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 June 30, 2021

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
5.75% Series A Mandatory Convertible Preferred Stock, $0.001 par value	VIACP	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 August 2, 2021:

Class A Common Stock, par value $.001 per share— 40,707,517

Class B Common Stock, par value $.001 per share— 605,813,492

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PART I – FINANCIAL INFORMATION

Financial Statements.

VIACOMCBS INC. AND SUBSIDIARIES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 6,564	$ 6,075	$ 13,976	$ 12,574
Costs and expenses:				
Operating	3,865	3,361	8,228	7,317
Selling, general and administrative	1,459	1,183	2,881	2,481
Depreciation and amortization	95	122	194	234
Restructuring and other corporate matters	35	158	35	389
Total costs and expenses	5,454	4,824	11,338	10,421
Net gain on sales	116	—	116	—
Operating income	1,226	1,251	2,754	2,153
Interest expense	(243)	(263)	(502)	(504)
Interest income	13	11	26	25
Net gains from investments	32	32	52	32
Loss on extinguishment of debt	—	(103)	(128)	(103)
Other items, net	(10)	(26)	(29)	(54)
Earnings from continuing operations before income taxes and equity in loss of investee companies	1,018	902	2,173	1,549
(Provision) benefit for income taxes	34	(192)	(192)	(326)
Equity in loss of investee companies, net of tax	(44)	(12)	(62)	(21)
Net earnings from continuing operations	1,008	698	1,919	1,202
Net earnings from discontinued operations, net of tax	41	28	53	43
Net earnings (ViacomCBS and noncontrolling interests)	1,049	726	1,972	1,245
Net earnings attributable to noncontrolling interests	(13)	(245)	(25)	(248)
Net earnings attributable to ViacomCBS	$ 1,036	$ 481	$ 1,947	$ 997
Amounts attributable to ViacomCBS:				
Net earnings from continuing operations	$ 995	$ 453	$ 1,894	$ 954
Net earnings from discontinued operations, net of tax	41	28	53	43
Net earnings attributable to ViacomCBS	$ 1,036	$ 481	$ 1,947	$ 997
Basic net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	$ 1.52	$ .74	$ 2.96	$ 1.55
Net earnings from discontinued operations	$ .06	$ .05	$ .08	$ .07
Net earnings	$ 1.58	$ .78	$ 3.05	$ 1.62
Diluted net earnings per common share attributable to ViacomCBS:				
Net earnings from continuing operations	$ 1.50	$ .73	$ 2.93	$ 1.55
Net earnings from discontinued operations	$ .06	$ .05	$ .08	$ .07
Net earnings	$ 1.56	$ .78	$ 3.01	$ 1.62
Weighted average number of common shares outstanding:				
Basic	646	615	634	615
Diluted	662	617	647	617

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net earnings (ViacomCBS and noncontrolling interests)	$ 1,049	$ 726	$ 1,972	$ 1,245
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	11	31	(55)	(59)
Net actuarial loss and prior service costs	16	18	29	35
Other comprehensive income (loss) from continuing operations, net of tax (ViacomCBS and noncontrolling interests)	27	49	(26)	(24)
Other comprehensive income (loss) from discontinued operations	3	6	5	(8)
Comprehensive income	1,079	781	1,951	1,213
Less: Comprehensive income attributable to noncontrolling interests	14	245	25	245
Comprehensive income attributable to ViacomCBS	$ 1,065	$ 536	$ 1,926	$ 968

