UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission File Number 001-09553

ViacomCBS Inc.
(Exact name of registrant as specified in its charter)

Delaware	**04-2949533**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1515 Broadway New York, New York	**10036**
(Address of principal executive offices)	(Zip Code)

(212) 258-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A Common Stock, $0.001 par value	VIACA	The Nasdaq Stock Market LLC
Class B Common Stock, $0.001 par value	VIAC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock outstanding at November 3, 2020:

Class A Common Stock, par value $.001 per share— 52,266,444

Class B Common Stock, par value $.001 per share— 564,979,589

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	$ 6,116	$ 6,698	$ 19,060	$ 20,941
Costs and expenses:				
Operating	3,634	3,959	11,184	12,417
Selling, general and administrative	1,373	1,473	3,936	4,157
Depreciation and amortization	98	108	335	323
Restructuring and other corporate matters	52	122	443	307
Total costs and expenses	5,157	5,662	15,898	17,204
Gain on sale of assets	—	—	—	549
Operating income	959	1,036	3,162	4,286
Interest expense	(259)	(246)	(763)	(723)
Interest income	14	19	39	53
Loss on extinguishment of debt	(23)	—	(126)	—
Other items, net	(20)	(27)	(47)	(2)
Earnings from continuing operations before income taxes and equity in loss of investee companies	671	782	2,265	3,614
(Provision) benefit for income taxes	(38)	(126)	(377)	9
Equity in loss of investee companies, net of tax	(9)	(14)	(30)	(53)
Net earnings from continuing operations	624	642	1,858	3,570
Net earnings from discontinued operations, net of tax	3	4	14	23
Net earnings (ViacomCBS and noncontrolling interests)	627	646	1,872	3,593
Net earnings attributable to noncontrolling interests	(12)	(16)	(260)	(27)
Net earnings attributable to ViacomCBS	$ 615	$ 630	$ 1,612	$ 3,566
Amounts attributable to ViacomCBS:				
Net earnings from continuing operations	$ 612	$ 626	$ 1,598	$ 3,543
Net earnings from discontinued operations, net of tax	3	4	14	23
Net earnings attributable to ViacomCBS	$ 615	$ 630	$ 1,612	$ 3,566
Basic net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	$ .99	$ 1.02	$ 2.60	$ 5.76
Net earnings from discontinued operations	$ —	$ .01	$ .02	$ .04
Net earnings	$ 1.00	$ 1.02	$ 2.62	$ 5.80
Diluted net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	$ .99	$ 1.01	$ 2.59	$ 5.74
Net earnings from discontinued operations	$ —	$ .01	$ .02	$ .04
Net earnings	$ 1.00	$ 1.02	$ 2.61	$ 5.78
Weighted average number of common shares outstanding:				
Basic	616	615	615	615
Diluted	618	617	617	617

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net earnings (ViacomCBS and noncontrolling interests)	$ 627	$ 646	$ 1,872	$ 3,593
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	72	(68)	5	(60)
Net actuarial loss and prior service costs	17	17	52	46
Other comprehensive income (loss), net of tax (ViacomCBS and noncontrolling interests)	89	(51)	57	(14)
Comprehensive income	716	595	1,929	3,579
Less: Comprehensive income attributable to noncontrolling interests	12	16	257	29
Comprehensive income attributable to ViacomCBS	$ 704	$ 579	$ 1,672	$ 3,550

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited; in millions, except per share amounts)

	At September 30, 2020	At December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,086	$ 632
Receivables, net	6,946	7,206
Programming and other inventory	1,869	2,876
Prepaid and other current assets	1,256	1,188
Total current assets	13,157	11,902
Property and equipment, net	1,994	2,085
Programming and other inventory	9,365	8,652
Goodwill	16,995	16,980
Intangible assets, net	2,832	2,993
Operating lease assets	1,795	1,939
Deferred income tax assets, net	1,007	939
Other assets	4,020	4,006
Assets held for sale	260	23
Total Assets	$ 51,425	$ 49,519
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 436	$ 667
Accrued expenses	1,765	1,760
Participants' share and royalties payable	2,100	1,977
Accrued programming and production costs	1,125	1,500
Deferred revenues	710	739
Debt	18	717
Other current liabilities	1,609	1,688
Total current liabilities	7,763	9,048
Long-term debt	19,703	18,002
Participants' share and royalties payable	1,396	1,546
Pension and postretirement benefit obligations	2,045	2,121
Deferred income tax liabilities, net	816	500
Operating lease liabilities	1,769	1,909
Program rights obligations	266	356
Other liabilities	2,226	2,494
Redeemable noncontrolling interest	196	254
Commitments and contingencies (Note 15)		
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; 1,067 (2020) and 1,064 (2019) shares issued	1	1
Additional paid-in capital	29,719	29,590
Treasury stock, at cost; 503 (2020) and 501 (2019) Class B shares	(22,958)	(22,908)
Retained earnings	9,704	8,494
Accumulated other comprehensive loss	(1,910)	(1,970)
Total ViacomCBS stockholders' equity	14,556	13,207
Noncontrolling interests	689	82
Total Equity	15,245	13,289
Total Liabilities and Equity	$ 51,425	$ 49,519

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended September 30,	
	2020	2019
Operating Activities:		
Net earnings (ViacomCBS and noncontrolling interests)	$ 1,872	$ 3,593
Less: Net earnings from discontinued operations, net of tax	14	23
Net earnings from continuing operations	1,858	3,570
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:		
Depreciation and amortization	335	323
Deferred tax provision (benefit)	176	(506)
Stock-based compensation	191	171
Gain on sale of assets	—	(549)
Gains from investments	(32)	(89)
Loss on extinguishment of debt	126	—
Equity in loss of investee companies, net of tax and distributions	34	58
Change in assets and liabilities	(123)	(1,289)
Net cash flow provided by operating activities	2,565	1,689
Investing Activities:		
Investments	(60)	(137)
Capital expenditures	(213)	(251)
Acquisitions, net of cash acquired	(142)	(384)
Proceeds from dispositions	146	755
Other investing activities	—	6
Net cash flow used for investing activities	(269)	(11)
Financing Activities:		
Repayments of short-term debt borrowings, net	(706)	(624)
Proceeds from issuance of senior notes	4,365	492
Repayment of notes and debentures	(2,896)	(820)
Dividends	(450)	(446)
Purchase of Company common stock	(58)	(14)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(62)	(52)
Other financing activities	(87)	(96)
Net cash flow provided by (used for) financing activities	106	(1,560)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	(16)
Net increase in cash, cash equivalents and restricted cash	2,396	102
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 $138 (2020) and $122 (2019) of restricted cash, and $6 (2020) of assets held for sale)	$ 3,230	$ 1,078

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; in millions)

	Three Months Ended September 30, 2020								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Non-Controlling Interests	Total Equity
	(Shares)								
June 30, 2020	616	$ 1	$ 29,680	$ (22,958)	$ 9,150	$ (1,999)	$ 13,874	$ 676	$ 14,550
Stock-based compensation activity	—	—	39	—	—	—	39	—	39
Dividends	—	—	—	—	(150)	—	(150)	—	(150)
Noncontrolling interests	—	—	—	—	89	—	89	1	90
Net earnings	—	—	—	—	615	—	615	12	627
Other comprehensive income	—	—	—	—	—	89	89	—	89
September 30, 2020	616	$ 1	$ 29,719	$ (22,958)	$ 9,704	$ (1,910)	$ 14,556	$ 689	$ 15,245

	Nine Months Ended September 30, 2020								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Non-Controlling Interests	Total Equity
	(Shares)								
December 31, 2019	615	$ 1	$ 29,590	$ (22,908)	$ 8,494	$ (1,970)	$ 13,207	$ 82	$ 13,289
Stock-based compensation activity	2	—	129	—	—	—	129	—	129
Class B Common Stock purchased	(1)	—	—	(50)	—	—	(50)	—	(50)
Dividends	—	—	—	—	(450)	—	(450)	—	(450)
Noncontrolling interests	—	—	—	—	48	—	48	350 [(a)]	398
Net earnings	—	—	—	—	1,612	—	1,612	260	1,872
Other comprehensive income (loss)	—	—	—	—	—	60	60	(3)	57
September 30, 2020	616	$ 1	$ 29,719	$ (22,958)	$ 9,704	$ (1,910)	$ 14,556	$ 689	$ 15,245

(a) Primarily reflects the acquisition of Miramax (see Note 2).

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited; in millions)

	Three Months Ended September 30, 2019								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Non-Controlling Interests	Total Equity
	(Shares)								
June 30, 2019	615	$ 1	$ 49,944	$ (43,399)	$ 8,418	$ (1,803)	$ 13,161	$ 43	$ 13,204
Stock-based compensation activity	—	—	68	—	—	—	68	—	68
Dividends	—	—	—	—	(151)	—	(151)	—	(151)
Noncontrolling interests	—	—	—	—	6	—	6	7	13
Net earnings	—	—	—	—	630	—	630	16	646
Other comprehensive loss	—	—	—	—	—	(51)	(51)	—	(51)
September 30, 2019	615	$ 1	$ 50,012	$ (43,399)	$ 8,903	$ (1,854)	$ 13,663	$ 66	$ 13,729

	Nine Months Ended September 30, 2019								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Non-Controlling Interests	Total Equity
	(Shares)								
December 31, 2018	613	$ 1	$ 49,907	$ (43,420)	$ 5,569	$ (1,608)	$ 10,449	$ 54	$ 10,503
Stock-based compensation activity and other	2	—	115	21	(4)	—	132	—	132
Dividends	—	—	—	—	(450)	—	(450)	—	(450)
Noncontrolling interests	—	—	(10)	—	(8)	—	(18)	(17)	(35)
Net earnings	—	—	—	—	3,566	—	3,566	27	3,593
Reclassification of income tax effect of the Tax Reform Act	—	—	—	—	230	(230)	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(16)	(16)	2	(14)
September 30, 2019	615	$ 1	$ 50,012	$ (43,399)	$ 8,903	$ (1,854)	$ 13,663	$ 66	$ 13,729

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollars in millions, except per share amounts)

1) BASIS OF PRESENTATION

Description of Business-ViacomCBS Inc. is comprised of the following segments: *TV Entertainment* (CBS Television Network, CBS Studios, CBS Television Distribution, CBS Interactive, CBS Sports Network, CBS Television Stations and CBS-branded streaming services), *Cable Networks* (Showtime Networks, Nickelodeon, MTV, BET, Comedy Central, Paramount Network, Nick Jr., VH1, TV Land, CMT, Pop TV, Smithsonian Networks, ViacomCBS Networks International, Network 10, Channel 5, Telefe and Pluto TV), *Filmed Entertainment* (Paramount Pictures, Paramount Players, Paramount Animation, Paramount Television Studios and Miramax) and *Publishing* (Simon & Schuster). References to "ViacomCBS", the "Company", "we", "us" and "our" refer to ViacomCBS Inc. and its consolidated subsidiaries, unless the context otherwise requires.

Basis of Presentation-On December 4, 2019, Viacom Inc. ("Viacom") merged with and into CBS Corporation ("CBS"), with CBS continuing as the surviving company (the "Merger"). At the effective time of the Merger, the combined company changed its name to ViacomCBS Inc. ("ViacomCBS"). The Merger has been accounted for as a transaction between entities under common control as National Amusements, Inc. ("NAI") was the controlling stockholder of each of CBS and Viacom (and remains the controlling stockholder of ViacomCBS). Upon the closing of the Merger, the net assets of Viacom were combined with those of CBS at their historical carrying amounts and the companies have been presented on a combined basis for all periods presented.

The accompanying unaudited consolidated financial statements have been prepared on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules of the Securities and Exchange Commission ("SEC"). These financial statements should be read in conjunction with the more detailed financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019.

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of our financial position, results of operations and cash flows for the periods presented.

Use of Estimates-The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates under different assumptions or conditions.

The coronavirus disease ("COVID-19") pandemic has negatively impacted, and is expected to continue to impact, the macroeconomic environment in the United States and globally, as well as our business, financial condition and results of operations. Due to the evolving and uncertain nature of COVID-19, it is reasonably possible that it could materially impact our estimates, particularly those that require consideration of forecasted financial information, in the near to medium term. These estimates relate to certain accounts including, but not limited to, receivables, programming and other inventory, deferred income tax assets, finite and indefinite lived intangible assets, including goodwill and FCC licenses, and other long-lived assets. The magnitude of the impact will depend on numerous evolving factors that we may not be able to accurately predict, including the duration and extent of the pandemic, the impact of federal, state, local and foreign governmental actions, consumer behavior in response to the pandemic and such governmental actions, and the economic and operating conditions that we may face in the aftermath of COVID-19.

Net Earnings per Common Share-Basic net earnings per share (“EPS”) is based upon net earnings divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options and vesting of restricted stock units (“RSUs”) or performance stock units (“PSUs”) only in the periods in which such effect would have been dilutive. Excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive, were stock options and RSUs of 21 million and 24 million for the three and nine months ended September 30, 2020, respectively, and 16 million and 18 million for the three and nine months ended September 30, 2019, respectively.

The table below presents a reconciliation of weighted average shares used in the calculation of basic and diluted EPS.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Weighted average shares for basic EPS	616	615	615	615
Dilutive effect of shares issuable under stock-based compensation plans	2	2	2	2
Weighted average shares for diluted EPS	618	617	617	617

Recently Adopted Accounting Pronouncements

Improvements to Accounting for Costs of Films and License Agreements for Program Materials

On January 1, 2020, we adopted Financial Accounting Standards Board (“FASB”) guidance on the accounting for costs of films and episodic television series, which aligns the accounting for capitalizing production costs of episodic television series with the guidance for films. As a result of the adoption of this guidance, the capitalization of costs incurred to produce episodic television series is no longer limited to the amount of revenue contracted in the initial market until persuasive evidence of a secondary market exists. In addition, under this guidance our film and television programming is tested for impairment individually on a title-by-title basis, or together with other films and television programming as part of a group, based on the predominant monetization strategy of the film or television programming. Further, for programming monetized in a film group, this guidance requires any changes to the estimated use of the film or television series to be accounted for prospectively. This guidance also eliminates existing balance sheet classification guidance and adds new disclosure requirements relating to costs for acquired and internally-produced programming. As a result of this guidance, beginning in the first quarter of 2020, all of our programming inventory, other than prepayments for the rights to air sporting and other live events, is now classified as noncurrent on the Consolidated Balance Sheet. Therefore, $1.17 billion of programming inventory that was classified in current assets at December 31, 2019 was reclassified to noncurrent assets on January 1, 2020. This guidance did not have a material impact on the Consolidated Statement of Operations. See Note 3 for additional disclosures relating to the adoption of this guidance.

Collaborative Arrangements: Clarifying the Interaction with the New Revenue Standard

On January 1, 2020, we adopted FASB guidance on the accounting for collaborative arrangements, which clarifies that certain transactions between parties to collaborative arrangements should be accounted for in accordance with FASB revenue guidance when the counterparty is a customer. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract

On January 1, 2020, we adopted FASB guidance on the accounting for implementation costs of a cloud computing arrangement that is considered to be a service contract. This guidance requires companies to follow the guidance for capitalizing costs associated with internal-use software to determine which costs to capitalize in a cloud computing arrangement that is a service contract. Under this guidance, such implementation costs will be capitalized in "Other assets" on the Consolidated Balance Sheet, with the related amortization presented in "Selling, general and administrative expenses" on the Consolidated Statement of Operations. This guidance was applied prospectively to implementation costs incurred after January 1, 2020. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Financial Instruments

On January 1, 2020, we adopted FASB guidance on the accounting for credit losses on financial instruments. Among other provisions, this guidance introduces a new impairment model for most financial assets and certain other instruments. The guidance applies primarily to our trade and other receivables, and requires the use of a forward-looking "expected loss" model instead of the "incurred loss" model that was used under previous FASB guidance for determining an allowance for credit losses. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued guidance providing optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The guidance is effective for all entities as of March 12, 2020 through December 31, 2022 and may not be applied to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, with a few exceptions for certain hedging relationships existing as of December 31, 2022. We are currently evaluating the impact of the changes in reference rates and the exemptions and exceptions in this guidance on our consolidated financial statements.

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued guidance on the accounting for income taxes that, among other provisions, eliminates certain exceptions to existing guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. This guidance is effective for interim and annual periods beginning after December 15, 2020 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

(Tabular dollars in millions, except per share amounts)

Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued amended guidance that eliminates, adds and clarifies certain disclosure requirements for defined benefit pension or other postretirement plans. The amendments affect annual disclosures only and are effective for our fiscal year ending on December 31, 2020. The amendments are required to be applied retrospectively. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

2) ACQUISITIONS AND DISPOSITIONS

Acquisition

On April 3, 2020, we acquired a 49% interest in Miramax, a global film and television studio, for $375 million, which included a cash payment at closing of approximately $150 million along with a commitment to invest $45 million annually over the next five years, or $225 million, to be used for new film and television productions and working capital. In conjunction with this acquisition, we entered into commercial agreements with Miramax under which we have exclusive, long-term distribution rights to Miramax's catalog, adding more than 700 titles to our existing library. We also have certain rights to co-produce, co-finance and/or distribute new film and television projects. The investment is accounted for as a consolidated variable interest entity ("VIE"). We are the primary beneficiary of the VIE due to our power to direct the distribution of Miramax's films and television series, which is considered the most significant activity of the VIE.

The following table summarizes our estimated allocation of the purchase price as of the acquisition date.

Assets		
Cash	$	32
Accounts receivable and other current assets		19
Programming inventory		536
Goodwill		99
Intangible assets		12
Other assets (noncurrent)		7
Assets acquired	$	705
Liabilities		
Accounts payable and accrued expenses	$	13
Participants' share and royalties payable (current)		16
Deferred revenues		10
Participants' share and royalties payable (noncurrent)		20
Debt		105
Other liabilities (noncurrent)		28
Liabilities assumed		192
Noncontrolling interests		363
Total purchase price	$	150

The goodwill, which is not deductible for tax purposes, reflects the expected Company-specific synergies arising from the acquisition and is included in the *Filmed Entertainment* segment. Intangible assets consist of a trade name with a useful life of 10 years.

The operating results of Miramax from the date of acquisition through September 30, 2020 were not material.

(Tabular dollars in millions, except per share amounts)

Dispositions

CNET Media Group

On October 30, 2020, we completed the sale of CNET Media Group ("CMG") to Red Ventures for $484 million, including an estimated working capital adjustment. The purchase price consists of a cash payment at closing of $459 million and a credit of $25 million to be used over five years for the purchase of advertising and licensing of data from Red Ventures. As a result, we will recognize a pre-tax gain of approximately $245 million in the fourth quarter of 2020. CMG has been classified as held for sale on the Consolidated Balance Sheet at September 30, 2020. The following table presents assets and liabilities classified as held for sale at September 30, 2020.

Assets		
Current assets [(a)]	$	39
Property and equipment		6
Goodwill [(b)]		114
Intangible assets, net		108
Other assets (noncurrent)		4
Total assets	$	271
Liabilities		
Other current liabilities	$	32
Other liabilities (noncurrent)		4
Total liabilities	$	36

(a) Included in "Prepaid and other current assets" on the Consolidated Balance Sheet.

