITIES

M&A Opportunities

Viacom is a company which has been formed by M&A and further opportunities may lie in this area. The average transaction EV/EBITDA multiple among our sample of transactions is 16.0x. We apply a conservative multiple of 12.0x to generate a valuation of US$ 109.66 per share, which we believe Viacom may be worth in a takeover situation.

The suggestion that Viacom and CBS would mutually benefit from a remerge is an intriguing one considering that they inhabit an industry which is seeing consolidation driven M&A and in which the benefits of scale allow for a significantly enhanced negotiating position with content distributors. The fact that these two businesses have a common history and a common controlling shareholder (Sumner Redstone through National Amusements) adds to the viability of the opportunity.

Changes in Ownership Structure

Any change in the ownership structure of the firm, possibly through the reduction of Sumner Redstone's voting interest in the business, could be a positive catalyst for share price. There is no logical basis for the discount at which Viacom trades besides the lack of shareholder control. To this end, any event or factor which may change this dynamic may have a positive effect on shareholder returns.

CBS CEO Leslie Moonves and Viacom CEO Philippe Dauman, both highly regarded by Sumner Redstone

VIACOM INC: A REUNION OF VIACOM AND CBS?

- As technology and consumer habits evolve, content programmers such as Viacom need scale, a strategic partner, or both in order to thrive as the market becomes more global and digital
- Recent consolidation among content distributors (e.g., possible mergers of Comcast/Time Warner Cable and AT&T and DirectTV) makes consolidation among content providers almost inevitable
- Several analysts are calling for Viacom to consider a reunion with CBS Corp. The key benefits for Viacom would be scale, sports rights and diverse programming that would make it harder for pay-TV distributors to negotiate fees, or to drop Viacom
- Other benefits include synergy between CBS TV studio and Paramount Pictures
- If Dish decides to drop Viacom from its offering, there would be tremendous pressure for Management and Sumner Redstone to consider a merger of the two companies

	CBS CORPORATION	viacom
Demographic	Older audiences	Younger audiences
Focus	General entertainment	Niche markets
Sports	Available	Not available
Studio	TV studio	Film studio
Movies	Showtime (originals)	EPIX (movies)
Video Content	Content syndication	International distribution

Source: Gabelli Research

VIACOM INC: KEY OPPORTUNITIES (CONTINUED)

Key Brands/Diversification of Content

For the producers of television and film content, the appeal to advertisers is key. This appeal is a function of a number of factors, however one of the most important aspects is that the advertisers know who they are advertising to. Viacom have been careful to diversify their range of productions while at the same time tailoring some of their most popular television offerings to specific audiences. They have catered to fast growing groups of consumers. For instance, Latin Americans with their TR3S offering and the African American audience with the BET channel. This makes their content more easy for advertisers to use and therefore more appealing.

Additionally, Paramount is, as an asset, the jewel in Viacom's crown. It is the second largest movie producer and distributor in the world and its continued success is vital to Viacom. Movies such as the recently released Interstellar, produced by Paramount, which hit US$ 449M in ticket sales worldwide will help this.

Margin of Safety

For the investor, there is a clear "margin of safety" in Viacom. The assets and brands owned by Viacom are among the most renowned in the world. Likewise, the company has been able to maintain high margins relative to the industry as well as high ROE and ROA. It has also proven to be a strong generator of free cash flow. Despite this, the company trades at a discount to its peers and to what we believe is its intrinsic value. We value Viacom at between US$ 80.77 and US$ 109.66 per share (Current share price = US$ 67.13*).

* VIA.US SHARE PRICE AS AT 3 FEBRUARY 2015

VIACOM INC: KEY RISKS

Theft of Copyright
As Viacom is in essence a media content distributor, it is sensitive to the issue of copyright theft. This may be through the illegal reproduction or distribution of copyrighted material which disrupts Viacom's ability to distribute and monetise their content. The increased prevalence of pirated movies available on the internet is reducing the profitability of the movie business in particular.