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

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

	At June 30, 2021	At December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,375	$ 2,984
Receivables, net	6,824	7,017
Programming and other inventory	1,419	1,757
Prepaid expenses and other current assets	1,089	1,391
Current assets of discontinued operations	547	630
Total current assets	15,254	13,779
Property and equipment, net	1,979	1,994
Programming and other inventory	11,421	10,363
Goodwill	16,601	16,612
Intangible assets, net	2,805	2,826
Operating lease assets	1,440	1,602
Deferred income tax assets, net	1,235	993
Other assets	3,658	3,657
Assets held for sale	—	28
Assets of discontinued operations	811	809
Total Assets	$ 55,204	$ 52,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 602	$ 571
Accrued expenses	1,828	1,714
Participants' share and royalties payable	2,176	2,005
Accrued programming and production costs	1,168	1,141
Deferred revenues	1,104	978
Debt	17	16
Other current liabilities	1,230	1,391
Current liabilities of discontinued operations	461	480
Total current liabilities	8,586	8,296
Long-term debt	17,703	19,717
Participants' share and royalties payable	1,326	1,317
Pension and postretirement benefit obligations	2,025	2,098
Deferred income tax liabilities, net	888	778
Operating lease liabilities	1,472	1,583
Program rights obligations	188	243
Other liabilities	1,960	2,158
Liabilities of discontinued operations	210	220
Redeemable noncontrolling interest	190	197
Commitments and contingencies (Note 15)		
ViacomCBS stockholders' equity:		
5.75% Series A Mandatory Convertible Preferred Stock, par value $.001 per share; 25 shares authorized and 10 shares issued (2021)	—	—
Class A Common Stock, par value $.001 per share; 55 shares authorized; 41 (2021) and 52 (2020) shares issued	—	—
Class B Common Stock, par value $.001 per share; 5,000 shares authorized; 1,108 (2021) and 1,068 (2020) shares issued	1	1
Additional paid-in capital	32,901	29,785
Treasury stock, at cost; 503 (2021 and 2020) Class B shares	(22,958)	(22,958)
Retained earnings	12,007	10,375
Accumulated other comprehensive loss	(1,853)	(1,832)
Total ViacomCBS stockholders' equity	20,098	15,371
Noncontrolling interests	558	685
Total Equity	20,656	16,056
Total Liabilities and Equity	$ 55,204	$ 52,663

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Six Months Ended June 30,	
	2021	**2020**
Operating Activities:		
Net earnings (ViacomCBS and noncontrolling interests)	$ 1,972	$ 1,245
Less: Net earnings from discontinued operations, net of tax	53	43
Net earnings from continuing operations	1,919	1,202
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:		
Depreciation and amortization	194	234
Deferred tax (benefit) provision	(110)	227
Stock-based compensation	101	143
Net gain on sales	(116)	—
Gains from investments	(52)	(32)
Loss on extinguishment of debt	128	103
Equity in loss of investee companies, net of tax and distributions	62	22
Change in assets and liabilities	(424)	(741)
Net cash flow provided by operating activities from continuing operations	1,702	1,158
Net cash flow provided by (used for) operating activities from discontinued operations	89	(7)
Net cash flow provided by operating activities	1,791	1,151
Investing Activities:		
Investments	(114)	(60)
Capital expenditures	(138)	(131)
Acquisitions, net of cash acquired	—	(141)
Proceeds from dispositions	408	146
Other investing activities	(25)	—
Net cash flow provided by (used for) investing activities from continuing operations	131	(186)
Net cash flow used for investing activities from discontinued operations	(2)	(1)
Net cash flow provided by (used for) investing activities	129	(187)
Financing Activities:		
Repayments of short-term debt borrowings, net	—	(698)
Proceeds from issuance of long-term debt	—	4,370
Repayment of long-term debt	(2,200)	(2,535)
Dividends paid on common stock	(302)	(301)
Proceeds from issuance of preferred stock	983	—
Proceeds from issuance of common stock	1,672	—
Purchase of Company common stock	—	(58)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(49)	(59)
Proceeds from exercise of stock options	408	—
Other financing activities	(161)	(70)
Net cash flow provided by financing activities	351	649
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8)	(17)
Net increase in cash, cash equivalents and restricted cash	2,263	1,596
Cash, cash equivalents and restricted cash at beginning of period (includes $135 (2021) and $202 (2020) of restricted cash)	3,119	834
Cash, cash equivalents and restricted cash at end of period (includes $7 (2021) and $142 (2020) of restricted cash)	$ 5,382	$ 2,430

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

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

	Three Months Ended June 30, 2021										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
March 31, 2021	10	—	646	$ 1	$ 32,866	$ (22,958)	$ 11,144	$ (1,882)	$ 19,171	$ 672	$ 19,843
Stock-based compensation activity	—	—	—	—	35	—	—	—	35	—	35
Preferred stock dividends	—	—	—	—	—	—	(14)	—	(14)	—	(14)
Common stock dividends	—	—	—	—	—	—	(158)	—	(158)	—	(158)
Noncontrolling interests	—	—	—	—	—	—	(1)	—	(1)	(128)	(129)
Net earnings	—	—	—	—	—	—	1,036	—	1,036	13	1,049
Other comprehensive income	—	—	—	—	—	—	—	29	29	1	30
June 30, 2021	10	$ —	646	$ 1	$ 32,901	$ (22,958)	$ 12,007	$ (1,853)	$ 20,098	$ 558	$ 20,656