(b) Goodwill was allocated to CMG from the CBS Interactive reporting unit based on its relative fair value.

CBS Television City

During the first quarter of 2019, we completed the sale of CBS Television City for $750 million. We guaranteed a specified level of cash flows to be generated by the business during the first five years following the completion of the sale. This transaction resulted in a gain of $549 million ($386 million, net of tax), which included a reduction for the estimated amount payable under the guarantee obligation.

3) PROGRAMMING AND OTHER INVENTORY

We acquire rights to programming and produce programming to exhibit on our broadcast and cable networks, on our broadcast television stations, direct to consumers through our digital streaming services, and in theaters. We also produce programming for third parties. Programming inventory costs for both acquired and internally-produced content are recorded within the noncurrent portion of "Programming and other inventory" on the Consolidated Balance Sheet. Prepayments for the rights to air sporting and other live events that are expected to be expensed over the next 12 months are classified within the current portion of "Programming and other inventory" on the Consolidated Balance Sheet.

Internally-Produced Programming

Costs incurred to produce television programs and feature films (which include direct production costs, production overhead, acquisition costs and development costs) are capitalized when incurred. For television programs that are predominantly monetized as part of a film group, capitalized production costs are amortized based on an estimate of the timing of our usage of and benefit from such programming. For television programs and feature films that are predominantly monetized on an individual basis, we use an individual-film-forecast computation method to amortize capitalized production costs and to accrue estimated liabilities for participations and residuals over the applicable title's life cycle based upon the ratio of current period revenues to estimated remaining total gross revenues to be earned ("Ultimate Revenues") for each title.

(Tabular dollars in millions, except per share amounts)

Acquired Programming Rights

Our acquired programming rights are predominantly monetized in film groups together with certain internally-produced programming and other acquired programming rights. Costs incurred in acquiring program rights, including advances, are capitalized when the license period has begun and the program is accepted and available for airing. These costs are amortized over the shorter of the license period or the period in which an economic benefit is expected to be derived based on the timing of our usage of and benefit from such programming.

We test a film group or individual television program or feature film for impairment when events or circumstances indicate that its fair value may be less than its unamortized cost. An impairment charge will then be recorded for any difference between the carrying value and estimated fair value of the film group or individual television program or feature film. In addition, unamortized costs for internally-produced or acquired programming that have been substantively abandoned are written off.

The following tables present our programming and other inventory by type at September 30, 2020 and December 31, 2019. Programming inventory at September 30, 2020 has been grouped according to the predominant monetization strategy in accordance with new FASB guidance adopted in the first quarter of 2020 (see Note 1).

	At September 30, 2020
Film Group Monetization:	
Acquired television program rights, including prepaid sports rights	$ 3,408
Internally produced television programming:	
Released	2,912
In process and other	898
Individual Monetization:	
Acquired libraries	496
Film inventory:	
Released	400
Completed, not yet released	311
In process and other	1,042
Internally produced television programming:	
Released	937
In process and other	740
Home entertainment and Publishing, primarily finished goods	90
Total programming and other inventory	11,234
Less current portion	1,869
Total noncurrent programming and other inventory	$ 9,365

(Tabular dollars in millions, except per share amounts)

	At December 31, 2019
Acquired television program rights, including prepaid sports rights	$ 3,477
Acquired libraries	99
Internally produced television programming:	
Released	3,627
In process and other	2,626
Film inventory:	
Released	502
Completed, not yet released	55
In process and other	1,037
Home entertainment and Publishing, primarily finished goods	105
Total programming and other inventory	11,528
Less current portion	2,876
Total noncurrent programming and other inventory	$ 8,652

The following table presents amortization of television and film programming and production costs, which are included within "Operating expenses" in the Consolidated Statements of Operations.

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Programming costs, acquired programming	$ 839	$ 2,525
Production costs, internally produced television and film programming:		
Individual monetization	$ 606	$ 2,129
Film group monetization	$ 662	$ 2,082

Included in the table above for the nine months ended September 30, 2020, are programming charges of $121 million primarily related to the abandonment of certain incomplete programs resulting from production shutdowns related to COVID-19. The programming charges are included within "Operating expenses" in the Consolidated Statement of Operations with $66 million, $50 million and $5 million included within the *TV Entertainment, Cable Networks* and *Filmed Entertainment* segments, respectively.

4) RESTRUCTURING, IMPAIRMENT AND OTHER CORPORATE MATTERS

During the three and nine months ended September 30, 2020 and 2019, we recorded the following on the Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Severance	$ 30	$ 47	$ 334	$ 145
Exit costs	5	(19)	37	11
Restructuring charges	35	28	371	156
Merger-related costs	10	94	51	94
Other corporate matters	7	—	21	57
Restructuring and other corporate matters	$ 52	$ 122	$ 443	$ 307
Impairment charges	$ —	$ —	$ 25	$ —
Depreciation of abandoned technology	$ —	$ —	$ 12	$ —

(Tabular dollars in millions, except per share amounts)

Restructuring Charges

During the three and nine months ended September 30, 2020, we recorded restructuring charges of $35 million and $371 million, respectively, associated with cost-transformation initiatives in connection with the Merger in an effort to reduce redundancies across our businesses. These charges primarily consist of severance costs, including the accelerated vesting of stock-based compensation. During the three months ended September 30, 2019, we recorded restructuring charges of $28 million primarily for severance costs in connection with the Merger. During the nine months ended September 30, 2019, we recorded restructuring charges of $156 million primarily for severance costs associated with a restructuring plan initiated in the first quarter of 2019 under which severance payments were provided to certain eligible employees who voluntarily elected to participate, and the aforementioned severance costs in connection with the Merger. Included in restructuring charges for the three and nine months ended September 30, 2020 and the nine months ended September 30, 2019 were costs resulting from the termination of contractual obligations and charges associated with the exit of leases. Restructuring charges for the three and nine months ended September 30, 2019 also included an adjustment to a previously recognized liability associated with the exit of a lease.

The following table presents a rollforward of our restructuring liability, which is recorded in “Other current liabilities” and “Other liabilities” on the Consolidated Balance Sheets. The remaining restructuring liability at September 30, 2020, which primarily relates to severance payments, is expected to be substantially paid by the end of 2021.

	Balance at December 31, 2019	2020 Activity			Balance at September 30, 2020
		Charges [(a)]	Payments	Other	
TV Entertainment	$ 99	$ 83	$ (82)	$ (11)	$ 89
Cable Networks	137	141	(122)	(11)	145
Filmed Entertainment	17	19	(8)	—	28
Publishing	4	2	(2)	(2)	2
Corporate	143	65	(104)	(8)	96
Total	$ 400	$ 310	$ (318)	$ (32)	$ 360

(a) Excludes stock-based compensation expense of $51 million and lease asset impairments of $10 million.

Merger-related Costs and Other Corporate Matters

During the three and nine months ended September 30, 2020, in addition to the above-mentioned restructuring charges, we incurred merger-related costs of $10 million and $51 million, respectively, consisting of professional fees mainly associated with integration activities, as well as transaction-related bonuses for the nine-month period.

In addition, during the three and nine months ended September 30, 2020, we incurred costs of $6 million in connection with planned dispositions, and for the nine months ended September 30, 2020, we recorded a charge of $15 million to write down property and equipment that has been classified as held for sale to its fair value less costs to sell. During the three and nine months ended September 30, 2019, we incurred costs of $94 million in connection with the Merger, consisting of contractual executive compensation, including the accelerated vesting of stock-based compensation, that was triggered by the Merger, as well as financial advisory, legal and other professional fees. Additionally, during the nine months ended September 30, 2019, we incurred costs of $57 million in connection with the settlement of a commercial dispute and legal proceedings involving the Company.

Impairment Charges

We perform a fair value-based impairment test of goodwill and intangible assets with indefinite lives, comprised primarily of television FCC licenses, on an annual basis, and also between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit or an indefinite-lived intangible asset below its carrying value. During the second quarter of 2020, we assessed the relevant factors that could impact the fair value of our reporting units and indefinite-lived intangible assets, including the effects of COVID-19, and determined that an interim impairment test was necessary for three markets in which we hold FCC licenses. The impairment test indicated that the estimated fair values of FCC licenses in two markets were lower than their respective carrying values, which resulted from recent declines in industry projections in the markets where these FCC licenses are held, that were further accelerated by COVID-19. Accordingly, we recorded an impairment charge of $25 million to write down the carrying values of these FCC licenses to their aggregate estimated fair value of $216 million. This charge is included within “Depreciation and amortization” in the Consolidated Statement of Operations for the nine months ended September 30, 2020, and was recorded within the *TV Entertainment* segment. Additionally, the estimated fair value of the FCC license in the third market exceeded its carrying value of $53 million by 7%.

The impairment tests were performed using the Greenfield Discounted Cash Flow Method, which estimates the fair value of FCC licenses by valuing a hypothetical start-up station using industry projections in the relevant market and assuming the station builds up to average market share over a five-year period. Discounted cash flows for this period are added to a residual value, which is calculated using a long-term growth rate based on projected long-range inflation and industry projections. The estimated fair values of FCC licenses are highly dependent on the assumptions of future economic conditions in the individual geographic markets in which we own and operate television stations. A decline in revenue projections, or an increase in the cost of capital, could result in a downward revision to the fair values of our FCC licenses.

During the third quarter of 2020, we performed an annual goodwill impairment test for two of our reporting units, and, in connection with the classification of CMG as held for sale (see Note 2), we performed interim goodwill impairment tests of the CBS Interactive reporting unit both before and after the change to this reporting unit. Based on the qualitative assessments performed on each of these reporting units, considering the aggregation of the relevant factors, we concluded that it is not more likely than not that the fair value of each of these reporting units is less than their respective carrying amounts, and therefore performing quantitative impairment tests was unnecessary.

Accelerated Depreciation

During the nine months ended September 30, 2020, we recorded accelerated depreciation expense of $12 million resulting from the abandonment of technology in connection with synergy plans related to the Merger, which is recorded in “Depreciation and amortization” in the Consolidated Statement of Operations.

5) RELATED PARTIES

National Amusements, Inc. NAI is the controlling stockholder of ViacomCBS. Shari E. Redstone is the Chairperson, CEO and President of NAI and the non-executive Chair of our Board of Directors. At September 30, 2020, NAI directly or indirectly owned approximately 79.4% of our voting Class A Common Stock and 10.2% of our Class A Common Stock and non-voting Class B Common Stock on a combined basis. Until the death of Mr. Sumner M. Redstone on August 11, 2020, NAI was controlled by Mr. Redstone through the Sumner M. Redstone National Amusements Trust (the “SMR Trust”), which owned 80% of the voting interest of NAI, with such voting interest voted solely by Mr. Redstone. Upon Mr. Redstone’s death and in accordance with the terms of the trust agreement governing the SMR Trust and the Continuing Trusts (as defined below), the SMR Trust was succeeded by two continuing trusts (the "Continuing Trusts"), each of which holds 40% of the voting stock of NAI. Under the terms of the trust agreement governing the SMR Trust and the Continuing Trusts, the Continuing Trusts are required to share the same seven voting trustees, who have equal voting power, and each trustee is required to cause each Continuing Trust to vote the NAI shares held by that Continuing Trust in the same manner as the NAI shares held by the other Continuing Trust. Ms. Redstone is one of the seven voting trustees for each Continuing Trust and is one of two voting trustees who are beneficiaries of one of the Continuing Trusts. No member of our management, or other member of our Board, is a trustee of either of the Continuing Trusts.

(Tabular dollars in millions, except per share amounts)

Other Related Parties. In the ordinary course of business, we are involved in transactions with our equity-method investees, primarily for the licensing of television and film programming. The following tables present the amounts recorded in our consolidated financial statements related to these transactions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenues	$ 13	$ 25	$ 89	$ 134
Operating expenses	$ 4	$ 3	$ 9	$ 7

	At September 30, 2020	At December 31, 2019
Amounts due to/from other related parties		
Accounts receivable	$ 34	$ 45
Accounts payable	$ —	$ 3

Through the normal course of business, we are involved in transactions with other related parties that have not been material in any of the periods presented.

6) REVENUES

The following table presents our revenues disaggregated into categories based on the nature of such revenues.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenues by Type:				
Advertising	$ 2,188	$ 2,333	$ 6,606	$ 8,044
Affiliate	2,365	2,149	6,756	6,469
Content licensing	1,221	1,828	4,717	5,202
Theatrical	6	94	176	418
Publishing	279	217	649	599
Other	57	77	156	209
Total Revenues	$ 6,116	$ 6,698	$ 19,060	$ 20,941

Receivables

Reserves for accounts receivable reflect our expected credit losses based on historical experience as well as current and expected economic conditions. Our allowance for credit losses was $94 million and $86 million at September 30, 2020 and December 31, 2019, respectively.

Included in "Other assets" on the Consolidated Balance Sheets are noncurrent receivables of $2.18 billion and $2.15 billion at September 30, 2020 and December 31, 2019, respectively. Noncurrent receivables primarily relate to revenues recognized under long-term television licensing arrangements. Television license fee revenues are recognized at the beginning of the license period in which programs are made available to the licensee for exhibition, while the related cash is collected over the term of the license period. The year of origination for these receivables at September 30, 2020 was $930 million in 2020, $729 million in 2019, $355 million in 2018, $145 million in 2017, $11 million in 2016 and $14 million prior to 2016.

Contract Liabilities

Contract liabilities are included within "Deferred revenues" and "Other liabilities" on the Consolidated Balance Sheets and were $879 million and $910 million at September 30, 2020 and December 31, 2019, respectively. The change in contract liabilities for the nine months ended September 30, 2020 primarily reflects $555 million of revenues recognized that were included in deferred revenues at December 31, 2019 partially offset by cash payments received during the period for which the performance obligation was not satisfied prior to the end of the period. For the nine months ended September 30, 2019, we recognized revenues of $518 million that were included in deferred revenues at December 31, 2018.

Unrecognized Revenues Under Contract

At September 30, 2020, unrecognized revenues attributable to unsatisfied performance obligations under our long-term contracts was $6.37 billion, of which $1.07 billion is expected to be recognized for the remainder of 2020, $2.76 billion in 2021, $1.79 billion in 2022, and $744 million thereafter. These amounts only include contracts subject to a guaranteed fixed amount or the guaranteed minimum under variable contracts, primarily consisting of television and film licensing contracts and affiliate agreements that are subject to a fixed or guaranteed minimum fee. Such amounts change on a regular basis as we renew existing agreements or enter into new agreements. Unrecognized revenues under contract disclosed above do not include (i) contracts with an original expected term of one year or less, mainly consisting of advertising contracts (ii) contracts for which variable consideration is determined based on the customer's subsequent sale or usage, mainly consisting of affiliate agreements and (iii) long-term licensing agreements for multiple programs for which variable consideration is determined based on the value of the programs delivered to the customer and our right to invoice corresponds with the value delivered.

Performance Obligations Satisfied in Previous Periods

Under certain licensing arrangements, the amount and timing of our revenue recognition is determined based on our licensees' subsequent sale to its end customers. As a result, under such arrangements, which primarily include licensing of our content to distributors of transactional video-on-demand and electronic sell-through services, we often satisfy our performance obligation of delivery of our content in advance of revenue recognition. During the three and nine months ended September 30, 2020, we recognized revenues of $77 million and $198 million, respectively, and during the three and nine months ended September 30, 2019, we recognized revenues of $78 million and $195 million, respectively, each in our *Filmed Entertainment* segment for performance obligations satisfied, or partially satisfied, in a prior period.

(Tabular dollars in millions, except per share amounts)

7) DEBT

Our debt consists of the following:

	At September 30, 2020	At December 31, 2019
Commercial paper	$ —	$ 699
4.3% Senior Notes due 2021	—	300
4.5% Senior Notes due 2021	—	499
3.875% Senior Notes due 2021	—	597
2.250% Senior Notes due 2022	35	49
3.375% Senior Notes due 2022	415	698
3.125% Senior Notes due 2022	117	194
2.50% Senior Notes due 2023	196	398
3.25% Senior Notes due 2023	141	181
2.90% Senior Notes due 2023	242	396
4.25% Senior Notes due 2023	836	1,242
7.875% Debentures due 2023	139	187
7.125% Senior Notes due 2023	35	46
3.875% Senior Notes due 2024	490	489
3.70% Senior Notes due 2024	598	598
3.50% Senior Notes due 2025	593	592
4.75% Senior Notes due 2025	1,238	—
4.0% Senior Notes due 2026	790	789
3.45% Senior Notes due 2026	123	123
2.90% Senior Notes due 2027	689	688
3.375% Senior Notes due 2028	495	494
3.70% Senior Notes due 2028	491	491
4.20% Senior Notes due 2029	493	493
7.875% Senior Debentures due 2030	831	831
4.95% Senior Notes due 2031	1,219	—
4.20% Senior Notes due 2032	969	—
5.50% Senior Debentures due 2033	426	426
4.85% Senior Debentures due 2034	87	87
6.875% Senior Debentures due 2036	1,069	1,068
6.75% Senior Debentures due 2037	75	75
5.90% Senior Notes due 2040	298	297
4.50% Senior Debentures due 2042	45	45
4.85% Senior Notes due 2042	487	486
4.375% Senior Debentures due 2043	1,114	1,109
4.875% Senior Debentures due 2043	18	18
5.85% Senior Debentures due 2043	1,232	1,231
5.25% Senior Debentures due 2044	345	345
4.90% Senior Notes due 2044	540	539
4.60% Senior Notes due 2045	589	589
4.95% Senior Notes due 2050	942	—
5.875% Junior Subordinated Debentures due 2057	514	643
6.25% Junior Subordinated Debentures due 2057	643	643
Other bank borrowings	90	—
Obligations under finance leases	32	44
Total debt [(a)]	19,721	18,719
Less commercial paper and other short-term borrowings	—	699
Less current portion of long-term debt	18	18
Total long-term debt, net of current portion	$ 19,703	$ 18,002

(a) At September 30, 2020 and December 31, 2019, the long-term debt balances included (i) a net unamortized discount of $497 million and $412 million, respectively, (ii) unamortized deferred financing costs of $109 million and $92 million, respectively, and (iii) a decrease in the carrying value of the debt relating to previously settled fair value hedges of $5 million and $6 million, respectively. The face value of our total debt was $20.33 billion and $19.23 billion at September 30, 2020 and December 31, 2019, respectively.

During the nine months ended September 30, 2020, we issued $4.50 billion of senior notes with interest rates ranging from 4.20% to 4.95% and due dates from 2025 to 2050. The net proceeds from these issuances are being used for the redemption of our long-term debt as well as for general corporate purposes. During the nine months ended September 30, 2020, we redeemed, prior to maturity, senior notes, debentures, and junior subordinated debentures totaling $2.77 billion, for an aggregate redemption price of $2.88 billion, which included third quarter redemptions of $340 million of senior notes, for a redemption price of $357 million. These redemptions resulted in a pre-tax loss on extinguishment of debt of $23 million and $126 million for the three and nine months ended September 30, 2020, respectively.

Our 5.875% junior subordinated debentures due February 2057 and 6.25% junior subordinated debentures due February 2057 accrue interest at the stated fixed rates until February 28, 2022 and February 28, 2027, respectively, on which dates the rates will switch to floating rates based on three-month LIBOR plus 3.895% and 3.899%, respectively, reset quarterly. These debentures can be called by us at any time after the expiration of the fixed-rate period.

