



EARNINGS PRESS RELEASE | August 6, 2020

VIACOMCBS REPORTS Q2 2020 EARNINGS RESULTS

- Achieved Second Consecutive Quarter of Sequential Improvement in Operating Income, Adjusted OIBDA, Operating Cash Flow and Free Cash Flow, Demonstrating Financial Momentum and Commitment to Shareholder Value
- Executed Significant Distribution Deals, Highlighting Progress in Unlocking Value-Creation Opportunities Across Combined Asset Base
- Delivered Robust Growth in Streaming, with Record Revenue, Subscribers, MAUs and Consumption Across Free and Pay Services, Accelerating Adoption of Pluto TV Internationally and Significant Progress in Transforming CBS All Access into a Diversified Super Service
- Increased Target for Annualized Merger-Related Cost Synergies, while Simultaneously Managing Costs in Response to COVID-19

STATEMENT FROM BOB BAKISH, PRESIDENT & CEO

“ ViacomCBS delivered another solid quarter, with clear operational momentum and sequential improvement in key earnings and cash flow metrics. Despite the impact of COVID-19 on revenue in the quarter, we’re successfully managing through the effects of the pandemic, reaffirming the strength of our combined operations. Our results underscored our strong progress delivering on our value-creation initiatives, including integration cost synergies, expanded and new distribution agreements, as well as the rapid acceleration of our streaming business, where we achieved record users and revenue in free and pay while building toward the relaunch of our diversified super service.”

Q2 2020 RESULTS

\$ in millions, except per share amounts

	Quarter Ended June 30			Six Months Ended June 30		
	2020	2019	B/(W) %	2020	2019	B/(W) %
GAAP						
Revenues	\$ 6,275	\$ 7,143	(12) %	\$ 12,944	\$ 14,243	(9) %
Operating income	1,286	1,446	(11)	2,203	3,250	(32)
Net earnings from continuing operations attributable to ViacomCBS	478	971	(51)	986	2,917	(66)
Diluted EPS from continuing operations attributable to ViacomCBS	0.77	1.57	(51)	1.60	4.73	(66)
Operating cash flow	795	260	206	1,151	1,189	(3)
Non-GAAP†						
Adjusted OIBDA	\$ 1,689	\$ 1,562	8 %	\$ 2,952	\$ 3,101	(5) %
Adjusted net earnings from continuing operations attributable to ViacomCBS	769	912	(16)	1,468	1,810	(19)
Adjusted diluted EPS from continuing operations attributable to ViacomCBS	1.25	1.48	(16)	2.38	2.93	(19)
Free cash flow	714	185	286	1,019	1,047	(3)

† Non-GAAP measures referenced in this release are detailed in the Supplemental Disclosures at the end of this release

OVERVIEW OF Q2 REVENUE

- Affiliate revenue increased 2%, reflecting growth in station affiliation and retransmission fees, as well as subscription streaming revenue, which more than offset declines in pay-TV subscribers.
- Advertising revenue declined 27% year-over-year, driven by the adverse effects of COVID-19 on global advertising demand, the comparison against the broadcast of the national semifinals and championship games of the NCAA Tournament in the prior-year quarter, as well as the cancellation and postponement of professional golf tournaments.
- Domestic streaming and digital video revenue – which includes streaming subscription and digital video advertising revenue – rose to \$489M, up 25% year-over-year, driven by 52% growth in streaming subscription revenue and robust growth in Pluto TV advertising revenue.
- Content licensing revenue was relatively flat, primarily reflecting the licensing of domestic streaming rights to *South Park*, offset by significant licensing activity in the year ago quarter, as well as the timing of deliveries, which were affected by COVID-related production delays.
- Theatrical revenue was immaterial in the quarter due to the closure of movie theaters in response to COVID-19.
- Publishing revenue decreased 8%, mainly driven by lower print book sales as a result of the impact of COVID-19, partially offset by growth in sales of electronic and digital audiobooks.