	Six Months Ended June 30, 2021										
	Preferred Stock		Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)		*(Shares)*								
December 31, 2020	—	$ —	617	$ 1	$ 29,785	$ (22,958)	$ 10,375	$ (1,832)	$ 15,371	$ 685	$ 16,056
Stock-based compensation activity	—	—	9	—	461	—	—	—	461	—	461
Stock issuances	10	—	20	—	2,655	—	—	—	2,655	—	2,655
Preferred stock dividends	—	—	—	—	—	—	(15)	—	(15)	—	(15)
Common stock dividends	—	—	—	—	—	—	(310)	—	(310)	—	(310)
Noncontrolling interests	—	—	—	—	—	—	10	—	10	(152)	(142)
Net earnings	—	—	—	—	—	—	1,947	—	1,947	25	1,972
Other comprehensive loss	—	—	—	—	—	—	—	(21)	(21)	—	(21)
June 30, 2021	10	$ —	646	$ 1	$ 32,901	$ (22,958)	$ 12,007	$ (1,853)	$ 20,098	$ 558	$ 20,656

See notes to consolidated financial statements.

VIACOMCBS INC. AND SUBSIDIARIES

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

	Three Months Ended June 30, 2020								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Shares)								
March 31, 2020	615	$ 1	$ 29,633	$ (22,958)	$ 8,827	$ (2,054)	$ 13,449	$ 72	$ 13,521
Stock-based compensation activity	1	—	47	—	—	—	47	—	47
Common stock dividends	—	—	—	—	(150)	—	(150)	—	(150)
Noncontrolling interests	—	—	—	—	(8)	—	(8)	359 [(a)]	351
Net earnings	—	—	—	—	481	—	481	245	726
Other comprehensive income	—	—	—	—	—	55	55	—	55
June 30, 2020	616	$ 1	$ 29,680	$ (22,958)	$ 9,150	$ (1,999)	$ 13,874	$ 676	$ 14,550

	Six Months Ended June 30, 2020								
	Class A and B Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total ViacomCBS Stockholders' Equity	Noncontrolling 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	—	90	—	—	—	90	—	90
Class B Common Stock purchased	(1)	—	—	(50)	—	—	(50)	—	(50)
Common stock dividends	—	—	—	—	(300)	—	(300)	—	(300)
Noncontrolling interests	—	—		—	(41)	—	(41)	349 [(a)]	308
Net earnings	—	—	—	—	997	—	997	248	1,245
Other comprehensive loss	—	—	—	—	—	(29)	(29)	(3)	(32)
June 30, 2020	616	$ 1	$ 29,680	$ (22,958)	$ 9,150	$ (1,999)	$ 13,874	$ 676	$ 14,550

(a) Primarily reflects the acquisition of Miramax.

See notes to consolidated financial statements.

1) BASIS OF PRESENTATION

Description of Business—ViacomCBS Inc. is comprised of the following segments: *TV Entertainment* (CBS Television Network; CBS Studios; CBS Media Ventures; streaming services, including Paramount+ and CBSN; CBS Sports Network; and CBS Television Stations), *Cable Networks* (premium and basic cable networks, including Showtime, BET, Nickelodeon, MTV, Comedy Central, Paramount Network, and Smithsonian channel; streaming services, including Pluto TV and Showtime Networks' premium subscription streaming service ("Showtime OTT"); and ViacomCBS Networks International, including Channel 5, Telefe and Network 10) and *Filmed Entertainment* (Paramount Pictures, Paramount Players, Paramount Animation, Paramount Television Studios and Miramax). 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—The accompanying unaudited consolidated financial statements have been prepared on a basis consistent with accounting principles generally accepted in the United States ("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, 2020.

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. Certain previously reported amounts have been reclassified to conform to the current presentation.