Commercial Paper

In January 2020, our commercial paper program was increased to $3.50 billion from $2.50 billion in conjunction with the new $3.50 billion revolving credit facility described below. At September 30, 2020, we had no outstanding commercial paper borrowings under our commercial paper program. At December 31, 2019, we had $699 million of outstanding commercial paper borrowings with maturities of less than 90 days and a weighted average interest rate of 2.07%.

Credit Facility

In January 2020, the $2.50 billion revolving credit facility held by CBS prior to the Merger (the “CBS Credit Facility”), with a maturity in June 2021, was terminated and the $2.50 billion revolving credit facility held by Viacom prior to the Merger (the “Viacom Credit Facility”), with a maturity in February 2024, was amended and restated to a $3.50 billion revolving credit facility with a maturity in January 2025 (the “Credit Facility”). The Credit Facility is used for general corporate purposes and to support commercial paper borrowings, if any. We may, at our option, also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the Credit Facility are determined at the time of each borrowing and are generally based on either the prime rate in the U.S. or LIBOR plus a margin based on our senior unsecured debt rating, depending on the type and tenor of the loans entered. The Credit Facility has one principal financial covenant that requires our Consolidated Total Leverage Ratio to be less than 4.5x (which we may elect to increase to 5.0x for up to four consecutive quarters following a qualified acquisition) at the end of each quarter. The Consolidated Total Leverage Ratio reflects the ratio of our Consolidated Indebtedness at the end of a quarter, to our Consolidated EBITDA (each as defined in the amended credit agreement) for the trailing twelve-month period. We met the covenant as of September 30, 2020.

At September 30, 2020, we had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $3.50 billion.

Other Bank Borrowings

At September 30, 2020, we had $90 million of bank borrowings with a weighted average interest rate of 3.50% under Miramax’s $300 million credit facility, which matures in April 2023.

(Tabular dollars in millions, except per share amounts)

8) FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The carrying value of our financial instruments approximates fair value, except for notes and debentures, which are not recorded at fair value. The carrying value of our notes and debentures was $19.60 billion and $17.98 billion at September 30, 2020 and December 31, 2019, respectively, and the fair value, which is determined based on quoted prices in active markets (Level 1 in the fair value hierarchy) was $23.3 billion and $20.6 billion at September 30, 2020 and December 31, 2019, respectively.

The carrying value of our investments without a readily determinable fair value for which we have no significant influence was $104 million and $113 million at September 30, 2020 and December 31, 2019, respectively. These investments are included in "Other assets" on the Consolidated Balance Sheets. During the nine months ended September 30, 2020, in connection with the merger of an investee company with a publicly traded company, we recorded an unrealized gain of $32 million based on the market price of the company's publicly traded equity instruments, which are deemed similar to our investment. The gain is reflected in "Other items, net" in the Consolidated Statement of Operations.

We use derivative financial instruments primarily to modify our exposure to market risks from fluctuations in foreign currency exchange rates. We do not use derivative instruments unless there is an underlying exposure and therefore we do not hold or enter into derivative financial instruments for speculative trading purposes.

Foreign Exchange Contracts

Foreign exchange forward contracts have principally been used to hedge projected cash flows, in currencies such as the British Pound, the Euro, the Canadian Dollar and the Australian Dollar, generally for periods up to 24 months. We designate foreign exchange forward contracts used to hedge committed and forecasted foreign currency transactions as cash flow hedges. Gains or losses on the effective portion of designated cash flow hedges are initially recorded in other comprehensive income (loss) and reclassified to the statement of operations when the hedged item is recognized. Additionally, we enter into non-designated forward contracts to hedge non-U.S. dollar denominated cash flows.

At September 30, 2020 and December 31, 2019, the notional amount of all foreign exchange contracts was $1.01 billion and $1.44 billion, respectively. At September 30, 2020, $578 million related to future production costs and $435 million related to our foreign currency balances and other expected foreign currency cash flows. At December 31, 2019, $833 million related to future production costs and $606 million related to our foreign currency balances and other expected foreign currency cash flows.

Gains (losses) recognized on derivative financial instruments were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2020	2019	2020	2019	Financial Statement Account
Non-designated foreign exchange contracts	$ (12)	$ 13	$ 6	$ 13	Other items, net

The fair value of our derivative instruments was not material to the Consolidated Balance Sheets for any of the periods presented.

(Tabular dollars in millions, except per share amounts)

The following tables set forth our assets and liabilities measured at fair value on a recurring basis at September 30, 2020 and December 31, 2019. These assets and liabilities have been categorized according to the three-level fair value hierarchy established by the FASB, which prioritizes the inputs used in measuring fair value. Level 1 is based on publicly quoted prices for the asset or liability in active markets. Level 2 is based on inputs that are observable other than quoted market prices in active markets, such as quoted prices for the asset or liability in inactive markets or quoted prices for similar assets or liabilities. Level 3 is based on unobservable inputs reflecting our own assumptions about the assumptions that market participants would use in pricing the asset or liability.

At September 30, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	$ —	$ 32	$ —	$ 32
Foreign currency hedges	—	4	—	4
Total Assets	$ —	$ 36	$ —	$ 36
Liabilities:				
Deferred compensation	$ —	$ 472	$ —	$ 472
Foreign currency hedges	—	19	—	19
Total Liabilities	$ —	$ 491	$ —	$ 491

At December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities	$ 146	$ —	$ —	$ 146
Foreign currency hedges	—	13	—	13
Total Assets	$ 146	$ 13	$ —	$ 159
Liabilities:				
Deferred compensation	$ —	$ 490	$ —	$ 490
Foreign currency hedges	—	14	—	14
Total Liabilities	$ —	$ 504	$ —	$ 504

The fair value of foreign currency hedges is determined based on the present value of future cash flows using observable inputs including foreign currency exchange rates. The fair value of deferred compensation liabilities is determined based on the fair value of the investments elected by employees. The fair value of marketable securities at December 31, 2019 was determined based on quoted market prices in active markets. During the nine months ended September 30, 2020, we sold marketable securities for proceeds of $146 million. During the three and nine months ended September 30, 2019, we recorded an unrealized gain of $12 million and $78 million, respectively, resulting from changes in the fair value of our marketable securities.

During the nine months ended September 30, 2020, we recorded an impairment charge of $25 million to write down the carrying values of FCC licenses in two markets to their fair values, which were determined based on the Greenfield Discounted Cash Flow Method (Level 3). See Note 4.

In addition, "Equity in loss of investee companies, net of tax" for the three and nine months ended September 30, 2020 includes an impairment charge of $9 million relating to an international television joint venture.

(Tabular dollars in millions, except per share amounts)

9) STOCKHOLDERS' EQUITY

During the three and nine months ended September 30, 2020, we declared cash dividends of $.24 and $.72 per share, respectively, on our Class A and Class B Common Stock, resulting in total dividends of $150 million and $450 million, respectively.

Prior to the Merger, Viacom and CBS each declared a quarterly cash dividend during each of the first three quarters of 2019. During the three and nine months ended September 30, 2019, CBS declared cash dividends of $.18 and $.54 per share, respectively, on its Class A and Class B Common Stock resulting in total dividends of $69 million and $205 million, respectively. During the three and nine months ended September 30, 2019, Viacom declared cash dividends of $.20 and $.60 per share, respectively, on its Class A and Class B Common Stock resulting in total dividends of $82 million and $245 million, respectively.

During the nine months ended September 30, 2020, we repurchased 1.3 million shares of ViacomCBS Class B Common Stock under our share repurchase program for $50 million, at an average cost of $38.63 per share. At September 30, 2020, $2.36 billion of authorization remained under the share repurchase program.

Accumulated Other Comprehensive Income (Loss)

The following tables summarize the changes in the components of accumulated other comprehensive loss.

	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Accumulated Other Comprehensive Loss
At December 31, 2019	$ (463)	$ (1,507)	$ (1,970)
Other comprehensive income before reclassifications	8	—	8
Reclassifications to net earnings	—	52 (a)	52
Other comprehensive income	8	52	60
At September 30, 2020	$ (455)	$ (1,455)	$ (1,910)

	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Accumulated Other Comprehensive Loss
At December 31, 2018	$ (476)	$ (1,132)	$ (1,608)
Other comprehensive loss before reclassifications	(62)	—	(62)
Reclassifications to net earnings	—	46 (a)	46
Other comprehensive income (loss)	(62)	46	(16)
Tax effects reclassified to retained earnings	—	(230) (b)	(230)
At September 30, 2019	$ (538)	$ (1,316)	$ (1,854)

(a) Reflects amortization of net actuarial losses (see Note 12). Amounts are net of tax benefits of $16 million and $15 million for the nine months ended September 30, 2020 and 2019, respectively.

(b) Reflects the reclassification of certain income tax effects of the federal tax legislation enacted in December 2017 on items within accumulated other comprehensive loss to retained earnings upon the adoption of FASB guidance.

(Tabular dollars in millions, except per share amounts)

10) STOCK-BASED COMPENSATION

The following table summarizes our stock-based compensation expense for the three and nine months ended September 30, 2020 and 2019.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
RSUs and PSUs	$ 37	$ 41	$ 125	$ 126
Stock options	4	6	15	22
Compensation cost included in operating and SG&A expense	41	47	140	148
Compensation cost included in restructuring and other corporate matters (a)	5	18	51	23
Stock-based compensation expense, before income taxes	46	65	191	171
Related tax benefit	(10)	(12)	(37)	(36)
Stock-based compensation expense, net of tax benefit	$ 36	$ 53	$ 154	$ 135

(a) Reflects accelerations as a result of restructuring activities in the 2020 and 2019 periods, as well as accelerations triggered by the Merger in the 2019 periods.

11) INCOME TAXES

The (provision) benefit for income taxes represents federal, state and local, and foreign taxes on earnings from continuing operations before income taxes and equity in loss of investee companies. For the three and nine months ended September 30, 2020, we recorded a provision for income taxes of $38 million and $377 million, reflecting effective income tax rates of 5.7% and 16.6%, respectively. Included in the provision for income taxes for the three and nine months ended September 30, 2020, are discrete tax benefits of $117 million and $120 million, respectively, primarily consisting of a benefit of $100 million to remeasure our UK net deferred income tax asset as a result of an increase in the UK corporate income tax rate from 17% to 19% enacted during the third quarter, as well as a benefit of $22 million realized in connection with the preparation of the fiscal 2019 tax return for Viacom. These items, together with a net tax benefit of $18 million and $153 million for the three and nine months ended September 30, 2020, respectively, which relate principally to restructuring and other corporate matters, losses on the extinguishment of debt and programming charges, reduced our effective income tax rate by 17.5 percentage points and 5.4 percentage points, respectively.

For the three and nine months ended September 30, 2019, we recorded a provision for income taxes of $126 million and a tax benefit of $9 million, reflecting effective income tax rates of 16.1% and (.2)%, respectively. Included in the provision for income taxes for the third quarter of 2019 is a discrete tax benefit of $58 million primarily realized in connection with the preparation of the 2018 federal tax return, based on further clarity provided by the U.S. government on tax positions relating to federal tax legislation enacted in December 2017 (the “Tax Reform Act”). This item, taken together with a net provision of $2 million for restructuring and other corporate matters and gains from investments, reduced our effective income tax rate by 4.3 percentage points. The tax benefit for the nine months ended September 30, 2019 included 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, the aforementioned tax benefit of $58 million primarily realized in connection with the preparation of the 2018 federal tax return, a tax benefit of $32 million principally related to the bankruptcy of an investee, and a tax provision of $163 million on the gain from the sale of the CBS Television City property and sound stage operation (“CBS Television City”). These items, taken together with a net tax benefit of $27 million for restructuring and other corporate matters and gains from investments, reduced the effective income tax rate by 21.9 percentage points for the nine months ended September 30, 2019.

(Tabular dollars in millions, except per share amounts)

In March 2020, the U.S. government enacted tax legislation containing provisions to support businesses during the COVID-19 pandemic (the "CARES Act"), including deferment of the employer portion of certain payroll taxes, refundable payroll tax credits, and technical amendments to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on our consolidated financial statements for the three and nine months ended September 30, 2020. We do not expect the future impact of the CARES Act provisions to be material.

ViacomCBS and its subsidiaries file income tax returns with the Internal Revenue Service ("IRS") and various state and international jurisdictions. For periods prior to the Merger, Viacom and CBS filed separate tax returns. For CBS, the IRS commenced its examination of the 2017 tax year during the fourth quarter of 2019 and commenced its examination of the 2018 tax year in February 2020. For Viacom, the IRS began its examination of the 2014 and 2015 tax years in April 2017. Various tax years are also currently under examination by state and local and foreign tax authorities. With respect to open tax years in all jurisdictions, we currently believe that it is reasonably possible that the reserve for uncertain tax positions may decrease by approximately $65 million within the next 12 months primarily related to potential resolutions of matters involving multiple tax periods and jurisdictions; however, it is difficult to predict the final outcome or timing of resolution of any particular tax matter and events could cause our current expectation to change in the future.

12) PENSION AND OTHER POSTRETIREMENT BENEFITS

The following tables present the components of net periodic cost for our pension and postretirement benefit plans.

	Pension Benefits		Postretirement Benefits	
Three Months Ended September 30,	**2020**	**2019**	**2020**	**2019**
Components of net periodic cost [(a)]:				
Service cost	$ 8	$ 7	$ —	$ —
Interest cost	41	47	2	4
Expected return on plan assets	(48)	(46)	—	—
Amortization of actuarial loss (gain) [(b)]	26	24	(3)	(4)
Net periodic cost	$ 27	$ 32	$ (1)	$ —

	Pension Benefits		Postretirement Benefits	
Nine Months Ended September 30,	**2020**	**2019**	**2020**	**2019**
Components of net periodic cost [(a)]:				
Service cost	$ 23	$ 21	$ 1	$ 1
Interest cost	123	143	8	12
Expected return on plan assets	(145)	(138)	—	—
Amortization of actuarial loss (gain) [(b)]	78	72	(11)	(13)
Net periodic cost	$ 79	$ 98	$ (2)	$ —

(a) Amounts reflect our domestic plans only.

(b) Reflects amounts reclassified from accumulated other comprehensive loss to net earnings.

The service cost component of net periodic cost is presented in the Consolidated Statements of Operations within operating income and all other components of net periodic cost are presented within "Other items, net."

(Tabular dollars in millions, except per share amounts)

13) REDEEMABLE NONCONTROLLING INTERESTS

We are subject to a redeemable put option, payable in a foreign currency, with respect to an international subsidiary. The put option expires in December 2022 and is classified as "Redeemable noncontrolling interest" on the Consolidated Balance Sheets. The activity reflected within redeemable noncontrolling interest for the nine months ended September 30, 2020 and 2019 is presented below.

	Nine Months Ended September 30,	
	2020	2019
Beginning balance	$ 254	$ 239
Net earnings	5	12
Distributions	(10)	(11)
Translation adjustment	(5)	(7)
Redemption value adjustment	(48)	8
Ending balance	$ 196	$ 241

14) REPORTABLE SEGMENTS

The following tables set forth our financial information by reportable segment. Our operating segments, which are the same as our reportable segments, have been determined in accordance with our internal management structure, which is organized based upon products and services.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Advertising	$ 1,053	$ 1,063	$ 3,385	$ 4,339
Affiliate	803	641	2,288	1,868
Content licensing	455	695	1,796	2,442
Other	43	55	119	149
TV Entertainment	2,354	2,454	7,588	8,798
Advertising	1,135	1,280	3,244	3,742
Affiliate	1,562	1,508	4,468	4,601
Content licensing	364	495	1,439	1,018
Cable Networks	3,061	3,283	9,151	9,361
Theatrical	6	94	176	418
Home entertainment	150	153	533	468
Licensing	418	575	1,294	1,490
Other	16	29	45	82
Filmed Entertainment	590	851	2,048	2,458
Publishing	279	217	649	599
Corporate/Eliminations	(168)	(107)	(376)	(275)
Total Revenues	$ 6,116	$ 6,698	$ 19,060	$ 20,941

(Tabular dollars in millions, except per share amounts)

Revenues generated between segments primarily reflect advertising and content licensing revenues. These transactions are recorded at market value as if the sales were to third parties and are eliminated in consolidation.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Intercompany Revenues:				
TV Entertainment	$ 67	$ 69	$ 185	$ 163
Cable Networks	57	11	75	38
Filmed Entertainment	44	33	116	94
Total Intercompany Revenues	$ 168	$ 113	$ 376	$ 295

We present operating income (loss) excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters, programming charges and gain (loss) on sale of assets, each where applicable ("Adjusted OIBDA"), as the primary measure of profit and loss for our operating segments in accordance with FASB guidance for segment reporting since it is the primary method used by our management. Stock-based compensation is excluded from our segment measure of profit and loss because it is set and approved by our Board of Directors in consultation with corporate executive management.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Adjusted OIBDA:				
TV Entertainment	$ 343	$ 463	$ 1,308	$ 1,818
Cable Networks	866	841	2,945	2,723
Filmed Entertainment	54	66	197	199
Publishing	58	55	115	109
Corporate/Eliminations	(171)	(112)	(364)	(334)
Stock-based compensation	(41)	(47)	(140)	(148)
Depreciation and amortization	(98)	(108)	(335)	(323)
Restructuring and other corporate matters	(52)	(122)	(443)	(307)
Programming charges	—	—	(121)	—
Gain on sale of assets	—	—	—	549
Operating income	959	1,036	3,162	4,286
Interest expense	(259)	(246)	(763)	(723)
Interest income	14	19	39	53
Loss on extinguishment of debt	(23)	—	(126)	—
Other items, net	(20)	(27)	(47)	(2)
Earnings from continuing operations before income taxes and equity in loss of investee companies	671	782	2,265	3,614
(Provision) benefit for income taxes	(38)	(126)	(377)	9
Equity in loss of investee companies, net of tax	(9)	(14)	(30)	(53)
Net earnings from continuing operations	624	642	1,858	3,570
Net earnings from discontinued operations, net of tax	3	4	14	23
Net earnings (ViacomCBS and noncontrolling interests)	627	646	1,872	3,593
Net earnings attributable to noncontrolling interests	(12)	(16)	(260)	(27)
Net earnings attributable to ViacomCBS	$ 615	$ 630	$ 1,612	$ 3,566

(Tabular dollars in millions, except per share amounts)

	At September 30, 2020	At December 31, 2019
Assets:		
TV Entertainment [(a)]	$ 19,018	$ 19,689
Cable Networks [(a)]	22,434	22,109
Filmed Entertainment [(a)]	6,354	5,477
Publishing	1,320	1,262
Corporate/Eliminations	2,299	982
Total Assets	$ 51,425	$ 49,519

(a) Total assets at September 30, 2020 include assets held for sale of $271 million for *TV Entertainment*, associated with CMG (see Note 2), $23 million for *Cable Networks* and $5 million for *Filmed Entertainment*. Total assets at December 31, 2019 include assets held for sale of $23 million for *Cable Networks*.