REVENUE BY TYPE	Quarter Ended June 30				Six Months Ended June 30			
	2020	2019	\$ B/(W)	%	2020	2019	\$ B/(W)	%
<i>\$ in millions</i>								
Advertising	\$ 1,934	\$ 2,645	\$ (711)	(27)%	\$ 4,418	\$ 5,711	\$ (1,293)	(23)%
Domestic	1,730	2,290	(560)	(24)	3,959	5,065	(1,106)	(22)
International	204	355	(151)	(43)	459	646	(187)	(29)
Affiliate	2,194	2,155	39	2	4,391	4,320	71	2
Domestic	2,034	1,986	48	2	4,080	3,979	101	3
International	160	169	(9)	(5)	311	341	(30)	(9)
Content Licensing	1,902	1,909	(7)	-	3,496	3,374	122	4
Theatrical	3	152	(149)	(98)	170	324	(154)	(48)
Publishing	200	218	(18)	(8)	370	382	(12)	(3)
Other	42	64	(22)	(34)	99	132	(33)	(25)
Total Revenues	\$ 6,275	\$ 7,143	\$ (868)	(12)%	\$ 12,944	\$ 14,243	\$ (1,299)	(9)%

BALANCE SHEET & LIQUIDITY

- In Q2, ViacomCBS raised \$4.5B of capital and used the proceeds to redeem \$2.8B of near-term maturities, including a \$340M redemption that settled on July 10, 2020. These transactions reinforced the company's strong financial position, adding \$1.7B to its cash balance with no maturities due until 2022.
- As of June 30, 2020, taking into account the benefit of the company's full run-rate merger-related cost synergies, its debt to Adjusted OIBDA ratio calculated to 3.3x. On a net basis, taking into consideration its \$2.3B cash balance as of June 30, 2020, this ratio calculated to 2.9x, unchanged from the end of 2019.
- ViacomCBS continued to strengthen its financial position and demonstrate its commitment to creating shareholder value, with \$795M of Operating Cash Flow and \$714M of Free Cash Flow[†] generated in the quarter.
- The company's committed \$3.5B revolving credit facility remains undrawn.

[†] Non-GAAP measures referenced in this release are detailed in the Supplemental Disclosures at the end of this release.



SPOTLIGHT ON DISTRIBUTION & STREAMING

In Q2, ViacomCBS delivered significant multiplatform distribution wins and strong domestic streaming and digital video revenue growth, with record sign-ups and consumption across its free and pay services.

DISTRIBUTION HIGHLIGHTS

- In April, ViacomCBS signed a comprehensive, multiplatform partnership with Verizon, spanning pay TV, connected television and mobile – including a significant expansion of Pluto TV's footprint.
- In May, the company announced a new deal with YouTube TV, which renewed CBS and Showtime early and brought Viacom's cable networks to the service.
- More recently, in July ViacomCBS announced a multi-year renewal with DISH and Sling TV, marking its third cross-company renewal and further demonstrating the value of ViacomCBS content.
- The company also continued to benefit from strong reverse compensation and recently signed agreements with Sinclair and Cox.

STREAMING & DIGITAL VIDEO HIGHLIGHTS

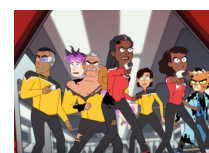
- Domestic streaming and digital video revenue rose to \$489M, up 25% year-over-year, driven by 52% growth in streaming subscription revenue.
- Domestic pay streaming subscribers reached 16.2M, up 74% year-over-year.
 - CBS All Access continued to break records, with its paid subscribers, streams and minutes watched reaching all-time highs in the quarter.
 - Original programming, titles from Paramount Pictures and children's content from Nickelodeon drove strong subscriber acquisitions and engagement.
 - Showtime OTT delivered its best quarter ever in sign-ups, streams and minutes watched, driven by original programming, including *Homeland*, *Billions* and *The Chi*.
- In free, Pluto TV continued to build on its strong momentum in the US and internationally:
 - Pluto TV maintained its position as the #1 ad-supported streaming TV service in the US, with its domestic monthly active users (MAUs) growing to 26.5M, up 61% year-over-year.
 - Despite the impact of COVID-19, Pluto TV continued to deliver robust advertising revenue growth in the quarter.
 - In April, Pluto TV entered 17 Latin American markets and achieved robust adoption. In addition to its presence in Europe, this expansion brought Pluto TV's total international MAUs to 6.5M, with its total global MAUs reaching 33M.
 - Additionally, Pluto TV continued to increase its distribution through multiplatform deals with Verizon, TiVo and LG, and expand its offering with more than 100,000 hours of content now available.