Discontinued Operations—On November 25, 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, which was previously reported as the *Publishing* segment, to Penguin Random House LLC, a wholly owned subsidiary of Bertelsmann SE & Co. KGaA, for $2.175 billion in cash. As a result, Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented (see Note 2).

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.

Net Earnings per Common Share—Basic net earnings per share ("EPS") is based upon net earnings available to common stockholders divided by the weighted average number of common shares outstanding during the period. Net earnings available to common stockholders is calculated as net earnings from continuing operations or net earnings, as applicable, adjusted to include preferred stock dividends accumulated during the period. During the three and six months ended June 30, 2021, we accumulated dividends of $14 million and $15 million, respectively, on the 5.75% Series A Mandatory Convertible Preferred Stock ("Mandatory Convertible Preferred Stock") that was issued during the first quarter of 2021 (see Note 9).

Weighted average shares for 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. Diluted EPS also reflects the effect of the assumed conversion of preferred stock, if dilutive, which includes the issuance of common shares in the weighted average number of shares and excludes the above-mentioned accumulated preferred stock dividend adjustment to net earnings available to common stockholders. Excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive, were stock options and RSUs of 7 million and 5 million for the three and six months ended June 30, 2021, respectively, and stock options and RSUs of 25 million and 26 million for the three and six months ended June 30, 2020, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2021**	**2020**	**2021**	**2020**
Weighted average shares for basic EPS	646	615	634	615
Dilutive effect of shares issuable under stock-based compensation plans	4	2	7	2
Dilutive effect of Mandatory Convertible Preferred Stock	12	—	6	—
Weighted average shares for diluted EPS	662	617	647	617

Recently Adopted Accounting Pronouncements

Simplifying the Accounting for Income Taxes

On January 1, 2021, we adopted Financial Accounting Standards Board ("FASB") 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 interim period that includes the enactment date. 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 immediately upon issuance and an entity may elect to apply it to contract modifications or hedging relationships entered into on or before December 31, 2022, with a few exceptions for certain hedging relationships existing as of December 31, 2022. We intend to apply this guidance when modifications of contracts that include LIBOR occur, which is not expected to have a material impact on our consolidated financial statements.

Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

On August 5, 2020, the FASB issued amended guidance to reduce complexity associated with the accounting for convertible instruments with characteristics of liabilities and equity. Under this guidance, embedded conversion features associated with convertible instruments no longer need to be separated from the host contracts unless they are required to be accounted for as derivatives or have been issued at a substantial premium. For contracts in an entity's own equity, this guidance removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exceptions. This guidance also amends certain EPS guidance for convertible instruments and expands disclosure requirements. This guidance is effective for fiscal years beginning after

(Tabular dollars in millions, except per share amounts)

December 15, 2021, with early adoption permitted, and is not expected to have a material impact on our consolidated financial statements.

2) DISPOSITIONS

During the second quarter of 2021, we recognized a net gain on sales of $116 million, principally relating to the sale of a noncore trademark licensing operation.

During the fourth quarter of 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, for $2.175 billion in cash. The transaction is subject to customary closing conditions, including regulatory approvals, and is expected to close in 2021. Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented.

The following table sets forth details of net earnings from discontinued operations for the three and six months ended June 30, 2021 and 2020, which primarily reflects the results of Simon & Schuster.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 219	$ 200	$ 404	$ 370
Costs and expenses:				
Operating	127	120	247	219
Selling, general and administrative	38	39	76	82
Depreciation and amortization	—	2	—	3
Restructuring charges	—	—	—	2
Total costs and expenses [(a)]	165	161	323	306
Operating income	54	39	81	64
Other items, net	—	—	(2)	(5
Earnings from discontinued operations	54	39	79	59
Income tax provision [(b)]	(13)	(11)	(26)	(16
Net earnings from discontinued operations, net of tax	$ 41	$ 28	$ 53	$ 43

(a) Included in total costs and expenses are the release of indemnification obligations for leases relating to a previously disposed business of $2 million for each of the three and six months ended June 30, 2021 and $4 million and $14 million for the three and six months ended June 30, 2020, respectively.

(b) The tax provision includes amounts relating to previously disposed businesses of $7 million for the six months ended June 30, 2021 and $1 million and $3 million for the three and six months ended June 30, 2020, respectively.