15) COMMITMENTS AND CONTINGENCIES

Guarantees

Letters of Credit and Surety Bonds. We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. At September 30, 2020, the outstanding letters of credit and surety bonds approximated $140 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City. In connection with the sale of CBS Television City in 2019, we guaranteed a specified level of cash flows to be generated by the business during the first five years following the completion of the sale. Included in “Other current liabilities” and “Other liabilities” on the Consolidated Balance Sheet at September 30, 2020 is a liability of $100 million, reflecting the present value of the estimated amount payable under the guarantee obligation.

Lease Guarantees. We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. These lease commitments were $67 million as of September 30, 2020 and are presented within “Other liabilities” on the Consolidated Balance Sheet. The amount of lease commitments varies over time depending on the expiration or termination of individual underlying leases, or the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

In the course of our business, we both provide and receive indemnities which are intended to allocate certain risks associated with business transactions. Similarly, we may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification obligation. We record a liability for our indemnification obligations and other contingent liabilities when probable and reasonably estimable.

Legal Matters

General

On an ongoing basis, we vigorously defend ourselves in numerous lawsuits and proceedings and respond to various investigations and inquiries from federal, state, local and international authorities (collectively, "litigation"). Litigation may be brought against us without merit, is inherently uncertain and always difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the following matters are not likely, in the aggregate, to result in a material adverse effect on our business, financial condition and results of operations.

Litigation Relating to the Merger

Beginning on February 20, 2020, three purported CBS stockholders filed separate derivative and/or putative class action lawsuits in the Court of Chancery of the State of Delaware. On March 31, 2020, the Court consolidated the three lawsuits and appointed Bucks County Employees' Retirement Fund and International Union of Operating Engineers of Eastern Pennsylvania and Delaware as co-lead plaintiffs for the consolidated action. On April 14, 2020, the lead plaintiffs filed a Verified Consolidated Class Action and Derivative Complaint (as used in this paragraph, the "Complaint") against Shari E. Redstone, NAI, Sumner M. Redstone National Amusements Trust, members of the CBS Board of Directors (comprised of Candace K. Beinecke, Barbara M. Byrne, Gary L. Countryman, Brian Goldner, Linda M. Griego, Robert N. Klieger, Martha L. Minow, Susan Schuman, Frederick O. Terrell and Strauss Zelnick), former CBS President and Acting Chief Executive Officer Joseph Ianniello and nominal defendant ViacomCBS Inc. The Complaint alleges breaches of fiduciary duties to CBS stockholders in connection with the negotiation and approval of the Agreement and Plan of Merger dated as of August 13, 2019, as amended on October 16, 2019 (the "Merger Agreement"). The Complaint also alleges waste and unjust enrichment in connection with Mr. Ianniello's compensation. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On June 5, 2020, the defendants filed motions to dismiss. We believe that the claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Beginning on November 25, 2019, four purported Viacom stockholders filed separate putative class action lawsuits in the Court of Chancery of the State of Delaware. On January 23, 2020, the Court consolidated the four lawsuits. On February 6, 2020, the Court appointed California Public Employees' Retirement System ("CalPERS") as lead plaintiff for the consolidated action. On February 28, 2020, CalPERS, together with Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago and Louis M. Wilen, filed a First Amended Verified Class Action Complaint (as used in this paragraph, the "Complaint") against NAI, NAI Entertainment Holdings LLC, Shari E. Redstone, the members of the Viacom special transaction committee of the Viacom Board of Directors (comprised of Thomas J. May, Judith A. McHale, Ronald L. Nelson and Nicole Seligman) and our President and Chief Executive Officer and director, Robert M. Bakish. The Complaint alleges breaches of fiduciary duties to Viacom stockholders in connection with the negotiation and approval of the Merger Agreement. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On May 22, 2020, the defendants filed motions to dismiss. We believe that the claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Investigation-Related Matters

As announced on August 1, 2018, the CBS Board of Directors retained two law firms to conduct a full investigation of the allegations in press reports about CBS' former Chairman of the Board, President and Chief Executive Officer, Leslie Moonves, CBS News and cultural issues at CBS. On December 17, 2018, the CBS Board of Directors announced the completion of its investigation, certain findings of the investigation and the CBS Board of Directors' determination, discussed below, with respect to the termination of Mr. Moonves' employment. We have received subpoenas from the New York County District Attorney's Office and the New York City Commission on Human Rights regarding the subject matter of this investigation and related matters. The New York State Attorney General's Office and the United States Securities and Exchange Commission have also requested information about these matters, including with respect to CBS' related public disclosures. We may continue to receive additional related regulatory and investigative inquiries from these and other entities in the future. We are cooperating with these inquiries.

On August 27, 2018 and on October 1, 2018, Gene Samit and John Lantz, respectively, filed putative class action suits in the United States District Court for the Southern District of New York, individually and on behalf of others similarly situated, for claims that are similar to those alleged in the amended complaint described below. On November 6, 2018, the Court entered an order consolidating the two actions. On November 30, 2018, the Court appointed Construction Laborers Pension Trust for Southern California as the lead plaintiff of the consolidated action. On February 11, 2019, the lead plaintiff filed a consolidated amended putative class action complaint against CBS, certain current and former senior executives and members of the CBS Board of Directors. The consolidated action is stated to be on behalf of purchasers of CBS Class A Common Stock and Class B Common Stock between September 26, 2016 and December 4, 2018. This action seeks to recover damages arising during this time period allegedly caused by the defendants' purported violations of the federal securities laws, including by allegedly making materially false and misleading statements or failing to disclose material information, and seeks costs and expenses as well as remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On April 12, 2019, the defendants filed motions to dismiss this action, which the Court granted in part and denied in part on January 15, 2020. With the exception of one statement made by Mr. Moonves at an industry event in November 2017, in which he allegedly was acting as the agent of CBS, all claims as to all other allegedly false and misleading statements were dismissed. We believe that the remaining claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Separation Agreement

On September 9, 2018, CBS entered into a separation and settlement agreement and releases (the "Separation Agreement") with Mr. Moonves, pursuant to which Mr. Moonves resigned as a director and as Chairman of the Board, President and Chief Executive Officer of CBS. In October 2018, we contributed $120 million to a grantor trust pursuant to the Separation Agreement. On December 17, 2018, the CBS Board of Directors announced that, following its consideration of the findings of the investigation referred to above, it had determined that there were grounds to terminate Mr. Moonves' employment for cause under his employment agreement with CBS. Any dispute related to the CBS Board of Directors' determination is subject to binding arbitration as set forth in the Separation Agreement. On January 16, 2019, Mr. Moonves commenced a binding arbitration proceeding with respect to this matter and the related CBS Board of Directors investigation, which proceeding is ongoing. The assets of the grantor trust will remain in the trust until a final determination in the arbitration. We are currently unable to determine the outcome of the arbitration and the amount, if any, that may be awarded thereunder. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Claims Related to Former Businesses: Asbestos

We are a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. We are typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of our products is the basis of a claim. Claims against us in which a product has been identified most commonly relate to allegations of exposure to asbestos-containing insulating material used in conjunction with turbines and electrical equipment.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. We do not report as pending those claims on inactive, stayed, deferred or similar dockets that some jurisdictions have established for claimants who allege minimal or no impairment. As of September 30, 2020, we had pending approximately 31,180 asbestos claims, as compared with approximately 30,950 as of December 31, 2019. During the third quarter of 2020, we received approximately 830 new claims and closed or moved to an inactive docket approximately 840 claims. We report claims as closed when we become aware that a dismissal order has been entered by a court or when we have reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claims, the quality of evidence supporting the claims and other factors. Our total costs for the years 2019 and 2018 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $58 million and $45 million, respectively. Our costs for settlement and defense of asbestos claims may vary year to year and insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of pending claims against us are non-cancer claims. It is difficult to predict future asbestos liabilities, as events and circumstances may impact the estimate of our asbestos liabilities, including, among others, the number and types of claims and average cost to resolve such claims. We record an accrual for a loss contingency when it is both probable that a liability has been incurred and when the amount of the loss can be reasonably estimated. We believe that our accrual and insurance are adequate to cover our asbestos liabilities. Our liability estimate is based upon many factors, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims, as well as consultation with a third party firm on trends that may impact our future asbestos liability.

Other

From time to time we receive claims from federal and state environmental regulatory agencies and other entities asserting that we are or may be liable for environmental cleanup costs and related damages principally relating to our historical and predecessor operations. In addition, from time to time we receive personal injury claims including toxic tort and product liability claims (other than asbestos) arising from our historical operations and predecessors.

(Tabular dollars in millions, except per share amounts)

16) SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Cash Flow Information

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash paid for interest	$ 765	$ 790
Cash paid for income taxes	$ 298	$ 586
Noncash additions to operating lease assets	$ 124	$ 357

Variable Interest Entities

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

The Consolidated Balance Sheets include assets and liabilities related to consolidated VIEs totaling $1.31 billion and $232 million, respectively, at September 30, 2020, and $141 million and $22 million, respectively, at December 31, 2019. Revenues and operating income from our consolidated VIEs were $50 million and $6 million, respectively, for the three months ended September 30, 2020, and $606 million and $504 million, respectively, for the nine months ended September 30, 2020. Revenues and operating income from our consolidated VIEs were not significant for the three and nine months ended September 30, 2019. The increase in amounts related to our consolidated VIEs reflects the acquisition of Miramax (see Note 2) and the licensing of the streaming rights to *South Park* by a consolidated 51%-owned VIE in the second quarter of 2020.

Lease Income

We enter into operating leases for the use of our owned production facilities and office buildings. Lease payments received under these agreements consist of fixed payments for the rental of space and certain building operating costs, as well as variable payments based on usage of production facilities and services, and escalating costs of building operations. We recorded total lease income, including both fixed and variable amounts, of $32 million and $85 million for three and nine months ended September 30, 2020, respectively, and $42 million and $120 million for three and nine months ended September 30, 2019, respectively.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition. (Tabular dollars in millions, except per share amounts)

Management's discussion and analysis of the results of operations and financial condition of ViacomCBS Inc. should be read in conjunction with the consolidated financial statements and related notes in ViacomCBS Inc.'s Annual Report filed on Form 10-K for the fiscal year ended December 31, 2019. References in this document to "ViacomCBS," the "Company," "we," "us" and "our" refer to ViacomCBS Inc.

Significant components of management's discussion and analysis of results of operations and financial condition include:

- *Overview*—Summary of ViacomCBS and our business and operational highlights.
- *Consolidated Results of Operations*—Analysis of our results on a consolidated basis for the three and nine months ended September 30, 2020 compared with the three and nine months ended September 30, 2019.
- *Segment Results of Operations*—Analysis of our results on a reportable segment basis for the three and nine months ended September 30, 2020 compared with the three and nine months ended September 30, 2019.
- *Liquidity and Capital Resources*—Discussion of our cash flows for the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 and of our outstanding debt, commitments and contingencies existing as of September 30, 2020.
- *Legal Matters*—Discussion of legal matters to which we are involved.

Overview

ViacomCBS is a leading global media and entertainment company that creates content and experiences for audiences worldwide.

Merger with Viacom Inc.

On December 4, 2019, Viacom Inc. ("Viacom") merged with and into CBS Corporation ("CBS"), with CBS continuing as the surviving company (the "Merger"). At the effective time of the Merger, the combined company changed its name to ViacomCBS Inc. The Merger has been accounted for as a transaction between entities under common control as National Amusements, Inc. ("NAI") was the controlling stockholder of each of CBS and Viacom (and remains the controlling stockholder of ViacomCBS). Upon the closing of the Merger, the net assets of Viacom were combined with those of CBS at their historical carrying amounts and the companies have been presented on a combined basis for all periods presented.

Impact of COVID-19

The coronavirus disease ("COVID-19") pandemic has negatively impacted, and is expected to continue to impact, the macroeconomic environment in the United States and globally, as well as our business, financial condition and results of operations. As a result of COVID-19, we have experienced a material negative impact on our advertising revenues because of weakness in the advertising market as advertisers have sought to reduce their own costs in response to the pandemic's impact on their businesses, and because of the cancellation of sporting events for which we have broadcast rights, such as the *NCAA Division I Men's Basketball Championship* (the "NCAA Tournament"), and the delay of the 2020-21 television broadcast season as a result of a temporary shutdown of production of our programming. We are not able to predict whether future sporting events will be cancelled or postponed, or whether advertising revenues from these broadcasts, or advertising budgets and the advertising market generally, will return to or be comparable to historical levels. While we expect the negative impact to continue for the remainder of the year, the rate of decline was lower in the third quarter and we expect further improvement in the fourth quarter.

COVID-19 also led to a temporary shutdown of production of our television and film programming, which resulted in the abandonment of certain program materials in the second quarter that were not completed, delays in deliveries of programming to third parties, and fewer original programs and live events airing on our broadcast and cable networks. Many productions resumed in the third quarter; however, we are not able to predict whether we will encounter future production delays or shutdowns. In addition, the cost of production will be impacted by incremental costs required to adhere to new health and safety protocols as a result of COVID-19. We may also experience lower demand for the licensing of our programming in the near term as licensees implement financial austerity measures and aim to reduce costs. As a result, content licensing revenues have been negatively impacted and may continue to be negatively impacted in the near to medium term.

In addition, our theatrical revenues have been negatively impacted by the closure or reduction in capacity of movie theaters that show our films, either voluntarily or as a result of government orders or restrictions on public gatherings in response to COVID-19, which has impacted our theatrical release strategy in 2020. We have rescheduled certain theatrical releases to dates in 2021 and licensed others to our owned or third-party streaming services. We are not able to predict when or whether movie theaters will reopen at scale, whether consumers will return to movie theaters (even upon their reopening) at the same levels they previously did, or whether revenues from theatrical releases will be comparable to historical levels.
COVID-19 could also have a negative impact on our affiliate revenues, as consumers may seek to reduce discretionary spending by cutting back or foregoing subscriptions to cable television or other multichannel video programming distributors ("MVPDs") and virtual MVPDs.

The continuing impact of COVID-19 could be material to our business, financial condition and results of operations. The magnitude of the impact will depend on numerous evolving factors that we may not be able to accurately predict, including the duration and extent of the pandemic, the impact of federal, state, local and foreign governmental actions, consumer behavior in response to the pandemic and such governmental actions, and the economic and operating conditions that we may face in the aftermath of COVID-19. Even after COVID-19 has subsided, we may experience materially adverse impacts to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future. Due to the evolving and uncertain nature of the pandemic, we are not able to estimate the full extent of the impact on our business, financial condition and results of operations, particularly over the near to medium term.

While COVID-19 has negatively impacted parts of our business, we have benefited from increases in subscribers for our subscription streaming services and monthly active users for Pluto TV. We are also utilizing our deep library of content to help mitigate the impact of COVID-19 and working proactively to offset a portion of the revenue losses through cost-savings initiatives. In addition, results in the fourth quarter are expected to benefit from political advertising revenues associated with the U.S. Presidential election. We have taken steps to strengthen our financial position during this period of market uncertainty, such as the issuance of long-term debt and redemption of near-term debt discussed under "Liquidity and Capital Resources," and we will continue to actively monitor the potential impact of COVID-19 and related events on the commercial paper and credit markets.

(Tabular dollars in millions, except per share amounts)

Operational Highlights - Three Months Ended September 30, 2020 versus Three Months Ended September 30, 2019

Consolidated results of operations			**Increase/(Decrease)**	
Three Months Ended September 30,	**2020**	**2019**	**$**	**%**
GAAP:				
Revenues	$ 6,116	$ 6,698	$ (582)	(9)%
Operating income	$ 959	$ 1,036	$ (77)	(7)%
Net earnings from continuing operations attributable to ViacomCBS	$ 612	$ 626	$ (14)	(2)%
Diluted EPS from continuing operations attributable to ViacomCBS	$ .99	$ 1.01	$ (.02)	(2)%
Net cash flow provided by operating activities	$ 1,414	$ 500	$ 914	183 %
Non-GAAP: [(a)]				
Adjusted OIBDA	$ 1,109	$ 1,266	$ (157)	(12)%
Adjusted net earnings from continuing operations attributable to ViacomCBS	$ 561	$ 680	$ (119)	(18)%
Adjusted diluted EPS from continuing operations attributable to ViacomCBS	$ .91	$ 1.10	$ (.19)	(17)%
Free cash flow	$ 1,333	$ 391	$ 942	241 %

(a) See "*Reconciliation of Non-GAAP Measures*" and "*Free Cash Flow*" for reconciliations of non-GAAP results to the most directly comparable financial measures in accordance with accounting principles generally accepted in the United States ("GAAP").

For the three months ended September 30, 2020, revenues decreased 9% to $6.12 billion, driven by the adverse effects of COVID-19 on our business, including lower demand in the advertising market, the closure or reduction in capacity of movie theaters, and production shutdowns. The decline in revenues also reflects the benefit to the prior-year period from several significant licensing agreements for library programming and the licensing of the final season of several series. These decreases were partially offset by growth from our streaming services, including CBS All Access, Pluto TV and the Showtime streaming subscription offering ("Showtime OTT"), as well as BET+, which launched in September 2019. Revenues from our domestic streaming and digital video business grew 56% to $636 million for the three months ended September 30, 2020.

Operating income for the three months ended September 30, 2020 decreased 7% from the same prior-year period. This comparison was impacted by items identified as affecting comparability, including restructuring charges and costs associated with other corporate matters. See "*Reconciliation of Non-GAAP Measures.*" The 12% decrease in adjusted operating income before depreciation and amortization ("Adjusted OIBDA") is the result of the revenue decline, partially offset by lower costs, which were driven by decreases in production and distribution costs, mainly resulting from production shutdowns and fewer theatrical releases; lower advertising and promotion costs; and the benefit from cost savings, including from restructuring activities. These cost decreases were partially offset by the timing of incentive compensation expenses.

For the three months ended September 30, 2020, net earnings from continuing operations attributable to ViacomCBS and diluted earnings per share ("EPS") from continuing operations each decreased 2% from the same prior-year period. These comparisons were impacted by items affecting comparability, including the aforementioned items, as well as a loss on extinguishment of debt in 2020 and discrete tax items in each period. Adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS decreased 18% and 17%, respectively, primarily reflecting lower Adjusted OIBDA. Adjusted OIBDA, adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS from continuing operations are non-GAAP financial measures. See "*Reconciliation of Non-GAAP Measures*" for details of the items excluded from financial results, and reconciliations of adjusted results to the most directly comparable financial measures in accordance with GAAP.

(Tabular dollars in millions, except per share amounts)

Operational Highlights - Nine Months Ended September 30, 2020 versus Nine Months Ended September 30, 2019

Consolidated results of operations			Increase/(Decrease)	
Nine Months Ended September 30,	**2020**	**2019**	**$**	**%**
GAAP:				
Revenues	$ 19,060	$ 20,941	$ (1,881)	(9)%
Operating income	$ 3,162	$ 4,286	$ (1,124)	(26)%
Net earnings from continuing operations attributable to ViacomCBS	$ 1,598	$ 3,543	$ (1,945)	(55)%
Diluted EPS from continuing operations attributable to ViacomCBS	$ 2.59	$ 5.74	$ (3.15)	(55)%
Net cash flow provided by operating activities	$ 2,565	$ 1,689	$ 876	52 %
Non-GAAP: [(a)]				
Adjusted OIBDA	$ 4,061	$ 4,367	$ (306)	(7)%
Adjusted net earnings from continuing operations attributable to ViacomCBS	$ 2,029	$ 2,490	$ (461)	(19)%
Adjusted diluted EPS from continuing operations attributable to ViacomCBS	$ 3.29	$ 4.04	$ (.75)	(19)%
Free cash flow	$ 2,352	$ 1,438	$ 914	64 %

(a) See "*Reconciliation of Non-GAAP Measures*" and "*Free Cash Flow*" for reconciliations of non-GAAP results to the most directly comparable financial measures in accordance with GAAP.