ON TRACK FOR SUPER SERVICE RELAUNCH

- In July, ViacomCBS unveiled the first major step in transforming CBS All Access into a rebranded super service and remains on track to relaunch this differentiated streaming product in early 2021.
 - In a significant content expansion, the company added more than 3,500 episodes from the ViacomCBS portfolio, spanning series from BET, Comedy Central, MTV, Nickelodeon, Smithsonian and more. This brings the CBS All Access library to more than 20,000 episodes and movies.
 - CBS All Access will be home to a growing slate of new original and exclusive movies and series, including:
 - *Big Brother Live Feeds*, *The Stand* and the animated series *Star Trek: Lower Decks*
 - *The SpongeBob Movie: Sponge on the Run* and *Kamp Koral*, a new original kid's series premiering in 2021 and the first spinoff derived from *SpongeBob SquarePants*, one of ViacomCBS' biggest franchises
- In addition to its vast library and original content offering, CBS All Access will feature compelling live programming, spanning news, tentpole events and a critical mass of live sports, including:
 - Live streams of local CBS stations nationwide and CBSN, CBS News' rapidly growing 24/7 digital news service
 - The Super Bowl, The Grammy Awards, The Academy of Country Music Awards, The Tony Awards and more
 - Major sporting events from golf to football to basketball, plus UEFA club competitions, as the exclusive streaming home to the UEFA Champions League, UEFA Europa League and UEFA Europa Conference League in the US



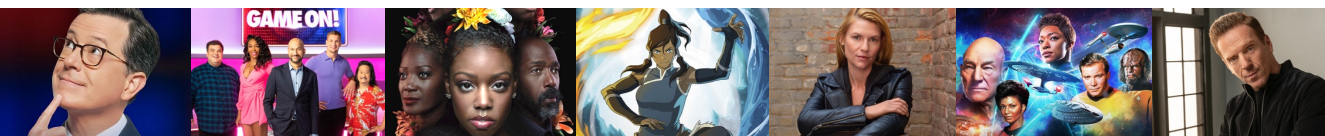
The Stand



Star Trek: Lower Decks



The SpongeBob Movie: Sponge on the Run



FILMED ENTERTAINMENT



- Despite softness driven by production limitations and theater closures, ViacomCBS continued to monetize its vast library and integrated Miramax films into its offering.
- Revenue decreased 26% as a result of the closure of movie theaters throughout the quarter, as well as the timing of licensing revenues.
 - Theatrical revenue was immaterial in the quarter due to the closure of movie theaters in response to COVID-19.
 - Home entertainment revenue rose 30%, driven by the mix of titles in release, including *Sonic the Hedgehog*, and higher sales of catalog titles.
 - Licensing revenue decreased 20% due to lower revenues from licensing of catalog titles, as well as the timing of deliveries of programs produced for third parties.
- Adjusted OIBDA increased 22%, reflecting lower distribution costs resulting from the absence of theatrical releases in the quarter, as well as the strong performance of *Sonic the Hedgehog* in the home entertainment market.