(Tabular dollars in millions, except per share amounts)

The following table presents the major classes of assets and liabilities of our discontinued operations.

	At June 30, 2021	At December 31, 2020
Receivables, net	$ 339	$ 447
Other current assets	208	183
Goodwill	435	435
Property and equipment, net	43	42
Operating lease assets	192	191
Other assets	141	141
Total Assets	$ 1,358	$ 1,439
Royalties payable	$ 129	$ 131
Other current liabilities	332	349
Operating lease liabilities	189	194
Other liabilities	21	26
Total Liabilities	$ 671	$ 700

3) PROGRAMMING AND OTHER INVENTORY

The following table presents our programming and other inventory at June 30, 2021 and December 31, 2020, grouped by type and predominant monetization strategy.

	At June 30, 2021	At December 31, 2020
Film Group Monetization:		
Acquired program rights, including prepaid sports rights	$ 2,983	$ 3,413
Film inventory:		
In process and other	47	—
Internally-produced television programming:		
Released	2,760	2,558
In process and other	2,467	1,682
Individual Monetization:		
Acquired libraries	468	483
Film inventory:		
Released	542	374
Completed, not yet released	353	543
In process and other	870	816
Internally-produced television programming:		
Released	1,431	1,206
In process and other	884	1,013
Home entertainment	35	32
Total programming and other inventory	12,840	12,120
Less current portion	1,419	1,757
Total noncurrent programming and other inventory	$ 11,421	$ 10,363

(Tabular dollars in millions, except per share amounts)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Programming costs, acquired programming	$ 1,098	$ 713	$ 2,600	$ 1,686
Production costs, internally-produced television and film programming:				
Individual monetization	$ 750	$ 753	$ 1,510	$ 1,523
Film group monetization	$ 651	$ 731	$ 1,301	$ 1,420

Included in the table above for the three and six months ended June 30, 2020, are programming charges of $121 million primarily related to the abandonment of certain incomplete programs resulting from production shutdowns related to the coronavirus pandemic ("COVID-19"). Programming charges of $66 million, $50 million and $5 million are included within the *TV Entertainment*, *Cable Networks* and *Filmed Entertainment* segments, respectively.

4) RESTRUCTURING, IMPAIRMENT AND OTHER CORPORATE MATTERS

During the three and six months ended June 30, 2021 and 2020, we recorded the following for costs associated with restructuring, impairment and other corporate matters.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Severance	$ —	$ 128	$ —	$ 302
Exit costs	35	6	35	32
Restructuring charges	35	134	35	334
Merger-related costs	—	10	—	41
Other corporate matters	—	14	—	14
Restructuring and other corporate matters	$ 35	$ 158	$ 35	$ 389
Impairment charges	$ —	$ 25	$ —	$ 25
Depreciation of abandoned technology	$ —	$ —	$ —	$ 12

Restructuring Charges

During the second quarter of 2021, we recorded charges of $35 million for the impairment of lease assets that we determined we will not use and began actively marketing for sublease. This determination was made in connection with cost-transformation initiatives related to the merger of Viacom Inc. with and into CBS Corporation (the "Merger"). The impairment is the result of a decline in market conditions since inception of these leases and reflects the difference between the estimated fair values, which were determined based on the expected discounted future cash flows of the lease assets, and the carrying values.

During the three and six months ended June 30, 2020, we recorded restructuring charges of $134 million and $334 million, respectively, associated with cost-transformation initiatives in connection with the Merger in an effort to reduce redundancies across our businesses. These charges consisted of severance costs, including the accelerated vesting of stock-based compensation, and exit costs resulting from the termination of contractual obligations.

(Tabular dollars in millions, except per share amounts)

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 majority of the restructuring liability at June 30, 2021, which primarily relates to severance payments, is expected to be paid by the end of 2021.