For the nine months ended September 30, 2020, revenues decreased 9% to $19.06 billion, driven by the adverse effects of COVID-19 on our business as well as the comparison against CBS' broadcasts of *Super Bowl LIII* and the NCAA Tournament in the first half of 2019. The Super Bowl is broadcast on the CBS Television Network on a rotating basis with other networks through the 2022 season under the current contract with the National Football League (the "NFL") and the 2020 NCAA Tournament, which was scheduled to be broadcast on CBS in the first quarter of 2020, was cancelled as a result of concerns about COVID-19. These decreases were partially offset by growth from our streaming services, including CBS All Access, Pluto TV, Showtime OTT, and BET+. Revenues from our domestic streaming and digital video business grew 44% to $1.60 billion for the nine months ended September 30, 2020.

Operating income for the nine months ended September 30, 2020 decreased 26% from the same prior-year period. This comparison was impacted by items identified as affecting comparability, including programming, restructuring and impairment charges and costs for other corporate matters, as well as a gain on the sale of assets in the first quarter of 2019. See "*Reconciliation of Non-GAAP Measures.*" Adjusted OIBDA decreased 7%, primarily reflecting the decline in revenues, partially offset by lower operating expenses, as a result of production shutdowns, the absence in the 2020 period of certain major sporting events, fewer theatrical film releases, lower advertising and promotion costs reflecting the broadcast of fewer original programs, and the benefit from cost savings, including from restructuring activities.

For the nine months ended September 30, 2020, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations each decreased 55% from the same prior-year period. These comparisons were impacted by items identified as affecting comparability, including the aforementioned items, a loss on extinguishment of debt in 2020, as well as discrete tax items. Adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS each decreased 19%, reflecting the lower Adjusted OIBDA and the noncontrolling interest's share of profit from the licensing of *South Park* during the second quarter of 2020. Adjusted OIBDA, adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS from continuing operations are non-GAAP financial measures. See "*Reconciliation of Non-GAAP Measures*" for details of the items excluded from financial results, and reconciliations of adjusted results to the most directly comparable financial measures in accordance with GAAP.

We generated operating cash flow of $2.57 billion for the nine months ended September 30, 2020 compared with $1.69 billion for the nine months ended September 30, 2019. Free cash flow for the nine months ended September 30, 2020 was $2.35 billion compared with $1.44 billion for the same prior-year period. These increases primarily reflect lower spending, including for programming, production, advertising and distribution costs resulting from production shutdowns related to COVID-19 and cost savings, as well as lower payments for income taxes in 2020. These increases were partially offset by the decline in revenues and higher payments for restructuring, merger-related costs and costs to achieve synergies. Operating cash flow and free cash flow for the nine months ended September 30, 2020 and 2019 included payments for restructuring, merger-related costs and costs to achieve synergies of $483 million and $168 million, respectively. Also included in free cash flow for 2020 are capital expenditures of $32 million associated with costs to achieve synergies. Free cash flow is a non-GAAP financial measure. See "*Free Cash Flow*" for a reconciliation of net cash flow provided by operating activities, the most directly comparable GAAP financial measure, to free cash flow.

Reconciliation of Non-GAAP Measures

Results for the three and nine months ended September 30, 2020 and 2019 included certain items identified as affecting comparability. 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 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.

(Tabular dollars in millions, except per share amounts)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating income (GAAP)	$ 959	$ 1,036	$ 3,162	$ 4,286
Depreciation and amortization [(a)]	98	108	335	323
Restructuring and other corporate matters [(b)]	52	122	443	307
Programming charges [(b)]	—	—	121	—
Gain on sale of assets [(b)]	—	—	—	(549)
Adjusted OIBDA (Non-GAAP)	$ 1,109	$ 1,266	$ 4,061	$ 4,367

(a) The nine months ended September 30, 2020 includes an impairment charge for FCC licenses of $25 million and accelerated depreciation of $12 million for technology that was abandoned in connection with synergy plans related to the Merger.

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

	Three Months Ended September 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)	$ 671	$ (38)	$ 612	$ .99
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	52	(13)	39	.06
Loss on extinguishment of debt	23	(5)	18	.03
Discrete tax items [(b)]	—	(117)	(117)	(.19)
Impairment of an equity-method investment	—	—	9	.02
Adjusted (Non-GAAP)	$ 746	$ (173)	$ 561	$ .91

(a) Primarily reflects severance, exit costs and other costs related to the Merger.

(b) Primarily reflects a benefit from the remeasurement of our UK net deferred income tax asset as a result of an increase in the UK corporate income tax rate from 17% to 19% enacted during the third quarter.

	Three Months Ended September 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)	$ 782	$ (126)	$ 626	$ 1.01
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	122	(1)	121	.20
Gains from investments	(12)	3	(9)	(.02)
Discrete tax items [(b)]	—	(58)	(58)	(.09)
Adjusted (Non-GAAP)	$ 892	$ (182)	$ 680	$ 1.10

(a) Primarily reflects costs incurred in connection with the Merger and severance costs.

(b) Primarily reflects tax benefits realized in connection with the preparation of the 2018 federal tax return, based on further clarity provided by the U.S. government on tax positions relating to federal tax legislation enacted in December 2017 (the "Tax Reform Act").

(Tabular dollars in millions, except per share amounts)

	Nine Months Ended September 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)	$ 2,265	$ (377)	$ 1,598	$ 2.59
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	443	(94)	349	.57
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	126	(29)	97	.16
Discrete tax items [(f)]	—	(120)	(120)	(.19)
Impairment of an equity-method investment	—	—	9	.01
Adjusted (Non-GAAP)	$ 2,960	$ (650)	$ 2,029	$ 3.29

(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 production shutdowns related to COVID-19.

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

(f) Primarily reflects a benefit from the remeasurement of our UK net deferred income tax asset as a result of an increase in the UK corporate income tax rate from 17% to 19% enacted during the third quarter.

	Nine Months Ended September 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)	$ 3,614	$ 9	$ 3,543	$ 5.74
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	307	(46)	261	.43
Gain on sale of assets [(b)]	(549)	163	(386)	(.63)
Gains from investments [(c)]	(89)	19	(70)	(.11)
Discrete tax items [(d)]	—	(858)	(858)	(1.39)
Adjusted (Non-GAAP)	$ 3,283	$ (713)	$ 2,490	$ 4.04

(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 ("CBS Television City").

(c) Reflects a gain on marketable securities of $78 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, a net tax benefit of $58 million realized in connection with the preparation of the 2018 federal tax return, based on further clarity provided by the U.S. government on tax positions relating to the Tax Reform Act and $32 million principally related to the bankruptcy of an investee.

(Tabular dollars in millions, except per share amounts)

Consolidated Results of Operations

Three and Nine Months Ended September 30, 2020 versus Three and Nine Months Ended September 30, 2019

Revenues

	Three Months Ended September 30,					
Revenues by Type	**2020**	**% of Total Revenues**	**2019**	**% of Total Revenues**	**Increase/(Decrease) $**	**%**
Advertising	$ 2,188	36 %	$ 2,333	35 %	$ (145)	(6)%
Affiliate	2,365	39	2,149	32	216	10
Content licensing	1,221	20	1,828	27	(607)	(33)
Theatrical	6	—	94	2	(88)	(94)
Publishing	279	4	217	3	62	29
Other	57	1	77	1	(20)	(26)
Total Revenues	$ 6,116	100 %	$ 6,698	100 %	$ (582)	(9)%

	Nine Months Ended September 30,					
Revenues by Type	**2020**	**% of Total Revenues**	**2019**	**% of Total Revenues**	**Increase/(Decrease) $**	**%**
Advertising	$ 6,606	35 %	$ 8,044	38 %	$ (1,438)	(18)%
Affiliate	6,756	35	6,469	31	287	4
Content licensing	4,717	25	5,202	25	(485)	(9)
Theatrical	176	1	418	2	(242)	(58)
Publishing	649	3	599	3	50	8
Other	156	1	209	1	(53)	(25)
Total Revenues	$ 19,060	100 %	$ 20,941	100 %	$ (1,881)	(9)%

Advertising

For the three and nine months ended September 30, 2020, the decreases in advertising revenues of 6% and 18%, respectively, were primarily driven by the adverse effects of COVID-19, including lower demand in the advertising market, and in the nine-month period, the cancellation of the NCAA Tournament. The decrease for the nine-month period was also driven by the comparison against CBS' broadcasts of *Super Bowl LIII* and the national semifinals and championship games of the NCAA Tournament in the first half of 2019. The Super Bowl is broadcast on the CBS Television Network on a rotating basis with other networks through the 2022 season under the current contract with the NFL and the above-mentioned NCAA Tournament games are broadcast on CBS every other year through 2032 under agreements with the NCAA and Turner Broadcasting System, Inc. ("Turner"). These decreases were partially offset by growth from our domestic streaming and digital video business, including Pluto TV, and higher political advertising revenues.

Domestic advertising revenues for the third quarter of 2020 decreased 5% to $1.91 billion from $2.02 billion for the same prior-year period, and for the nine months ended September 30, 2020 decreased 17% to $5.87 billion from $7.08 billion for the same prior-year period. These decreases were mainly the result of the aforementioned factors for the applicable period.

International advertising revenues for the three months ended September 30, 2020 decreased 12% to $280 million from $317 million for the same prior-year period, and for the nine months ended September 30, 2020 decreased

23% to $739 million from $963 million for the same prior-year period. These decreases primarily reflect the effects of COVID-19, and for the nine-month period, the unfavorable impact of foreign exchange rate changes of 4 percentage points.

Affiliate

For the three and nine months ended September 30, 2020, affiliate revenues increased 10% and 4%, respectively, reflecting growth from our subscription streaming services, higher station affiliation fees and retransmission fees, and the launch of our basic cable networks on a virtual MVPD service. The increased revenues from our streaming services primarily reflect subscriber growth for CBS All Access and Showtime OTT, and the launch of BET+ in September 2019. The higher station affiliation fees and retransmission fees were driven by annual contractual increases and contract renewals with television stations affiliated with the CBS Television Network, MVPDs and virtual MVPDs. These increases were partially offset by lower affiliate fees for our cable networks, reflecting subscriber declines, partially offset by rate increases. For the three months ended September 30, 2020, domestic affiliate revenues increased 11% to $2.20 billion from $1.98 billion for the same prior-year period, while international affiliate revenues decreased 2% to $163 million from $166 million for the third quarter of 2019. For the nine months ended September 30, 2020, domestic affiliate revenues increased 5% to $6.28 billion from $5.96 billion for the same prior-year period, while international affiliate revenues decreased 7% to $474 million from $507 million for the first nine months of 2019, including the unfavorable impact of foreign exchange rate changes of 4 percentage points.

Content Licensing

Content licensing revenues for the three and nine months ended September 30, 2020 decreased 33% and 9%, respectively, reflecting a lower volume of licensing primarily as a result of several significant licensing agreements for library programming in the prior-year periods, production shutdowns that began in March 2020 because of COVID-19, significant revenues in the 2019 periods from the licensing of the final season of several series, including *Elementary,* and the timing of the production of programming for third parties. For the nine-month period, the decline was partially offset by the licensing of the domestic streaming rights to *South Park* to a subscription video on-demand ("SVOD") provider.

Theatrical

The declines in theatrical revenues for the three and nine months ended September 30, 2020 reflect the impact from the closure or reduction in capacity of movie theaters in response to COVID-19 throughout the second and third quarters of 2020.

Publishing

For the three and nine months ended September 30, 2020, publishing revenues increased 29% and 8%, respectively reflecting the strength of titles released during the third quarter of 2020, including *Too Much and Never Enough: How My Family Created the World's Most Dangerous Man* by Mary Trump and *Rage* by Bob Woodward.

Other

For the three and nine months ended September 30, 2020, other revenues decreased 26% and 25%, respectively, primarily reflecting lower revenues from the rental of our production facilities as a result of the shutdown of production studios due to COVID-19.

(Tabular dollars in millions, except per share amounts)

Operating Expenses

	Three Months Ended September 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2020**	**% of Operating Expenses**	**2019**	**% of Operating Expenses**	**$**	**%**
Production	$ 1,537	42 %	$ 1,786	45 %	$ (249)	(14)%
Programming	839	23	801	20	38	5
Participation, distribution and royalty	678	19	835	21	(157)	(19)
Other	580	16	537	14	43	8
Total Operating Expenses	$ 3,634	100 %	$ 3,959	100 %	$ (325)	(8)%

	Nine Months Ended September 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2020**	**% of Operating Expenses**	**2019**	**% of Operating Expenses**	**$**	**%**
Production	$ 4,682	42 %	$ 5,097	41 %	$ (415)	(8)%
Programming	2,525	23	3,176	26	(651)	(20)
Participation, distribution and royalty	2,174	19	2,547	20	(373)	(15)
Programming charges	121	1	—	—	121	n/m
Other	1,682	15	1,597	13	85	5
Total Operating Expenses	$ 11,184	100 %	$ 12,417	100 %	$ (1,233)	(10)%

n/m - not meaningful

Production

For the three and nine months ended September 30, 2020, the decreases in production expenses of 14% and 8%, respectively, primarily reflect lower costs associated with the decline in licensing revenues, as well as impacts from COVID-19, which resulted in fewer episodes of our original programming and a lower number of theatrical releases.

Programming

For the three months ended September 30, 2020, the 5% increase in programming expenses was driven by higher sports programming costs, primarily reflecting the timing of professional golf tournaments, which occurred during the first half of the year in 2019, but in 2020 were postponed to the third quarter as a result of COVID-19. This increase was partially offset by lower costs associated with the mix of programming broadcast on the CBS Television Network.

For the nine months ended September 30, 2020, the 20% decrease in programming expenses was driven by lower sports programming costs, reflecting CBS' broadcasts in the first half of 2019 of the Super Bowl and the NCAA Tournament, including the national semifinals and championship games, which are broadcast on CBS every other year through 2032 under agreements with the NCAA and Turner. The Super Bowl is broadcast on CBS on a rotating basis with other networks through the 2022 season under the current contract with the NFL. The 2020 NCAA Tournament was cancelled as a result of concerns about COVID-19. The decline also reflects the broadcast of fewer original programs on our broadcast networks, as a result of production shutdowns related to COVID-19, and the mix of programming.

(Tabular dollars in millions, except per share amounts)

Participation, Distribution and Royalty

For the three and nine months ended September 30, 2020, participation, distribution and royalty costs decreased 19% and 15%, respectively, reflecting distribution costs in the prior-year periods to support theatrical releases, including *Dora and the Lost City of Gold* and *Gemini Man*. Theatrical distribution costs were significantly lower in the 2020 periods as a result of the closure or reduced capacity of movie theaters due to COVID-19. Lower expenses in the nine-month period also reflect costs in 2019 to support the theatrical release of *Rocketman*, as well as the mix of titles licensed under content licensing arrangements.

Programming Charges

During the nine months ended September 30, 2020, we recorded programming charges of $121 million primarily related to the abandonment of certain incomplete programs resulting from production shutdowns related to COVID-19.

Other

Other operating expenses primarily include overhead costs associated with operating departments, including compensation expense, revenue-sharing costs and costs associated with book sales, including printing and warehousing. For the three and nine months ended September 30, 2020, other operating expenses increased 8% and 5%, respectively, driven by higher costs to support the growth in our domestic streaming and digital video businesses, increased revenue-sharing costs as a result of the growth in retransmission revenues and higher expenses associated with the increase in book sales.

Selling, General and Administrative Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	**2019**	**Increase/(Decrease)**	**2020**	**2019**	**Increase/(Decrease)**
Selling, general and administrative expenses	$ 1,373	$ 1,473	(7)%	$ 3,936	$ 4,157	(5)%

Selling, general and administrative ("SG&A") expenses include expenses incurred for selling and marketing costs, occupancy, professional service fees and back office support, including employee compensation. For the three and nine months ended September 30, 2020, SG&A expenses decreased 7% and 5%, respectively, driven by lower advertising and promotion costs reflecting the broadcast of fewer original programs and the delay in the broadcast season in 2020, and the benefit from cost savings, including from restructuring activities. These decreases were partially offset by the timing of incentive compensation expenses.

Depreciation and Amortization

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	**2019**	**Increase/(Decrease)**	**2020**	**2019**	**Increase/(Decrease)**
Depreciation and amortization	$ 98	$ 108	(9)%	$ 335	$ 323	4 %

For the three months ended September 30, 2020, depreciation and amortization expense decreased 9% as a result of assets that became fully depreciated. For the nine months ended September 30, 2020, amortization expense included an impairment charge of $25 million in the *TV Entertainment* segment to write down the carrying values of FCC licenses in two markets to their fair values and accelerated depreciation of $12 million resulting from the abandonment of technology in connection with synergy plans related to the Merger (see Note 4). Partially offsetting the increase for the nine-month period was lower depreciation as a result of fully-depreciated assets.

(Tabular dollars in millions, except per share amounts)

Restructuring and Other Corporate Matters

During the three and nine months ended September 30, 2020 and 2019, we recorded costs for restructuring and other corporate matters as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Severance	$ 30	$ 47	$ 334	$ 145
Exit costs	5	(19)	37	11
Restructuring charges	35	28	371	156
Merger-related costs	10	94	51	94
Other corporate matters	7	—	21	57
Restructuring and other corporate matters	$ 52	$ 122	$ 443	$ 307

During the three and nine months ended September 30, 2020, we recorded restructuring charges of $35 million and $371 million, respectively, associated with cost-transformation initiatives in connection with the Merger in an effort to reduce redundancies across our businesses. These charges primarily consist of severance costs, including the accelerated vesting of stock-based compensation. During the three months ended September 30, 2019, we recorded restructuring charges of $28 million primarily for severance costs in connection with the Merger. During the nine months ended September 30, 2019, we recorded restructuring charges of $156 million primarily for severance costs associated with a restructuring plan initiated in the first quarter of 2019 under which severance payments were provided to certain eligible employees who voluntarily elected to participate, and the aforementioned severance costs in connection with the Merger. Included in restructuring charges for the three and nine months ended September 30, 2020 and the nine months ended September 30, 2019 were costs resulting from the termination of contractual obligations and charges associated with the exit of leases. Restructuring charges for the three and nine months ended September 30, 2019 also included an adjustment to a previously recognized liability associated with the exit of a lease.

During the three and nine months ended September 30, 2020, in addition to the above-mentioned restructuring charges, we incurred merger-related costs of $10 million and $51 million, respectively, consisting of professional fees mainly associated with integration activities, as well as transaction-related bonuses for the nine-month period.