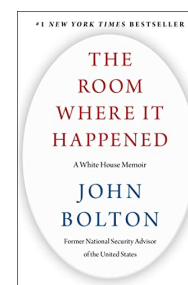


\$ in millions	Quarter Ended June 30				Six Months Ended June 30			
	2020	2019	\$ B/(W)	%	2020	2019	\$ B/(W)	%
Revenue	\$ 647	\$ 877	\$ (230)	(26)%	\$ 1,458	\$ 1,607	\$ (149)	(9)%
Theatrical	3	152	(149)	(98)	170	324	(154)	(48)
Home Entertainment	209	161	48	30	383	315	68	22
Licensing	434	540	(106)	(20)	876	915	(39)	(4)
Other	1	24	(23)	(96)	29	53	(24)	(45)
Expenses	531	782	251	32	1,315	1,474	159	11
Adjusted OIBDA	\$ 116	\$ 95	\$ 21	22 %	\$ 143	\$ 133	\$ 10	8 %

PUBLISHING



- Bestselling titles for the quarter included John Bolton's *The Room Where It Happened* and Stephen King's *If It Bleeds*.
- Publishing revenue decreased 8%, primarily driven by lower print book sales as a result of the impact of COVID-19, partially offset by growth in sales of electronic and digital audiobooks.
- Adjusted OIBDA increased 9%, as the decrease in revenue was more than offset by lower production and distribution costs associated with the decline in print book sales and the mix of titles.



\$ in millions	Quarter Ended June 30				Six Months Ended June 30			
	2020	2019	\$ B/(W)	%	2020	2019	\$ B/(W)	%
Revenue	\$ 200	\$ 218	\$ (18)	(8)%	\$ 370	\$ 382	\$ (12)	(3)%
Expenses	162	183	21	11	313	328	15	5
Adjusted OIBDA	\$ 38	\$ 35	\$ 3	9 %	\$ 57	\$ 54	\$ 3	6 %



ABOUT VIACOMCBS

ViacomCBS (NASDAQ: VIAC; VIACA) is a leading global media and entertainment company that creates premium content and experiences for audiences worldwide. Driven by iconic consumer brands, its portfolio includes CBS, Showtime Networks, Paramount Pictures, Nickelodeon, MTV, Comedy Central, BET, CBS All Access, Pluto TV and Simon & Schuster, among others. The company delivers the largest share of the US television audience and boasts one of the industry's most important and extensive libraries of TV and film titles. In addition to offering innovative streaming services and digital video products, ViacomCBS provides powerful capabilities in production, distribution and advertising solutions for partners on five continents.

For more information about ViacomCBS, please visit www.viacomcbs.com and follow @ViacomCBS on social platforms.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This communication contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements reflect our current expectations concerning future results and events; generally can be identified by the use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “may,” “could,” “estimate” or other similar words or phrases; and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others: the impact of the COVID-19 pandemic (and other widespread health emergencies or pandemics) and measures taken in response thereto; technological developments, alternative content offerings and their effects in our markets and on consumer behavior; the impact on our advertising revenues of changes in consumers’ content viewership, deficiencies in audience measurement and advertising market conditions; the public acceptance of our brands, programming, films, published content and other entertainment content on the various platforms on which they are distributed; increased costs for programming, films and other rights; the loss of key talent; competition for content, audiences, advertising and distribution in consolidating industries; the potential for loss of carriage or other reduction in or the impact of negotiations for the distribution of our content; the risks and costs associated with the integration of the CBS Corporation and Viacom Inc. businesses and investments in new businesses, products, services and technologies; evolving cybersecurity and similar risks; the failure, destruction or breach of critical satellites or facilities; content theft; domestic and global political, economic and/or regulatory factors affecting our businesses generally; volatility in capital markets or a decrease in our debt ratings; strikes and other union activity; fluctuations in our results due to the timing, mix, number and availability of our films and other programming; losses due to asset impairment charges for goodwill, intangible assets, FCC licenses and programming; liabilities related to discontinued operations and former businesses; potential conflicts of interest arising from our ownership structure with a controlling stockholder; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. The forward-looking statements included in this communication are made only as of the date of this communication, and we do not undertake any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