Changes in Audience Tastes
The majority of Viacom's products are subject to measurement of audience size and therefore the audience impressions of the content produced by Viacom are key to the revenue they derive from advertising. Similarly, changes in the way viewers receive the content distributed by media organisations due, for example to changes in technology platforms, are difficult to predict and may effect Viacom negatively if they fail to predict the direction of technological development. Consumers are increasingly viewing content on an on demand basis from websites. Changes such as this necessitate the development of new distribution models and create new risks.

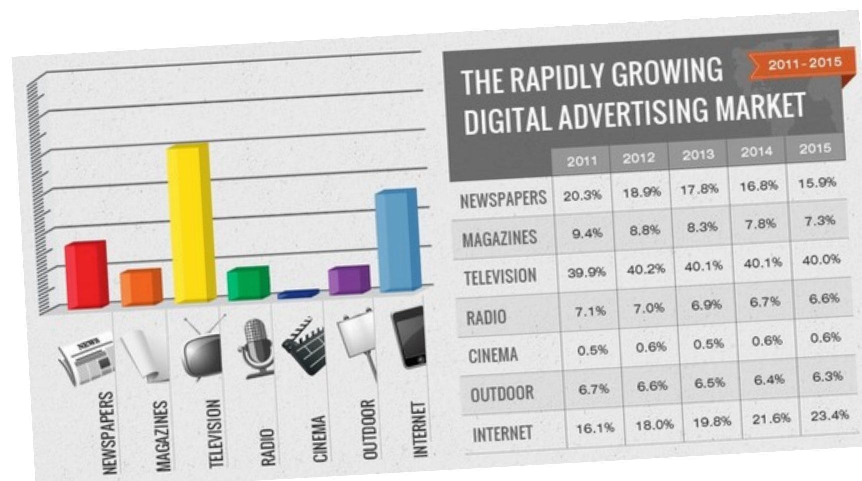
Economic Conditions
Advertising spend is highly sensitive to the economic cycle and therefore the level of advertising revenue received is highly correlated with the economic cycle. As Viacom depends on advertising for 36% of its revenue, the appetite of advertisers is highly relevant to Viacom's fortunes.

VIACOM INC: KEY RISKS (CONTINUED)

Competition
The cable, motion picture and digital content industries compete vigorously for viewers, advertising revenue and distribution relationships. Competition has increasingly come from new sources, including online producers and pirated content. The ability of Viacom to compete to a sufficient standard comes down to the ability of the business and its subdivisions to create or acquire popular programs or movies and adapt to the new technology platforms which are increasingly required for optimal distribution.

Control
Sumner Redstone controls ~80% of Viacom's voting shares through his holding of A class shares via National Amusements. This means he has absolute control over the company in all matters. The lack of control for shareholders is the principal reason for the discount at which Viacom trades relative to its peers. This has led to some developments which are not necessarily in the best interests of shareholders. For instance, Redstone received a salary of US$ 10.20M for his role at Viacom and US $11.75M for his role at CBS during 2013. Even Mario Gabelli, a supporter of Sumner Redstone and a major holder of the Viacom voting shares which are not held by Redstone, has said this is an issue for shareholders.

Debt
We believe that Viacom's debt levels present a risk to investors. However, given its strong free cash flow generation, Viacom is able to support relatively high debt levels.



	2011	2012	2013	2014	2015
NEWSPAPERS	20.3%	18.9%	17.8%	16.8%	15.9%
MAGAZINES	9.4%	8.8%	8.3%	7.8%	7.3%
TELEVISION	39.9%	40.2%	40.1%	40.1%	40.0%
RADIO	7.1%	7.0%	6.9%	6.7%	6.6%
CINEMA	0.5%	0.6%	0.5%	0.6%	0.6%
OUTDOOR	6.7%	6.6%	6.5%	6.4%	6.3%
INTERNET	16.1%	18.0%	19.8%	21.6%	23.4%