Also, during the three and nine months ended September 30, 2020, we incurred costs of $6 million in connection with planned dispositions, and for the nine months ended September 30, 2020, we recorded a charge of $15 million to write down property and equipment that has been classified as held for sale to its fair value less costs to sell. During the three and nine months ended September 30, 2019, we incurred costs of $94 million in connection with the Merger, consisting of contractual executive compensation, including the accelerated vesting of stock-based compensation, that was triggered by the Merger, as well as financial advisory, legal and other professional fees. Additionally, during the nine months ended September 30, 2019, we incurred costs of $57 million in connection with the settlement of a commercial dispute and legal proceedings involving the Company.

Gain on Sale of Assets

During the first quarter of 2019, we completed the sale of CBS Television City for $750 million, resulting in a gain of $549 million ($386 million, net of tax).

(Tabular dollars in millions, except per share amounts)

Interest Expense/Income

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Increase/(Decrease)	2020	2019	Increase/(Decrease)
Interest expense	$ (259)	$ (246)	5 %	$ (763)	$ (723)	6 %
Interest income	$ 14	$ 19	(26)%	$ 39	$ 53	(26)%

The following table presents our outstanding debt balances, excluding finance leases, and the weighted average interest rate as of September 30, 2020 and 2019:

	At September 30,			
	2020	Weighted Average Interest Rate	2019	Weighted Average Interest Rate
Total long-term debt	$ 19,599	4.80 %	$ 18,059	4.70 %
Other bank borrowings	$ 90	3.50 %	$ —	— %

Loss on Extinguishment of Debt

For the three and nine months ended September 30, 2020, the loss on extinguishment of debt of $23 million and $126 million, respectively, reflects pre-tax losses associated with the early redemption of $2.77 billion of our long-term debt, including $340 million that was redeemed in the third quarter.

Other Items, Net

The following table presents the components of Other items, net.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Pension and postretirement benefit costs	$ (18)	$ (27)	$ (54)	$ (80)
Foreign exchange losses	(1)	(12)	(26)	(15)
Gain from equity securities	—	12	32	78
Gain on sale of investment	—	—	—	11
Other	(1)	—	1	4
Other items, net	$ (20)	$ (27)	$ (47)	$ (2)

(Provision) Benefit for Income Taxes

The (provision) benefit for income taxes represents federal, state and local, and foreign taxes on earnings from continuing operations before income taxes and equity in loss of investee companies. For the three and nine months ended September 30, 2020, we recorded a provision for income taxes of $38 million and $377 million, reflecting effective income tax rates of 5.7% and 16.6%, respectively. Included in the provision for income taxes for the three and nine months ended September 30, 2020, are discrete tax benefits of $117 million and $120 million, respectively, primarily consisting of a benefit of $100 million to remeasure our UK net deferred income tax asset as a result of an increase in the UK corporate income tax rate from 17% to 19% enacted during the third quarter, as well as a benefit of $22 million realized in connection with the preparation of the fiscal 2019 tax return for Viacom. These items, together with a net tax benefit of $18 million and $153 million for the three and nine months ended September 30, 2020, respectively, which relate principally to restructuring and other corporate matters, losses on the extinguishment of debt and programming charges, reduced our effective income tax rate by 1,750.0 percentage points and 540.0 percentage points, respectively.

(Tabular dollars in millions, except per share amounts)

For the three and nine months ended September 30, 2019, we recorded a provision for income taxes of $126 million and a tax benefit of $9 million, reflecting effective income tax rates of 16.1% and (.2)%, respectively. Included in the provision for income taxes for the third quarter of 2019 is a discrete tax benefit of $58 million primarily realized in connection with the preparation of the 2018 federal tax return, based on further clarity provided by the U.S. government on tax positions relating to the Tax Reform Act. This item, taken together with a net provision of $2 million for restructuring and other corporate matters and gains from investments, reduced our effective income tax rate by 430.0 percentage points. The tax benefit for the nine months ended September 30, 2019 included 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, the aforementioned tax benefit of $58 million primarily realized in connection with the preparation of the 2018 federal tax return, a tax benefit of $32 million principally related to the bankruptcy of an investee, and a tax provision of $163 million on the gain from the sale of the CBS Television City. These items, taken together with a net tax benefit of $27 million for restructuring and other corporate matters and gains from investments, reduced the effective income tax rate by 2,190.0 percentage points for the nine months ended September 30, 2019.

In March 2020, the U.S. government enacted tax legislation containing provisions to support businesses during the COVID-19 pandemic (the "CARES Act"), including deferment of the employer portion of certain payroll taxes, refundable payroll tax credits, and technical amendments to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on our consolidated financial statements for the three and nine months ended September 30, 2020. We do not expect the future impact of the CARES Act provisions to be material.

Equity in Loss of Investee Companies, Net of Tax

The following table presents equity in loss of investee companies for our equity-method investments.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Increase/(Decrease)	2020	2019	Increase/(Decrease)
Equity in loss of investee companies	$ (14)	$ (20)	30 %	$ (46)	$ (71)	35 %
Tax benefit	5	6	(17)	16	18	(11)
Equity in loss of investee companies, net of tax	$ (9)	$ (14)	36 %	$ (30)	$ (53)	43 %

For the three and nine months ended September 30, 2020, equity in loss of investee companies, net of tax includes an impairment charge of $9 million relating to an international television joint venture.

Net Earnings Attributable to Noncontrolling Interests

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net earnings attributable to noncontrolling interests	$ 12	$ 16	$ 260	$ 27

For the nine months ended September 30, 2020, net earnings attributable to noncontrolling interests primarily reflects our joint venture partners' share of profit from the licensing of the domestic streaming rights to *South Park* to an SVOD provider in the second quarter of 2020.

(Tabular dollars in millions, except per share amounts)

Net Earnings from Continuing Operations Attributable to ViacomCBS and Diluted EPS from Continuing Operations Attributable to ViacomCBS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Increase/(Decrease)	2020	2019	Increase/(Decrease)
Net earnings from continuing operations attributable to ViacomCBS	$ 612	$ 626	(2)%	$ 1,598	$ 3,543	(55)%
Diluted EPS from continuing operations attributable to ViacomCBS	$ .99	$ 1.01	(2)%	$ 2.59	$ 5.74	(55)%

For the three months ended September 30, 2020, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations each decreased 2%, reflecting the decline in operating income, partially offset by higher discrete tax benefits in the third quarter of 2020 compared with the same prior-year period. For the nine months ended September 30, 2020, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations each decreased 55%, primarily driven by the lower operating income, which in 2019 included the above-mentioned gain of $549 million ($386 million, net of tax, or $.63 per diluted share) on the sale of CBS Television City. Higher discrete tax benefits in 2019 also contributed to the decline for the nine-month period.

Segment Results of Operations

We present operating income (loss) excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters, programming charges and gain (loss) on sale of assets, each where applicable ("Adjusted OIBDA"), as the primary measure of profit and loss for our operating segments in accordance with FASB guidance for segment reporting. We believe the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by our management and enhances their ability to understand our operating performance. Stock-based compensation is excluded from our segment measure of profit and loss because it is set and approved by our Board of Directors in consultation with corporate executive management. Stock-based compensation is included as a component of our consolidated Adjusted OIBDA. The reconciliation of Adjusted OIBDA to our consolidated net earnings is presented in Note 14 to the consolidated financial statements.

Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,					
					Increase/(Decrease)	
	2020	% of Total Revenues	2019	% of Total Revenues	$	%
Revenues:						
TV Entertainment	$ 2,354	38 %	$ 2,454	37 %	$ (100)	(4)%
Cable Networks	3,061	50	3,283	49	(222)	(7)
Filmed Entertainment	590	10	851	13	(261)	(31)
Publishing	279	5	217	3	62	29
Corporate/Eliminations	(168)	(3)	(107)	(2)	(61)	(57)
Total Revenues	$ 6,116	100 %	$ 6,698	100 %	$ (582)	(9)%

(Tabular dollars in millions, except per share amounts)

	Three Months Ended September 30,			
			Increase/(Decrease)	
	2020	2019	$	%
Adjusted OIBDA:				
TV Entertainment	$ 343	$ 463	$ (120)	(26)%
Cable Networks	866	841	25	3
Filmed Entertainment	54	66	(12)	(18)
Publishing	58	55	3	5
Corporate/Eliminations	(171)	(112)	(59)	(53)
Stock-based compensation	(41)	(47)	6	13
Total Adjusted OIBDA	1,109	1,266	(157)	(12)
Depreciation and amortization	(98)	(108)	10	9
Restructuring and other corporate matters	(52)	(122)	70	n/m
Total Operating Income	$ 959	$ 1,036	$ (77)	(7)%

n/m - not meaningful

	Nine Months Ended September 30,					
	2020	% of Total Revenues	2019	% of Total Revenues	Increase/(Decrease) $	%
Revenues:						
TV Entertainment	$ 7,588	40 %	$ 8,798	42 %	$ (1,210)	(14)%
Cable Networks	9,151	48	9,361	45	(210)	(2)
Filmed Entertainment	2,048	11	2,458	12	(410)	(17)
Publishing	649	3	599	3	50	8
Corporate/Eliminations	(376)	(2)	(275)	(2)	(101)	(37)
Total Revenues	$ 19,060	100 %	$ 20,941	100 %	$ (1,881)	(9)%

	Nine Months Ended September 30,			
			Increase/(Decrease)	
	2020	2019	$	%
Adjusted OIBDA:				
TV Entertainment	$ 1,308	$ 1,818	$ (510)	(28)%
Cable Networks	2,945	2,723	222	8
Filmed Entertainment	197	199	(2)	(1)
Publishing	115	109	6	6
Corporate/Eliminations	(364)	(334)	(30)	(9)
Stock-based compensation	(140)	(148)	8	5
Total Adjusted OIBDA	4,061	4,367	(306)	(7)
Depreciation and amortization	(335)	(323)	(12)	(4)
Restructuring and other corporate matters	(443)	(307)	(136)	n/m
Programming charges	(121)	—	(121)	n/m
Gain on sale of assets	—	549	(549)	n/m
Total Operating Income	$ 3,162	$ 4,286	$ (1,124)	(26)%

n/m - not meaningful

(Tabular dollars in millions, except per share amounts)

TV Entertainment (CBS Television Network, CBS Studios, CBS Television Distribution, CBS Interactive, CBS Sports Network, CBS Television Stations and CBS-branded streaming services CBS All Access and CBSN, among others)

Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,			
			Increase/(Decrease)	
TV Entertainment	**2020**	**2019**	**$**	**%**
Advertising	$ 1,053	$ 1,063	$ (10)	(1)%
Affiliate	803	641	162	25
Content licensing	455	695	(240)	(35)
Other	43	55	(12)	(22)
Revenues	$ 2,354	$ 2,454	$ (100)	(4)%
Adjusted OIBDA	$ 343	$ 463	$ (120)	(26)%

Revenues

For the three months ended September 30, 2020, the 4% decrease in *TV Entertainment* revenues was mainly driven by lower content licensing revenues, partially offset by growth in affiliate revenues.

Advertising

The 1% decrease in advertising revenues was driven by the timing of sporting events and lower demand in the advertising market resulting from the adverse effects of COVID-19, partially offset by higher political advertising.

Affiliate

Affiliate revenues grew 25%, reflecting 22% growth in station affiliation fees and retransmission revenues, as well as subscriber growth at CBS All Access.

Content Licensing

Content licensing revenues decreased 35% reflecting a lower volume of licensing of our programming, as the third quarter of 2019 included significant revenues from the licensing of the final season of several series, including *Elementary*, and the 2020 period was negatively impacted by production shutdowns related to COVID-19.

Other

Other revenues decreased 22%, primarily reflecting lower revenues from the rental of our production facilities as a result of production shutdowns due to COVID-19.

Adjusted OIBDA

Adjusted OIBDA decreased 26%, mainly as a result of the revenue decline and higher production and participation costs for CBS All Access, partially offset by lower production costs associated with the decline in licensing revenues, production shutdowns due to COVID-19 and the mix of programming. Advertising and promotion costs were also lower as a result of cost saving initiatives and the delay in the start of the 2020-21 broadcast season due to COVID-19.

(Tabular dollars in millions, except per share amounts)

Nine Months Ended September 30, 2020 and 2019

	Nine Months Ended September 30,			
			Increase/(Decrease)	
TV Entertainment	**2020**	**2019**	**$**	**%**
Advertising	$ 3,385	$ 4,339	$ (954)	(22)%
Affiliate	2,288	1,868	420	22
Content licensing	1,796	2,442	(646)	(26)
Other	119	149	(30)	(20)
Revenues	$ 7,588	$ 8,798	$ (1,210)	(14)%
Adjusted OIBDA	$ 1,308	$ 1,818	$ (510)	(28)%

Revenues

For the nine months ended September 30, 2020, the 14% decrease in *TV Entertainment* revenues was mainly driven by the comparison against CBS' broadcasts of tentpole sporting events in 2019, the impact of COVID-19 on our business during 2020, including weakness in the advertising market, and lower content licensing revenues, partially offset by growth in affiliate revenues.

Advertising

The 22% decrease in advertising revenues was driven by the aforementioned impact of COVID-19, as well as the comparison against CBS' broadcasts of *Super Bowl LIII* and the NCAA Tournament in 2019. The Super Bowl is broadcast on the CBS Television Network on a rotating basis with other networks through the 2022 season under the current contract with the NFL. The 2020 NCAA Tournament, which was scheduled to be broadcast by CBS in the first quarter of 2020, was cancelled as a result of concerns about COVID-19. In addition, the national semifinals and championship games of the NCAA Tournament, which are broadcast by CBS every other year through 2032 under agreements with the NCAA and Turner, were broadcast on CBS in the second quarter of 2019.

Affiliate

Affiliate revenues grew 22%, reflecting 20% growth in station affiliation fees and retransmission revenues, as well as subscriber growth at CBS All Access.

Content Licensing

Content licensing revenues decreased 26%, mainly due to a lower volume of licensing of our programming during the current-year period, as the 2019 period included several significant licensing agreements for library programming and the licensing of the final season of several series, including *Elementary*. The decrease was also the result of production shutdowns related to COVID-19 and the timing of program availabilities.

Other

Other revenues decreased 20%, primarily reflecting lower revenues from the rental of our production facilities as a result of production shutdowns during the second and third quarters of 2020 due to COVID-19.

Adjusted OIBDA

Adjusted OIBDA decreased 28% driven by the impact of COVID-19 on our advertising revenues, the comparison against the broadcast of major sporting events in 2019 and lower profits from content licensing. These decreases were partially offset by the increase in affiliate revenues and lower production and programming costs as a result of production shutdowns due to COVID-19 and the mix of programming. Advertising and promotion costs were also lower, reflecting the broadcast of fewer original programs and cost savings initiatives.

(Tabular dollars in millions, except per share amounts)

Cable Networks (Showtime Networks, Nickelodeon, MTV, BET, Comedy Central, Paramount Network, Nick Jr., VH1, TV Land, CMT, Pop TV, Smithsonian Networks, ViacomCBS Networks International, Network 10, Channel 5, Telefe and Pluto TV)

Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,			
			Increase/(Decrease)	
Cable Networks	**2020**	**2019**	**$**	**%**
Advertising	$ 1,135	$ 1,280	$ (145)	(11)%
Affiliate	1,562	1,508	54	4
Content licensing	364	495	(131)	(26)
Revenues	$ 3,061	$ 3,283	$ (222)	(7)%
Adjusted OIBDA	$ 866	$ 841	$ 25	3 %

Revenues

For the three months ended September 30, 2020, *Cable Networks* revenues decreased 7% primarily due to weakness in the advertising market as a result of COVID-19 and lower content licensing revenues. Domestic revenues decreased 2% and international revenues decreased 24%.

Advertising

Advertising revenues decreased 11% reflecting an 11% decrease in domestic advertising revenues and a 12% decrease in international advertising revenues. These decreases were primarily driven by lower linear impressions, including from weakness in the global advertising market as a result of COVID-19. The decrease in domestic advertising revenues was partially offset by growth from streaming and digital video advertising and higher pricing.

Affiliate

Affiliate revenues increased 4% from the same prior year period. Domestic affiliate revenues increased 4%, primarily driven by growth from our subscription streaming services, including Showtime OTT and BET+, which was launched in September 2019, the launch of our basic cable networks on a virtual MVPD service, and rate increases from traditional MVPDs. These increases were partially offset by declines in traditional MVPD subscribers at our cable networks. International affiliate revenues decreased 2% primarily due to subscriber declines. As of September 30, 2020, Showtime subscriptions, including Showtime OTT, totaled approximately 27 million.

Content Licensing

The 26% decrease in content licensing revenues was primarily driven by a lower volume of licensing, principally as a result of several significant international licensing arrangements with SVOD providers in the prior-year period, and the impact of production shutdowns due to COVID-19, which resulted in fewer programs available for licensing and the cancellation of live events, including *VidCon* and *Bellator* events. These decreases were partially offset by growth from download-to-own revenues, led by sales of *Yellowstone.*

(Tabular dollars in millions, except per share amounts)

Adjusted OIBDA

Adjusted OIBDA increased 3%, as the revenue decline was more than offset by lower production, programming, advertising and promotion costs reflecting the broadcast of fewer original programs during the quarter as a result of production shutdowns due to COVID-19, and the benefit from cost savings, including from restructuring activities.

Nine Months Ended September 30, 2020 and 2019

	Nine Months Ended September 30,			
			Increase/(Decrease)	
Cable Networks	**2020**	**2019**	**$**	**%**
Advertising	$ 3,244	$ 3,742	$ (498)	(13)%
Affiliate	4,468	4,601	(133)	(3)
Content licensing	1,439	1,018	421	41
Revenues	$ 9,151	$ 9,361	$ (210)	(2)%
Adjusted OIBDA	$ 2,945	$ 2,723	$ 222	8 %

Revenues

For the nine months ended September 30, 2020, *Cable Networks* revenues decreased 2%, due to weakness in the advertising market as a result of COVID-19 and lower affiliate revenues, partially offset by higher content licensing revenues, mainly reflecting the licensing of the domestic streaming rights for *South Park* to an SVOD provider. Domestic revenues increased 2% while international revenues decreased 19%, including a 4-percentage point unfavorable impact of foreign exchange rate changes.

Advertising

Advertising revenues decreased 13% primarily driven by the adverse effects of COVID-19 and the unfavorable impact of foreign exchange rate changes of 1-percentage point. Domestic advertising revenues decreased 10%, reflecting lower linear impressions, including from weakness in the advertising market as a result of COVID-19. This decrease was partially offset by growth from streaming and digital video advertising, including revenues from Pluto TV, which was acquired in March 2019, as well as the consolidation of Pop TV beginning in March 2019, when we acquired the 50% interest we did not own. International advertising revenues decreased 23%, primarily reflecting weakness in the advertising market and the unfavorable impact of foreign exchange rate changes of 4 percentage points.

Affiliate

Affiliate revenues decreased 3%, which included a 1-percentage point unfavorable impact from foreign exchange rate changes. Domestic affiliate revenues decreased 2%, primarily driven by declines in traditional MVPD subscribers at our cable networks, partially offset by growth from our subscription streaming services, including Showtime OTT and BET+, rate increases from traditional MVPDs, and the launch of our basic cable networks on a virtual MVPD service. International affiliate revenues decreased 7%, including a 4-percentage point unfavorable impact of foreign exchange rate changes.