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VIACOMCBS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Revenues	\$ 6,275	\$ 7,143	\$ 12,944	\$ 14,243
Costs and expenses:				
Operating	3,485	4,210	7,550	8,458
Selling, general and administrative	1,222	1,371	2,563	2,684
Depreciation and amortization	124	109	237	215
Restructuring and other corporate matters	158	7	391	185
Total costs and expenses	4,989	5,697	10,741	11,542
Gain on sale of assets	—	—	—	549
Operating income	1,286	1,446	2,203	3,250
Interest expense	(263)	(237)	(504)	(477)
Interest income	11	15	25	34
Loss on extinguishment of debt	(103)	—	(103)	—
Other items, net	6	15	(27)	25
Earnings from continuing operations before income taxes and equity in loss of investee companies	937	1,239	1,594	2,832
(Provision) benefit for income taxes	(202)	(241)	(339)	135
Equity in loss of investee companies, net of tax	(12)	(21)	(21)	(39)
Net earnings from continuing operations	723	977	1,234	2,928
Net earnings from discontinued operations, net of tax	3	6	11	19
Net earnings (ViacomCBS and noncontrolling interests)	726	983	1,245	2,947
Net earnings attributable to noncontrolling interests	(245)	(6)	(248)	(11)
Net earnings attributable to ViacomCBS	\$ 481	\$ 977	\$ 997	\$ 2,936
Amounts attributable to ViacomCBS:				
Net earnings from continuing operations	\$ 478	\$ 971	\$ 986	\$ 2,917
Net earnings from discontinued operations, net of tax	3	6	11	19
Net earnings attributable to ViacomCBS	\$ 481	\$ 977	\$ 997	\$ 2,936
Basic net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	\$.78	\$ 1.58	\$ 1.60	\$ 4.74
Net earnings from discontinued operations	\$ —	\$.01	\$.02	\$.03
Net earnings	\$.78	\$ 1.59	\$ 1.62	\$ 4.77
Diluted net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	\$.77	\$ 1.57	\$ 1.60	\$ 4.73
Net earnings from discontinued operations	\$ —	\$.01	\$.02	\$.03
Net earnings	\$.78	\$ 1.58	\$ 1.62	\$ 4.76
Weighted average number of common shares outstanding:				
Basic	615	615	615	615
Diluted	617	617	617	617

VIACOMCBS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; in millions, except per share amounts)

	At June 30, 2020	At December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,288	\$ 632
Receivables, net	7,139	7,206
Programming and other inventory	1,837	2,876
Prepaid and other current assets	1,175	1,188
Total current assets	12,439	11,902
Property and equipment, net	1,995	2,085
Programming and other inventory	9,728	8,652
Goodwill	17,077	16,980
Intangible assets, net	2,948	2,993
Operating lease assets	1,841	1,939
Deferred income tax assets, net	919	939
Other assets	4,212	4,006
Assets held for sale	29	23
Total Assets	\$ 51,188	\$ 49,519
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 422	\$ 667
Accrued expenses	1,553	1,760
Participants' share and royalties payable	2,090	1,977
Accrued programming and production costs	1,189	1,500
Deferred revenues	695	739
Debt	364	717
Other current liabilities	1,672	1,688
Total current liabilities	7,985	9,048
Long-term debt	19,704	18,002
Participants' share and royalties payable	1,485	1,546
Pension and postretirement benefit obligations	2,070	2,121
Deferred income tax liabilities, net	708	500
Operating lease liabilities	1,816	1,909
Program rights obligations	252	356
Other liabilities	2,344	2,494
Redeemable noncontrolling interest	274	254
Commitments and contingencies		
ViacomCBS stockholders' equity:		
Class A Common Stock, par value \$.001 per share; 55 shares authorized; 52 (2020 and 2019) shares issued	—	—
Class B Common Stock, par value \$.001 per share; 5,000 shares authorized; 1,066 (2020) and 1,064 (2019) shares issued	1	1
Additional paid-in capital	29,680	29,590
Treasury stock, at cost; 502 (2020) and 501 (2019) Class B shares	(22,958)	(22,908)
Retained earnings	9,150	8,494
Accumulated other comprehensive loss	(1,999)	(1,970)
Total ViacomCBS stockholders' equity	13,874	13,207
Noncontrolling interests	676	82
Total Equity	14,550	13,289
Total Liabilities and Equity	\$ 51,188	\$ 49,519