* EXCLUDING STARZ THAT HAS A TOTAL DEBT/EQUITY OF 17.1X

VIACOM INC: ELEVATION CAPITAL VIEW

Value for Investors, But no Control

Viacom is undervalued relative to its peers based on a number of measures. It generates a higher free cash flow yield than its peers, it pays a higher dividend (1.95% yield relative to a global peer group average of 0.7%), it has bought back a considerable amount of shares over the past five years and it includes among its assets some of the most popular television network channels in the world and one of the most prestigious film production labels. Despite this, Viacom shares continue to trade at a significant discount relative to peers (PE (TTM) of 12x relative to a peer group average of 18x). The only explanation for this is related to the ownership structure of Viacom. It has two classes of shares, A and B. The A class shares are the only shares with voting rights and ~80% are owned by Sumner Redstone. This gives Redstone absolute control of the company, a fact which has made investors wary. However, any change in the ownership dynamic may be a positive catalyst for shareholders. Redstone is 91 years of age.

A word cloud of Warren Buffett's article "The Superinvestors of Graham-and Doddsville"

VIACOM INC: ELEVATION CAPITAL VIEW (CONTINUED)

A Hollywood Institution

- Viacom has eleven of the top 50 cable networks[*]
- Viacom has eight of the top 30 that reach the best age demographic – 18 to 49[*]

Viacom owns some high quality assets in the form of popular television channels and one of the most respected film production and distribution companies in the world. These assets provide Viacom with an advantage against competitors, particularly in specific areas such as children and adolescents (through Nickelodeon and the associated channels) as well as minority populations (through Black Entertainment Television (BET) and TR3S, which target African American and Latino American populations respectively). The benefit of targeting specific audiences is that advertisers know the audience which they are targeting and can therefore tailor their advertising to the audience more easily, making the content more appealing.

Financials

Revenue has been inconsistent since the split with CBS in 2006, however, both EBITDA and Net Income have grown moderately and margins have increased steadily. The Balance Sheet is potentially misleading as the book value of equity has been steadily decreasing as total debt has been increasing. This is a result of the share buyback program undertaken by management which has had the effect of decreasing book value of equity and increasing debt. By the most relevant measure of debt, namely Net Debt/EBITDA, Viacom is slightly more leveraged than its peers. Viacom's strong free cash flow generation and enthusiasm for returning capital to shareholders bodes well for future dividend growth. The stock currently has a dividend yield of 1.95% and we believe the pay-out ratio could be increased further.

* SOURCE: HTTP://ONLINE.BARRONS.COM/ARTICLES/BARRONS-2015-ROUNDTABLE-PART-2-GETTING-DOWN-TO-BUSINESS-1422078667

VIACOM INC: CONCLUSION

Viacom represents value despite the lack of control for shareholders. It demonstrates strong cash flow generation and a commitment to returning capital to shareholders via share buy backs and dividend payments. Given the steady nature of its free cash flows we would expect that Viacom will, in the future, continue to grow dividends given its current pay-out ratio of 22.6%. Assets such as Paramount, Comedy Central, Nickelodeon and MTV have enduring appeal for viewers and will continue to generate strong advertising revenues. Other assets such as BET and TR3S target specific demographics and thus make it easier for advertisers to target specific audiences.

Any change in the ownership structure of Viacom will be beneficial for owners and this may come sooner rather than later. In the meantime, Viacom pays a modest but growing dividend and investors pay significantly less for the business in terms of earnings and cash flows than they would for its peers.

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ELEVATION CAPITAL®

‘INDEPENDENT THINKING – DISCIPLINED INVESTING’

INDEPENDENT THINKING

[In-de-pend-ent Think-ing] **ində’pendənt THiNkiNG** *verb*

Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you’re several thousand miles away from Wall Street in a different nation, it’s easier to be independent and buy the things that other people are selling, and sell the things that other people are buying. We also believe that cash is sometimes the most attractive investment.

DISCIPLINED INVESTING

[Dis-ci-plined In-vest-ing] **disciplinəd inves’ting** *verb*

The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. Our investments are premised on the concept of “Margin of Safety” which we believe reduces risk.

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