(Tabular dollars in millions, except per share amounts)

Content Licensing

The 41% increase in content licensing revenues was primarily the result of growth from the domestic licensing of programming to SVOD providers, mainly from *South Park,* and higher download-to-own revenues, partially offset by lower revenues from international licensing to SVOD providers.

Adjusted OIBDA

Adjusted OIBDA increased 8%, reflecting lower programming, advertising and promotion costs due to the broadcast of fewer original programs and the benefit from cost savings, including from restructuring activities. These cost decreases were partially offset by the decline in revenues and incremental costs to support the growth of our domestic streaming and digital video businesses.

Filmed Entertainment (Paramount Pictures, Paramount Players, Paramount Animation, Paramount Television Studios, and Miramax)

Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2020**	**2019**	**$**	**%**
Theatrical	$ 6	$ 94	$ (88)	(94)%
Home entertainment	150	153	(3)	(2)
Licensing	418	575	(157)	(27)
Other	16	29	(13)	(45)
Revenues	$ 590	$ 851	$ (261)	(31)%
Adjusted OIBDA	$ 54	$ 66	$ (12)	(18)%

Revenues

For the three months ended September 30, 2020, *Filmed Entertainment* revenues decreased 31% due to a decline in licensing revenues and the impact of COVID-19, which caused movie theaters to remain closed or operate at limited capacity throughout the quarter.

Theatrical

Theatrical revenues for the three months ended September 30, 2020 were impacted by the closure or reduction in capacity of movie theaters throughout the quarter in response to COVID-19.

Home Entertainment

The 2% decrease in home entertainment revenues was driven by fewer theatrical releases in 2020 primarily offset by higher sales of catalog and Miramax titles.

Licensing

The 27% decrease in licensing revenues was due to lower revenues from the timing of the availability of programs produced for third parties and a decline in the licensing of catalog titles.

(Tabular dollars in millions, except per share amounts)

Adjusted OIBDA

Adjusted OIBDA decreased 18%, reflecting lower revenues and the timing of incentive compensation expenses, partially offset by lower distribution costs resulting from fewer theatrical releases, compared to the prior-year period, which included costs associated with *Dora and the Lost City of Gold* and *Gemini Man*. Fluctuations in results for the *Filmed Entertainment* segment may occur as a result of the timing of the recognition of distribution costs, including print and advertising, which are generally incurred before and throughout the theatrical release of a film, while the revenues for the respective film are recognized as earned through the film's theatrical exhibition and subsequent distribution windows.

Nine Months Ended September 30, 2020 and 2019

	Nine Months Ended September 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2020**	**2019**	**$**	**%**
Theatrical	$ 176	$ 418	$ (242)	(58)%
Home entertainment	533	468	65	14
Licensing	1,294	1,490	(196)	(13)
Other	45	82	(37)	(45)
Revenues	$ 2,048	$ 2,458	$ (410)	(17)%
Adjusted OIBDA	$ 197	$ 199	$ (2)	(1)%

Revenues

For the nine months ended September 30, 2020, the 17% decrease in *Filmed Entertainment* revenues primarily reflects the impact of COVID-19, which resulted in movie theaters remaining closed or operating at limited capacity throughout the second and third quarters of 2020.

Theatrical

Theatrical revenues decreased 58% reflecting the impact from the closure or reduction in capacity of movie theaters throughout the second and third quarters of 2020. Theatrical revenues during the current year benefited from the theatrical release of *Sonic the Hedgehog* in the first quarter, while the prior year benefited from several significant theatrical releases, including *Rocketman, Pet Sematary,* and the 2018 release of *Bumblebee.*

Home Entertainment

The 14% increase in home entertainment revenues was driven by higher sales of catalog titles. For the nine months ended September 30, 2020, revenues benefited from the release of *Sonic the Hedgehog* and *Terminator: Dark Fate,* while the prior-year period benefited from *Bumblebee* and *Instant Family*.

Licensing

The 13% decrease in licensing revenues was primarily due to declines from the licensing of catalog titles; lower revenues from the licensing of TV programming produced for third parties and lower revenues from the licensing of music rights.

(Tabular dollars in millions, except per share amounts)

Adjusted OIBDA

Adjusted OIBDA decreased 1% as the lower revenues were substantially offset by lower distribution and film production costs resulting from fewer theatrical releases in the current year. Fluctuations in results for the *Filmed Entertainment* segment may occur as a result of the timing of the recognition of distribution costs, including print and advertising, which are generally incurred before and throughout the theatrical release of a film, while the revenues for the respective film are recognized as earned through the film's theatrical exhibition and subsequent distribution windows.

Publishing (Simon & Schuster)

Three Months Ended September 30, 2020 and 2019

	Three Months Ended September 30,			
			Increase/(Decrease)	
Publishing	**2020**	**2019**	**$**	**%**
Revenues	$ 279	$ 217	$ 62	29 %
Adjusted OIBDA	$ 58	$ 55	$ 3	5 %

Revenues

For the three months ended September 30, 2020, the 29% increase in revenues was primarily due to higher print and digital book sales, including digital audio books, driven by the strength of the titles released during the third quarter of 2020. Bestselling titles for the quarter included *Too Much and Never Enough: How My Family Created the World's Most Dangerous Man* by Mary Trump and *Rage* by Bob Woodward.

Adjusted OIBDA

Adjusted OIBDA increased 5% as a result of the increase in revenues, partially offset by higher author expenses and increased costs associated with the mix of titles.

Nine Months Ended September 30, 2020 and 2019

	Nine Months Ended September 30,			
			Increase/(Decrease)	
Publishing	**2020**	**2019**	**$**	**%**
Revenues	$ 649	$ 599	$ 50	8 %
Adjusted OIBDA	$ 115	$ 109	$ 6	6 %

Revenues

For the nine months ended September 30, 2020, the 8% increase in revenues was primarily due to higher digital book sales, including digital audio books, driven by the strength of the titles released during the third quarter of 2020.

Adjusted OIBDA

Adjusted OIBDA increased 6% as a result of the increase in revenues, partially offset by higher author expenses and increased costs associated with the mix of titles.

(Tabular dollars in millions, except per share amounts)

Liquidity and Capital Resources

Sources and Uses of Cash

We project anticipated cash requirements for our operating, investing and financing needs as well as cash flows generated from operating activities available to meet these needs. Our operating needs include, among other items, commitments for sports programming rights, television and film programming, talent contracts, leases, interest payments, income tax payments and pension funding obligations. Our investing and financing spending includes capital expenditures, investments and acquisitions, share repurchases, dividends and principal payments on our outstanding indebtedness. We believe that our operating cash flows; cash and cash equivalents; borrowing capacity under our $3.50 billion Credit Facility described below, as well as access to capital markets are sufficient to fund our operating, investing and financing requirements for the next twelve months.

Our funding for short-term and long-term obligations will come primarily from cash flows from operating activities. Any additional cash funding requirements are financed with short-term borrowings, including commercial paper, and long-term debt. To the extent that commercial paper is not available to us, the Credit Facility provides sufficient capacity to satisfy short-term borrowing needs. We routinely assess our capital structure and opportunistically enter into transactions to lower our interest expense, which could result in a charge from the early extinguishment of debt.

Funding for our long-term debt obligations due over the next five years of $5.20 billion as of September 30, 2020 is expected to come from our ability to refinance our debt and cash generated from operating activities. During the nine months ended September 30, 2020, we issued $4.50 billion of senior notes with interest rates ranging from 4.20% to 4.95% and due dates from 2025 to 2050. The net proceeds from these issuances are being used for the redemption of our long-term debt as well as for general corporate purposes. During the nine months ended September 30, 2020, we redeemed senior notes, debentures, and junior subordinated debentures of $2.77 billion, prior to maturity, for a redemption price of $2.88 billion.

The ongoing impact of COVID-19 could have a negative effect on our financial condition or our ability to fund operations or future investment opportunities due to an increase in the cost of, or difficulty in, obtaining debt or equity financing, or our ability to comply with the leverage covenant in our Credit Facility in the future. The magnitude of the impact could be material to our business, financial condition and results of operations and will depend on numerous evolving factors that we may not be able to accurately predict, including the duration and extent of the pandemic, the impact of federal, state, local and foreign governmental actions, consumer behavior in response to the pandemic and such governmental actions, and the economic and operating conditions that we may face in the aftermath of COVID-19.

Cash Flows

The changes in cash, cash equivalents and restricted cash were as follows:

	Nine Months Ended September 30,		
	2020	**2019**	**Increase/(Decrease)**
Cash flow provided by operating activities	$ 2,565	$ 1,689	$ 876
Cash flow used for investing activities	(269)	(11)	(258)
Cash flow provided by (used for) financing activities	106	(1,560)	1,666
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	(16)	10
Net increase in cash, cash equivalents and restricted cash	$ 2,396	$ 102	$ 2,294

(Tabular dollars in millions, except per share amounts)

Operating Activities. For the nine months ended September 30, 2020, the increase in cash flow provided by operating activities was primarily driven by significantly lower spending, including for programming, production, advertising and distribution costs resulting from production shutdowns related to COVID-19 and cost savings, and lower payments for income taxes. These impacts were partially offset by the decline in revenues and higher payments for restructuring, merger-related costs, and costs to achieve synergies. Cash paid for income taxes decreased to $298 million for the nine months ended September 30, 2020 from $586 million for the prior-year period. The decrease was primarily due to a payment in 2019 as a result of guidance issued by the U.S. government in January 2019 relating to the transition tax on cumulative foreign earnings and profits that resulted from the enactment of federal tax legislation in December 2017.

Investing Activities

	Nine Months Ended September 30,	
	2020	**2019**
Investments [(a)]	$ (60)	$ (137)
Capital expenditures	(213)	(251)
Acquisitions, net of cash acquired [(b)]	(142)	(384)
Proceeds from dispositions [(c)]	146	755
Other investing activities	—	6
Cash flow used for investing activities	$ (269)	$ (11)

(a) Primarily includes our investment in The CW.

(b) 2020 primarily reflects the acquisition of Miramax, a global film and television studio. 2019 reflects the acquisition of Pluto Inc. and the remaining 50% interest in Pop TV, a general entertainment cable network.

(c) 2020 reflects the sale of marketable securities. 2019 reflects the sale of CBS Television City.

Financing Activities

	Nine Months Ended September 30,	
	2020	**2019**
Repayments of short-term debt borrowings, net	$ (706)	$ (624)
Proceeds from issuance of senior notes	4,365	492
Repayment of notes and debentures	(2,896)	(820)
Dividends	(450)	(446)
Purchase of Company common stock	(58)	(14)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(62)	(52)
Other financing activities	(87)	(96)
Cash flow provided by (used for) financing activities	$ 106	$ (1,560)

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.

(Tabular dollars in millions, except per share amounts)

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net cash flow provided by operating activities (GAAP)	$ 1,414	$ 500	$ 2,565	$ 1,689
Capital expenditures	(81)	(109)	(213)	(251)
Free cash flow (Non-GAAP)	$ 1,333	$ 391	$ 2,352	$ 1,438

Dividends

During the three and nine months ended September 30, 2020, we declared cash dividends of $.24 and $.72 per share, respectively, on our Class A and Class B Common Stock, resulting in total dividends of $150 million and $450 million, respectively.

Prior to the Merger, Viacom and CBS each declared a quarterly cash dividend during each of the first three quarters of 2019. During the three and nine months ended September 30, 2019, CBS declared cash dividends of $.18 and $.54 per share, respectively, on its Class A and Class B Common Stock resulting in total dividends of $69 million and $205 million, respectively. During the three and nine months ended September 30, 2019, Viacom declared cash dividends of $.20 and $.60 per share, respectively, on its Class A and Class B Common Stock resulting in total dividends of $82 million and $245 million, respectively.

Share Repurchase Program

During the nine months ended September 30, 2020, we repurchased 1.3 million shares of ViacomCBS Class B Common Stock under our share repurchase program for $50 million, at an average cost of $38.63 per share. At September 30, 2020, $2.36 billion of authorization remained under the share repurchase program.

(Tabular dollars in millions, except per share amounts)

Capital Structure

The following table sets forth our debt.

	At September 30, 2020	At December 31, 2019
Commercial paper	$ —	$ 699
Senior debt (2.250%-7.875% due 2021-2050)	18,442	16,690
Junior debt (5.875%-6.25% due 2057)	1,157	1,286
Other bank borrowings	90	—
Obligations under finance leases	32	44
Total debt [(a)]	19,721	18,719
Less commercial paper and other short-term borrowings	—	699
Less current portion of long-term debt	18	18
Total long-term debt, net of current portion	$ 19,703	$ 18,002

(a) At September 30, 2020 and December 31, 2019, the long-term debt balances included (i) a net unamortized discount of $497 million and $412 million, respectively, (ii) unamortized deferred financing costs of $109 million and $92 million, respectively, and (iii) a decrease in the carrying value of the debt relating to previously settled fair value hedges of $5 million and $6 million, respectively. The face value of our total debt was $20.33 billion and $19.23 billion at September 30, 2020 and December 31, 2019, respectively.

During the nine months ended September 30, 2020, we issued $4.50 billion of senior notes with interest rates ranging from 4.20% to 4.95% and due dates from 2025 to 2050. The net proceeds from these issuances are being used for the redemption of our long-term debt as well as for general corporate purposes. During the nine months ended September 30, 2020, we redeemed, prior to maturity, senior notes, debentures, and junior subordinated debentures totaling $2.77 billion, for an aggregate redemption price of $2.88 billion, which included third quarter redemptions of $340 million of senior notes, for a redemption price of $357 million. These redemptions resulted in a pre-tax loss on extinguishment of debt of $23 million and $126 million for the three and nine months ended September 30, 2020, respectively.

Our 5.875% junior subordinated debentures due February 2057 and 6.25% junior subordinated debentures due February 2057 accrue interest at the stated fixed rates until February 28, 2022 and February 28, 2027, respectively, on which dates the rates will switch to floating rates based on three-month LIBOR plus 3.895% and 3.899%, respectively, reset quarterly. These debentures can be called by us at any time after the expiration of the fixed-rate period.

Commercial Paper

In January 2020, our commercial paper program was increased to $3.50 billion from $2.50 billion in conjunction with the new $3.50 billion revolving credit facility described below. At September 30, 2020, we had no outstanding commercial paper borrowings under our commercial paper program. At December 31, 2019, we had $699 million of outstanding commercial paper borrowings with maturities of less than 90 days and a weighted average interest rate of 2.07%.

Credit Facility

In January 2020, the $2.50 billion revolving credit facility held by CBS prior to the Merger (the “CBS Credit Facility”), with a maturity in June 2021, was terminated and the $2.50 billion revolving credit facility held by Viacom prior to the Merger (the “Viacom Credit Facility”), with a maturity in February 2024, was amended and restated to a $3.50 billion revolving credit facility with a maturity in January 2025 (the “Credit Facility”). The Credit Facility is used for general corporate purposes and to support commercial paper borrowings, if any. We may, at our option, also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the Credit Facility are determined at the time of each borrowing and are generally based on either the prime rate in the U.S. or LIBOR plus a margin based on our senior unsecured debt rating, depending on the type and tenor of the loans entered. The Credit Facility has one principal financial covenant that requires our Consolidated Total Leverage Ratio to be less than 4.5x (which we may elect to increase to 5.0x for up to four consecutive quarters following a qualified acquisition) at the end of each quarter. The Consolidated Total Leverage Ratio reflects the ratio of our Consolidated Indebtedness at the end of a quarter, to our Consolidated EBITDA (each as defined in the amended credit agreement) for the trailing twelve-month period. We met the covenant as of September 30, 2020.

At September 30, 2020, we had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $3.50 billion.

Other Bank Borrowings

At September 30, 2020, we had $90 million of bank borrowings with a weighted average interest rate of 3.50% under Miramax’s $300 million credit facility, which matures in April 2023.

Guarantees

Letters of Credit and Surety Bonds. We have indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. At September 30, 2020, the outstanding letters of credit and surety bonds approximated $140 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City. In connection with the sale of CBS Television City in 2019, we guaranteed a specified level of cash flows to be generated by the business during the first five years following the completion of the sale. Included in “Other current liabilities” and “Other liabilities” on the Consolidated Balance Sheet at September 30, 2020 is a liability of $100 million, reflecting the present value of the estimated amount payable under the guarantee obligation.

Lease Guarantees. We have certain indemnification obligations with respect to leases primarily associated with the previously discontinued operations of Famous Players Inc. These lease commitments were $67 million as of September 30, 2020 and are presented within “Other liabilities” on the Consolidated Balance Sheet. The amount of lease commitments varies over time depending on the expiration or termination of individual underlying leases, or the related indemnification obligation, and foreign exchange rates, among other things. We may also have exposure for certain other expenses related to the leases, such as property taxes and common area maintenance. We believe our accrual is sufficient to meet any future obligations based on our consideration of available financial information, the lessees’ historical performance in meeting their lease obligations and the underlying economic factors impacting the lessees’ business models.

In the course of our business, we both provide and receive indemnities which are intended to allocate certain risks associated with business transactions. Similarly, we may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification obligation. We record a liability for our indemnification obligations and other contingent liabilities when probable and reasonably estimable.

Legal Matters

General

On an ongoing basis, we vigorously defend ourselves in numerous lawsuits and proceedings and respond to various investigations and inquiries from federal, state, local and international authorities (collectively, “litigation”). Litigation may be brought against us without merit, is inherently uncertain and always difficult to predict. However, based on our understanding and evaluation of the relevant facts and circumstances, we believe that the following matters are not likely, in the aggregate, to result in a material adverse effect on our business, financial condition and results of operations.

Litigation Relating to the Merger

Beginning on February 20, 2020, three purported CBS stockholders filed separate derivative and/or putative class action lawsuits in the Court of Chancery of the State of Delaware. On March 31, 2020, the Court consolidated the three lawsuits and appointed Bucks County Employees’ Retirement Fund and International Union of Operating Engineers of Eastern Pennsylvania and Delaware as co-lead plaintiffs for the consolidated action. On April 14, 2020, the lead plaintiffs filed a Verified Consolidated Class Action and Derivative Complaint (as used in this paragraph, the “Complaint”) against Shari E. Redstone, NAI, Sumner M. Redstone National Amusements Trust, members of the CBS Board of Directors (comprised of Candace K. Beinecke, Barbara M. Byrne, Gary L. Countryman, Brian Goldner, Linda M. Griego, Robert N. Klieger, Martha L. Minow, Susan Schuman, Frederick O. Terrell and Strauss Zelnick), former CBS President and Acting Chief Executive Officer Joseph Ianniello and nominal defendant ViacomCBS Inc. The Complaint alleges breaches of fiduciary duties to CBS stockholders in connection with the negotiation and approval of the Agreement and Plan of Merger dated as of August 13, 2019, as amended on October 16, 2019 (the “Merger Agreement”). The Complaint also alleges waste and unjust enrichment in connection with Mr. Ianniello’s compensation. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On June 5, 2020, the defendants filed motions to dismiss. We believe that the claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Beginning on November 25, 2019, four purported Viacom stockholders filed separate putative class action lawsuits in the Court of Chancery of the State of Delaware. On January 23, 2020, the Court consolidated the four lawsuits. On February 6, 2020, the Court appointed California Public Employees’ Retirement System (“CalPERS”) as lead plaintiff for the consolidated action. On February 28, 2020, CalPERS, together with Park Employees’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago and Louis M. Wilen, filed a First Amended Verified Class Action Complaint (as used in this paragraph, the “Complaint”) against NAI, NAI Entertainment Holdings LLC, Shari E. Redstone, the members of the Viacom special transaction committee of the Viacom Board of Directors (comprised of Thomas J. May, Judith A. McHale, Ronald L. Nelson and Nicole Seligman) and our President and Chief Executive Officer and director, Robert M. Bakish. The Complaint alleges breaches of fiduciary duties to Viacom stockholders in connection with the negotiation and approval of the Merger Agreement. The Complaint seeks unspecified damages, costs and expenses, as well as other relief. On May 22, 2020, the defendants filed motions to dismiss. We believe that the claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Investigation-Related Matters

As announced on August 1, 2018, the CBS Board of Directors retained two law firms to conduct a full investigation of the allegations in press reports about CBS' former Chairman of the Board, President and Chief Executive Officer, Leslie Moonves, CBS News and cultural issues at CBS. On December 17, 2018, the CBS Board of Directors announced the completion of its investigation, certain findings of the investigation and the CBS Board of Directors' determination, discussed below, with respect to the termination of Mr. Moonves' employment. We have received subpoenas from the New York County District Attorney's Office and the New York City Commission on Human Rights regarding the subject matter of this investigation and related matters. The New York State Attorney General's Office and the United States Securities and Exchange Commission have also requested information about these matters, including with respect to CBS' related public disclosures. We may continue to receive additional related regulatory and investigative inquiries from these and other entities in the future. We are cooperating with these inquiries.