VIACOMCBS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Six Months Ended	
	June 30,	
	2020	2019
Operating Activities:		
Net earnings (ViacomCBS and noncontrolling interests)	\$ 1,245	\$ 2,947
Less: Net earnings from discontinued operations, net of tax	11	19
Net earnings from continuing operations	1,234	2,928
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:		
Depreciation and amortization	237	215
Deferred tax provision (benefit)	224	(535)
Stock-based compensation	145	106
Gain on sale of assets	—	(549)
Gains from investments	(32)	(77)
Loss on extinguishment of debt	103	—
Equity in loss of investee companies, net of tax and distributions	22	41
Change in assets and liabilities	(782)	(940)
Net cash flow provided by operating activities	1,151	1,189
Investing Activities:		
Investments	(60)	(132)
Capital expenditures	(132)	(142)
Acquisitions, net of cash acquired	(141)	(361)
Proceeds from dispositions	146	751
Other investing activities	—	4
Net cash flow (used for) provided by investing activities	(187)	120
Financing Activities:		
Repayments of short-term debt borrowings, net	(698)	(674)
Proceeds from issuance of senior notes	4,370	493
Repayment of notes and debentures	(2,535)	(600)
Dividends	(301)	(299)
Purchase of Company common stock	(58)	(14)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(59)	(52)
Other financing activities	(70)	(81)
Net cash flow provided by (used for) financing activities	649	(1,227)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(17)	2
Net increase in cash, cash equivalents and restricted cash	1,596	84
Cash, cash equivalents and restricted cash at beginning of period (includes \$202 (2020) and \$120 (2019) of restricted cash)	834	976
Cash, cash equivalents and restricted cash at end of period (includes \$142 (2020) and \$122 (2019) of restricted cash)	\$ 2,430	\$ 1,060

SUPPLEMENTAL DISCLOSURES REGARDING NON-GAAP FINANCIAL MEASURES
(Unaudited; in millions, except per share amounts)

Results for the quarters and six months ended June 30, 2020 and 2019 included certain items identified as affecting comparability. Adjusted operating income before depreciation and amortization (“Adjusted OIBDA”), adjusted earnings from continuing operations before income taxes, adjusted provision for income taxes, adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS from continuing operations (together, the “adjusted measures”) exclude the impact of these items and are measures of performance not calculated in accordance with accounting principles generally accepted in the United States of America (“GAAP”). We use these measures to, among other things, evaluate our operating performance. These measures are among the primary measures used by management for planning and forecasting of future periods, and they are important indicators of our operational strength and business performance. In addition, we use Adjusted OIBDA to, among other things, value prospective acquisitions. We believe these measures are relevant and useful for investors because they allow investors to view performance in a manner similar to the method used by our management; provide a clearer perspective on our underlying performance; and make it easier for investors, analysts and peers to compare our operating performance to other companies in our industry and to compare our year-over-year results.

Because the adjusted measures are measures of performance not calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, operating income, earnings from continuing operations before income taxes, (provision) benefit for income taxes, net earnings from continuing operations attributable to ViacomCBS or diluted EPS from continuing operations, as applicable, as indicators of operating performance. These measures, as we calculate them, may not be comparable to similarly titled measures employed by other companies.

The following tables reconcile the adjusted measures to their most directly comparable financial measures in accordance with GAAP.

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating income (GAAP)	\$ 1,286	\$ 1,446	\$ 2,203	\$ 3,250
Depreciation and amortization ^(a)	124	109	237	215
Restructuring and other corporate matters ^(b)	158	7	391	185
Programming charges ^(b)	121	—	121	—
Gain on sale of assets ^(b)	—	—	—	(549)
Adjusted OIBDA (Non-GAAP)	\$ 1,689	\$ 1,562	\$ 2,952	\$ 3,101

(a) The quarter and six months ended June 30, 2020 include an impairment charge for FCC licenses of \$25 million and the six months ended June 30, 2020 also includes accelerated depreciation of \$12 million for technology that was abandoned in connection with synergy plans related to the merger of Viacom Inc. with and into CBS Corporation (the “Merger”).

(b) See notes on the following tables for additional information on items affecting comparability.

SUPPLEMENTAL DISCLOSURES REGARDING NON-GAAP FINANCIAL MEASURES (Continued)
(Unaudited; in millions, except per share amounts)

	Quarter Ended June 30, 2020			
	Earnings from Continuing Operations Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to ViacomCBS	Diluted EPS from Continuing Operations
Reported (GAAP)	\$ 937	\$ (202)	\$ 478	\$.77
Items affecting comparability:				
Restructuring and other corporate matters ^(a)	158	(34)	124	.20
Impairment charge ^(b)	25	(6)	19	.03
Programming charges ^(c)	121	(29)	92	.15
Gains from investments ^(d)	(32)	8	(24)	(.03)
Loss on extinguishment of debt	103	(24)	79	.13
Discrete tax items	—	1	1	—
Adjusted (Non-GAAP)	\$ 1,312	\$ (286)	\$ 769	\$ 1.25

- (a) Reflects severance, exit costs and other costs related to the Merger and a charge to write down property and equipment classified as held for sale.
- (b) Reflects a charge to reduce the carrying values of FCC licenses in two markets to their fair values.
- (c) Programming charges primarily related to the abandonment of certain incomplete programs resulting from coronavirus disease (“COVID-19”) related production shutdowns.
- (d) Reflects an increase to the carrying value of an equity security based on the market price of a similar security.

	Quarter Ended June 30, 2019			
	Earnings from Continuing Operations Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to ViacomCBS	Diluted EPS from Continuing Operations
Reported (GAAP)	\$ 1,239	\$ (241)	\$ 971	\$ 1.57
Items affecting comparability:				
Restructuring and other corporate matters ^(a)	7	(2)	5	.01
Gains from investments ^(b)	(39)	7	(32)	(.05)
Discrete tax items ^(c)	—	(32)	(32)	(.05)
Adjusted (Non-GAAP)	\$ 1,207	\$ (268)	\$ 912	\$ 1.48

- (a) Reflects professional fees associated with legal proceedings involving the Company and other corporate matters.
- (b) Reflects a gain on marketable securities of \$28 million and a gain of \$11 million on the sale of an international joint venture.
- (c) Primarily reflects a tax benefit related to the bankruptcy of an investee.

SUPPLEMENTAL DISCLOSURES REGARDING NON-GAAP FINANCIAL MEASURES (Continued)
(Unaudited; in millions, except per share amounts)

	Six Months Ended June 30, 2020			
	Earnings from Continuing Operations Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations Attributable to ViacomCBS	Diluted EPS from Continuing Operations
Reported (GAAP)	\$ 1,594	\$ (339)	\$ 986	\$ 1.60
Items affecting comparability:				
Restructuring and other corporate matters ^(a)	391	(81)	310	.50
Impairment charge ^(b)	25	(6)	19	.03
Depreciation of abandoned technology ^(c)	12	(3)	9	.01
Programming charges ^(d)	121	(29)	92	.15
Gains from investments ^(e)	(32)	8	(24)	(.04)
Loss on extinguishment of debt	103	(24)	79	.13
Discrete tax items	—	(3)	(3)	—
Adjusted (Non-GAAP)	\$ 2,214	\$ (477)	\$ 1,468	\$ 2.38

(a) Reflects severance, exit costs and other costs related to the Merger and a charge to write down property and equipment classified as held for sale.