On August 27, 2018 and on October 1, 2018, Gene Samit and John Lantz, respectively, filed putative class action suits in the United States District Court for the Southern District of New York, individually and on behalf of others similarly situated, for claims that are similar to those alleged in the amended complaint described below. On November 6, 2018, the Court entered an order consolidating the two actions. On November 30, 2018, the Court appointed Construction Laborers Pension Trust for Southern California as the lead plaintiff of the consolidated action. On February 11, 2019, the lead plaintiff filed a consolidated amended putative class action complaint against CBS, certain current and former senior executives and members of the CBS Board of Directors. The consolidated action is stated to be on behalf of purchasers of CBS Class A Common Stock and Class B Common Stock between September 26, 2016 and December 4, 2018. This action seeks to recover damages arising during this time period allegedly caused by the defendants' purported violations of the federal securities laws, including by allegedly making materially false and misleading statements or failing to disclose material information, and seeks costs and expenses as well as remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On April 12, 2019, the defendants filed motions to dismiss this action, which the Court granted in part and denied in part on January 15, 2020. With the exception of one statement made by Mr. Moonves at an industry event in November 2017, in which he allegedly was acting as the agent of CBS, all claims as to all other allegedly false and misleading statements were dismissed. We believe that the remaining claims are without merit and we intend to defend against them vigorously. We are currently unable to determine a range of potential liability, if any. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Separation Agreement

On September 9, 2018, CBS entered into a separation and settlement agreement and releases (the "Separation Agreement") with Mr. Moonves, pursuant to which Mr. Moonves resigned as a director and as Chairman of the Board, President and Chief Executive Officer of CBS. In October 2018, we contributed $120 million to a grantor trust pursuant to the Separation Agreement. On December 17, 2018, the CBS Board of Directors announced that, following its consideration of the findings of the investigation referred to above, it had determined that there were grounds to terminate Mr. Moonves' employment for cause under his employment agreement with CBS. Any dispute related to the CBS Board of Directors' determination is subject to binding arbitration as set forth in the Separation Agreement. On January 16, 2019, Mr. Moonves commenced a binding arbitration proceeding with respect to this matter and the related CBS Board of Directors investigation, which proceeding is ongoing. The assets of the grantor trust will remain in the trust until a final determination in the arbitration. We are currently unable to determine the outcome of the arbitration and the amount, if any, that may be awarded thereunder. Accordingly, no accrual for this matter has been made in our consolidated financial statements.

Claims Related to Former Businesses: Asbestos

We are a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. We are typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of our products is the basis of a claim. Claims against us in which a product has been identified most commonly relate to allegations of exposure to asbestos-containing insulating material used in conjunction with turbines and electrical equipment.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. We do not report as pending those claims on inactive, stayed, deferred or similar dockets that some jurisdictions have established for claimants who allege minimal or no impairment. As of September 30, 2020, we had pending approximately 31,180 asbestos claims, as compared with approximately 30,950 as of December 31, 2019. During the third quarter of 2020, we received approximately 830 new claims and closed or moved to an inactive docket approximately 840 claims. We report claims as closed when we become aware that a dismissal order has been entered by a court or when we have reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claims, the quality of evidence supporting the claims and other factors. Our total costs for the years 2019 and 2018 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $58 million and $45 million, respectively. Our costs for settlement and defense of asbestos claims may vary year to year and insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of pending claims against us are non-cancer claims. It is difficult to predict future asbestos liabilities, as events and circumstances may impact the estimate of our asbestos liabilities, including, among others, the number and types of claims and average cost to resolve such claims. We record an accrual for a loss contingency when it is both probable that a liability has been incurred and when the amount of the loss can be reasonably estimated. We believe that our accrual and insurance are adequate to cover our asbestos liabilities. Our liability estimate is based upon many factors, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims, as well as consultation with a third party firm on trends that may impact our future asbestos liability.

Other

From time to time we receive claims from federal and state environmental regulatory agencies and other entities asserting that we are or may be liable for environmental cleanup costs and related damages principally relating to our historical and predecessor operations. In addition, from time to time we receive personal injury claims including toxic tort and product liability claims (other than asbestos) arising from our historical operations and predecessors.

Related Parties

See Note 5 to the consolidated financial statements.

Recently Adopted Accounting Pronouncements and Accounting Pronouncements Not Yet Adopted

See Note 1 to the consolidated financial statements.

Critical Accounting Policies

See Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, for a discussion of our critical accounting policies.

Cautionary Statement Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q, including "Item 2 - Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements 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 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 the actual results, performance or achievements of ViacomCBS 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; and potential conflicts of interest arising from our ownership structure with a controlling stockholder. These risks, uncertainties and other factors are discussed in the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 (filed with the SEC on February 20, 2020), our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (filed with the SEC on August 6, 2020) and this Quarterly Report on Form 10-Q. Other risks may be described in our news releases and other filings with the SEC, including but not limited to our Current Reports on 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 Quarterly Report on Form 10-Q are made only as of the date of this document and we do not undertake any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes to market risk since reported in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 4. Controls and Procedures.

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

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Note 15 to the consolidated financial statements appearing in Item 1 of Part I of this Quarterly Report on Form 10-Q under the caption "Legal Matters" is incorporated by reference herein.

Item 1A. Risk Factors.

In addition to the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2019 (filed with the SEC on February 20, 2020) (our "2019 Annual Report") and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (filed with the SEC on August 6, 2020), the following risk factor could have a material adverse effect on our business, financial condition and results of operations.

NAI, through its voting control of ViacomCBS, will be in a position to control actions that require stockholder approval

NAI, through its direct and indirect ownership of our Class A Common Stock, has voting control of ViacomCBS. At September 30, 2020, NAI directly or indirectly owned approximately 79.4% of the shares of our Class A Common Stock outstanding, and approximately 10.2% of the shares of our Class A Common Stock and our Class B Common Stock outstanding on a combined basis. Shari E. Redstone, the Chairperson, CEO and President of NAI, serves as non-executive Chair of the ViacomCBS Board of Directors (the "ViacomCBS Board"). Until the death of Mr. Sumner M. Redstone on August 11, 2020, NAI was controlled by Mr. Redstone through the Sumner M. Redstone National Amusements Trust (the "SMR Trust"), which owned 80% of the voting interest of NAI, with such voting interest voted solely by Mr. Redstone. Upon Mr. Redstone's death and in accordance with the terms of the trust agreement governing the SMR Trust and the Continuing Trusts (as defined below), the SMR Trust was succeeded by two continuing trusts (the "Continuing Trusts"), each of which holds 40% of the voting stock of NAI. Under the terms of the trust agreement governing the SMR Trust and the Continuing Trusts, the Continuing Trusts are required to share the same seven voting trustees, who have equal voting power, and each trustee is required to cause each Continuing Trust to vote the NAI shares held by that Continuing Trust in the same manner as the NAI shares held by the other Continuing Trust. Ms. Redstone is one of the seven voting trustees for each Continuing Trust and is one of two voting trustees who are beneficiaries of one of the Continuing Trusts. No member of our management, or other member of our Board, is a trustee of either of the Continuing Trusts.

Subject to the terms of the Governance Agreement dated as of August 13, 2019, which is incorporated by reference as an exhibit in our 2019 Annual Report, NAI is in a position to control the outcome of corporate actions that require, or may be accomplished by, stockholder approval, including amending ViacomCBS' bylaws, the election or removal of directors and transactions involving a change of control. For example, the ViacomCBS bylaws provide that:

- the affirmative vote of not less than a majority of the aggregate voting power of all outstanding shares of our capital stock then entitled to vote generally in an election of directors, voting together as a single class, is required for our stockholders to amend, alter, change, repeal or adopt any of our bylaws;
- any or all of our directors may be removed from office at any time prior to the expiration of his or her term of office, with or without cause, only by the affirmative vote of the holders of record of outstanding shares representing at least a majority of all the aggregate voting power of outstanding shares of our Common Stock then entitled to vote generally in the election of directors, voting together as a single class at a special meeting of our stockholders called expressly for that purpose; provided that during the two-year period following the closing date of the ViacomCBS Merger, the removal of our Chief Executive Officer requires the approval of the ViacomCBS Board by the "Requisite Approval" (as defined in the ViacomCBS certificate of incorporation incorporated by reference as an exhibit in our 2019 Annual

Report); provided further, that during the two-year period following the closing date, NAI and NAI Entertainment Holdings LLC are not permitted to remove any other persons who were members of the ViacomCBS Board at the effective time of the Merger in accordance with the Merger Agreement or who otherwise become members the ViacomCBS Board (other than any of the NAI Affiliated Directors (as defined in the bylaws)) without the Requisite Approval; and

- in accordance with the General Corporation Law of the State of Delaware, our stockholders may act by written consent without a meeting if such stockholders hold the number of shares representing not less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted.

Accordingly, ViacomCBS stockholders who may have different interests are unable to affect the outcome of any such corporate actions for so long as NAI retains voting control. For more information, see the Governance Agreement incorporated by reference as an exhibit in our 2019 Annual Report**.**

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

Company Purchases of Equity Securities

In November 2010, we announced that our Board of Directors approved a program to repurchase $1.5 billion of our common stock in open market purchases or other types of transactions (including accelerated stock repurchases or privately negotiated transactions). Since then, various increases totaling $16.4 billion have been approved and announced, including most recently, an increase to the share repurchase program to a total availability of $6.0 billion on July 28, 2016. During the third quarter of 2020, we did not purchase any shares under our publicly announced share repurchase program, which had remaining authorization of $2.36 billion at September 30, 2020.

Item 6. Exhibits.

Exhibit No.		Description of Document
(10)		**Material Contacts**
	(a)	Letter Agreement, dated as of October 26, 2020, between ViacomCBS Inc. and Laura Franco (filed herewith).
(31)		**Rule 13a-14(a)/15d-14(a) Certifications**
	(a)	Certification of the Chief Executive Officer of ViacomCBS Inc. pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
	(b)	Certification of the Chief Financial Officer of ViacomCBS Inc. pursuant to Rule 13a-14(a), or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
(32)		**Section 1350 Certifications**
	(a)	Certification of the Chief Executive Officer of ViacomCBS Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (furnished herewith).
	(b)	Certification of the Chief Financial Officer of ViacomCBS Inc. furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (furnished herewith).
(101)		**Interactive Data File**
		101. INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
		101. SCH Inline XBRL Taxonomy Extension Schema.
		101. CAL Inline XBRL Taxonomy Extension Calculation Linkbase.
		101. DEF Inline XBRL Taxonomy Extension Definition Linkbase.
		101. LAB Inline XBRL Taxonomy Extension Label Linkbase.
		101. PRE Inline XBRL Taxonomy Extension Presentation Linkbase.
(104)		**Cover Page Interactive Data File** (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

VIACOMCBS INC.
(Registrant)

Date: November 6, 2020

/s/ Naveen Chopra
Naveen Chopra
Executive Vice President,
Chief Financial Officer

Date: November 6, 2020

/s/ Katherine Gill-Charest
Katherine Gill-Charest
Executive Vice President, Controller and
Chief Accounting Officer

VIACOMCBS

Laura Franco
c/o ViacomCBS Inc.
1515 Broadway
New York, NY 10036

Dear Laura: October 26, 2020

Reference is made to your employment agreement with ViacomCBS Inc. (f/k/a CBS Corporation) ("ViacomCBS"), dated as of August 13, 2019 (the "Agreement"). Unless defined herein, all defined terms without definition shall have the meanings provided in the Agreement. This letter, when fully executed, shall amend the Agreement, effective as of the date set forth above, except as otherwise provided herein.

1. Paragraph 1 of the Agreement is hereby amended such that the last day of the Term – *i.e.,* the "Expiration Date" – is December 1, 2020.

2. Paragraph 2 of the Agreement is hereby renumbered as subparagraph 2(a) and the following new subparagraphs are added at end thereof to read as follows:

"(b) Notwithstanding the foregoing, during the period beginning on November 1, 2020 and continuing through the Expiration Date (the 'Consultant Period'), your title will change to 'Consultant, ViacomCBS' and your duties and responsibilities will solely be to cooperate and assist ViacomCBS' General Counsel and the company with the smooth transition of your duties, responsibilities, authorities, reporting relationships, etc. and to wrap up existing open matters.

(c) Your consulting services will be non-exclusive and part-time in nature, and it is not intended that your consulting work will require all of your available business time, attention or energies. It is the intent of the parties, and the parties hereby acknowledge, that during the Consultant Period, the level of bona fide services reasonably anticipated to be performed by you shall be reduced to a level such that your continuing to provide non-exclusive services as a Consultant during the Consultant Period shall not prevent you from being considered to have incurred a 'separation from service' (within the meaning of Code Section 409A) – *i.e.,* you shall be considered to have incurred a separation from service upon commencement of the Consultant Period.

(d) You acknowledge and agree that neither (i) the designation or formal announcement of any individual as assuming all or a portion of your duties and/or your title nor (ii) the change in your titles, duties, responsibilities, etc. or the requirement that you begin transitioning all or a portion of your duties beginning November 1, 2020 shall be considered 'Good Reason' (as defined in paragraph 7(d) of the Agreement) or otherwise a material breach under any other provision of this Agreement. You will be consulted and have an opportunity to review any communication regarding the announcement of the transition of your duties to another executive, if applicable."

3. Paragraphs 3(a), (b) and (c) of the Agreement are hereby amended to reflect their application only with respect to services performed by you prior to the commencement of the Consultant Period – *i.e.,* for your services performed through October 31, 2020. Paragraph 3 of the Agreement is hereby amended to add a new subparagraph (d) to read as follows:

> "(d) Consultant Period Remuneration. Notwithstanding any provision herein to the contrary, during the Consultant Period, you shall receive the following payments and benefits as the sole remuneration for your services as a Consultant:
>
> (i) a LTMIP grant for fiscal year 2021 (expected grant date of November 30, 2020) based on your current long-term incentive target of One Million Eight Hundred Thousand Dollars ($1,800,000), to be delivered in time-based restricted share units;
>
> (ii) medical, dental, vision, basic life and basic accidental death and dismemberment insurance coverage at no cost to you pursuant to the benefit plans in which you participated in immediately prior to commencement of the Consultant Period; and
> (iii) you shall also continue to vest in your equity awards that remain outstanding and unvested immediately prior to commencement of the Consultant Period."

For purposes of clarity and avoidance of doubt, you acknowledge and agree that you shall not receive a base salary during the Consultant Period, and shall cease accruing vacation as of October 31, 2020. Your participation in all non-qualified retirement plans (including the CBS Excess 401(k) Plan) and other health and welfare benefits not listed in clause (ii) above shall also cease as of October 31, 2020.

4. Paragraph 6(a) of the Agreement is hereby amended to reflect that the non-compete restriction described therein shall cease to apply after October 31, 2020.

5. The definition of "Good Reason" in paragraph 7(d) of the Agreement is hereby modified as necessary to reflect the provisions of paragraphs 2(b) and (d) of the Agreement and give effect to the parties' intentions expressed herein.
6. The parties mutually agree that your employment as a Consultant shall automatically terminate (and without any further action required) after the close of business on the Expiration Date, and that such termination of your employment shall be considered a termination without Cause as described in paragraph 7(b) of the Agreement. You acknowledge and agree that the termination of your employment was approved by the ViacomCBS Board of Directors by the "Required Vote" (as such term is defined in the Agreement).

7. Upon the termination of your employment on the Expiration Date, you shall be entitled to payment of the Accrued Obligations and such other payments and benefits as are set forth in paragraph 7(h) of the Agreement (and, to the extent applicable, the terms of the Senior Executive Retention Plan and the CBS Retention Plan Letter), except that the provisions of paragraph 7(h)(ix) shall no longer be applicable. You acknowledge and agree that your receipt of the compensation set forth in paragraph 7(h) of the Agreement (and, to the extent

applicable, the terms of the Senior Executive Retention Plan and the CBS Retention Plan Letter) is expressly conditioned upon your execution (and non-revocation) of the General Release attached as Exhibit A to the Agreement.

8. Except as provided herein, your acceptance of the arrangements described in this letter agreement shall in no way constitute a waiver of any rights you may have under the Agreement.

9. This letter may be executed in one or more counterparts, including by facsimile, and all of the counterparts shall constitute one fully executed agreement. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. Additionally, the parties agree that this letter may be electronically signed, and that electronic signatures appearing on this letter are the same as handwritten signatures for the purposes of validity, enforcement and admissibility.

10. Except as otherwise provided herein, the Agreement shall continue in full force and effect in accordance with its terms, including, without limitation, the restrictive covenants described in paragraph 6 of the Agreement.

[signature page to follow]

To acknowledge your agreement to the foregoing, please sign, date and return this letter to me.

Very truly yours,

VIACOMCBS INC.

By: /s/ Nancy Phillips

Nancy Phillips

EVP, Chief People Officer

ACCEPTED AND AGREED:

/s/ Laura Franco
Laura Franco

Dated: 10/26/2020

Exhibit 31(a)

CERTIFICATION

I, Robert M. Bakish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ViacomCBS Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 6, 2020

/s/ Robert M. Bakish
Robert M. Bakish
President and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Naveen Chopra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ViacomCBS Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Naveen Chopra

Naveen Chopra
Executive Vice President, Chief Financial Officer

Exhibit 32(a)

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of ViacomCBS Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Robert M. Bakish, President and Chief Executive Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert M. Bakish
Robert M. Bakish

November 6, 2020

Exhibit 32(b)

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of ViacomCBS Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission (the ”Report”), I, Naveen Chopra, Executive Vice President, Chief Financial Officer of the Company, certify that to my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Naveen Chopra
Naveen Chopra

November 6, 2020