(b) Reflects a charge to reduce the carrying values of FCC licenses in two markets to their fair values.

(c) Reflects accelerated depreciation for technology that was abandoned in connection with synergy plans related to the Merger.

(d) Programming charges primarily related to the abandonment of certain incomplete programs resulting from COVID-19 related production shutdowns.

(e) Reflects an increase to the carrying value of an equity security based on the market price of a similar security.

	Six Months Ended June 30, 2019			
	Earnings from Continuing Operations Before Income Taxes	Benefit (Provision) for Income Taxes	Net Earnings from Continuing Operations Attributable to ViacomCBS	Diluted EPS from Continuing Operations
Reported (GAAP)	\$ 2,832	\$ 135	\$ 2,917	\$ 4.73
Items affecting comparability:				
Restructuring and other corporate matters ^(a)	185	(45)	140	.23
Gain on sale of assets ^(b)	(549)	163	(386)	(.63)
Gains from investments ^(c)	(77)	16	(61)	(.10)
Discrete tax items ^(d)	—	(800)	(800)	(1.30)
Adjusted (Non-GAAP)	\$ 2,391	\$ (531)	\$ 1,810	\$ 2.93

(a) Reflects severance, exit costs, costs associated with the settlement of a commercial dispute, and other legal proceedings involving the Company.

(b) Reflects a gain on the sale of the CBS Television City property and sound stage operation.

(c) Reflects a gain on marketable securities of \$66 million and a gain of \$11 million on the sale of an international joint venture.

(d) Reflects a deferred tax benefit of \$768 million resulting from the transfer of intangible assets between our subsidiaries in connection with a reorganization of our international operations and a net tax benefit of \$32 million principally related to the bankruptcy of an investee.

SUPPLEMENTAL DISCLOSURES REGARDING NON-GAAP FINANCIAL MEASURES (Continued)
(Unaudited; in millions, except per share amounts)

Free Cash Flow

Free cash flow is a non-GAAP financial measure. Free cash flow reflects our net cash flow provided by operating activities less capital expenditures. Our calculation of free cash flow includes capital expenditures because investment in capital expenditures is a use of cash that is directly related to our operations. Our net cash flow provided by operating activities is the most directly comparable GAAP financial measure.

Management believes free cash flow provides investors with an important perspective on the cash available to us to service debt, make strategic acquisitions and investments, maintain our capital assets, satisfy our tax obligations, and fund ongoing operations and working capital needs. As a result, free cash flow is a significant measure of our ability to generate long-term value. It is useful for investors to know whether this ability is being enhanced or degraded as a result of our operating performance. We believe the presentation of free cash flow is relevant and useful for investors because it allows investors to evaluate the cash generated from our underlying operations in a manner similar to the method used by management. Free cash flow is among several components of incentive compensation targets for certain management personnel. In addition, free cash flow is a primary measure used externally by our investors, analysts and industry peers for purposes of valuation and comparison of our operating performance to other companies in our industry.

As free cash flow is not a measure calculated in accordance with GAAP, free cash flow should not be considered in isolation of, or as a substitute for, either net cash flow provided by operating activities as a measure of liquidity or net earnings as a measure of operating performance. Free cash flow, as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, free cash flow as a measure of liquidity has certain limitations, does not necessarily represent funds available for discretionary use and is not necessarily a measure of our ability to fund our cash needs.

The following table presents a reconciliation of our net cash flow provided by operating activities to free cash flow.

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net cash flow provided by operating activities (GAAP)	\$ 795	\$ 260	\$ 1,151	\$ 1,189
Capital expenditures	(81)	(75)	(132)	(142)
Free cash flow (Non-GAAP)	\$ 714	\$ 185	\$ 1,019	\$ 1,047