	Balance at December 31, 2020	2021 Activity		Balance at June 30, 2021
		Payments	Other	
TV Entertainment	$ 112	$ (32)	$ (7)	$ 73
Cable Networks	144	(57)	(3)	84
Filmed Entertainment	30	(8)	(4)	18
Corporate	86	(42)	(3)	41
Total	$ 372	$ (139)	$ (17)	$ 216

Merger-related Costs and Other Corporate Matters

During the three and six months ended June 30, 2020, in addition to the above-mentioned restructuring charges, we incurred merger-related costs of $10 million and $41 million, respectively, consisting of transaction-related bonuses and professional fees mainly associated with integration activities. In addition, we recorded a charge of $14 million to write down property and equipment to its fair value less costs to sell.

Impairment Charges

During the second quarter of 2020, we recorded an impairment charge of $25 million within “Depreciation and amortization” to write down the carrying values of FCC licenses in two markets to their aggregate estimated fair value. The impairment resulted from declines in industry projections in the markets where these FCC licenses are held, which were further accelerated by COVID-19, and was recorded within the *TV Entertainment* segment.

Accelerated Depreciation

During the six months ended June 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.

National Amusements, Inc. (“NAI”) is the controlling stockholder of ViacomCBS. At June 30, 2021, NAI directly or indirectly owned approximately 77.4% of our voting Class A Common Stock and 9.7% of our Class A Common Stock and non-voting Class B Common Stock on a combined basis. NAI is controlled by the Sumner M. Redstone National Amusements Part B General Trust (the “General Trust”), which owns 80% of the voting interest of NAI and acts by majority vote of seven voting trustees (subject to certain exceptions), including with respect to the NAI shares held by the General Trust. Shari E. Redstone, Chairperson, CEO and President of NAI and non-executive Chair of our Board of Directors, is one of the seven voting trustees for the General Trust and is one of two voting trustees who are beneficiaries of the General Trust. No member of our management or other member of our Board of Directors is a trustee of the General Trust.

(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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues	$ 73	$ 24	$ 138	$ 76
Operating expenses	$ 4	$ 3	$ 8	$ 5

	At June 30, 2021	At December 31, 2020
Accounts receivable	$ 43	$ 69

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 table below presents our revenues disaggregated into categories based on the nature of such revenues. Beginning in the first quarter of 2021, and for all comparable prior-year periods, these categories include streaming revenues, which aligns with management's increased focus on this revenue stream. Streaming revenues are comprised of streaming advertising and streaming subscription revenues. Streaming advertising revenues are earned from advertisements on our pay and free streaming services, including Paramount+ and Pluto TV, and from digital video advertisements on our websites and in our video content on third-party platforms ("other digital video platforms"). Streaming subscription revenues include fees for our pay streaming services, including Paramount+, Showtime OTT, BET+ and Noggin, as well as premium subscriptions to access certain video content on our websites. Accordingly, our advertising and affiliate revenue categories exclude revenues earned by our streaming services and on other digital video platforms.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues by Type:				
Advertising [(a)]	$ 2,097	$ 1,686	$ 4,778	$ 3,905
Affiliate [(b)]	2,107	1,929	4,182	3,897
Streaming	983	513	1,799	1,007
Theatrical	134	3	135	170
Licensing and other	1,243	1,944	3,082	3,595
Total Revenues	$ 6,564	$ 6,075	$ 13,976	$ 12,574

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

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 $84 million and $85 million at June 30, 2021 and December 31, 2020, respectively.

Included in “Other assets” on the Consolidated Balance Sheets are noncurrent receivables of $1.83 billion and $2.02 billion at June 30, 2021 and December 31, 2020, respectively. Noncurrent receivables primarily relate to revenues recognized under long-term content licensing arrangements. Revenues from the licensing of content 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 generally collected over the term of the license period.

Contract Liabilities

Contract liabilities are included within “Deferred revenues” and “Other liabilities” on the Consolidated Balance Sheets and were $1.21 billion and $1.12 billion at June 30, 2021 and December 31, 2020, respectively. For the six months ended June 30, 2021, we recognized revenues of $627 million that were included in deferred revenues at December 31, 2020. For the six months ended June 30, 2020, we recognized revenues of $405 million that were included in deferred revenues at December 31, 2019.

Unrecognized Revenues Under Contract

At June 30, 2021, unrecognized revenues attributable to unsatisfied performance obligations under our long-term contracts were $6.3 billion, of which $2.3 billion is expected to be recognized for the remainder of 2021, $2.5 billion in 2022, $1.1 billion in 2023, and $0.5 billion 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 contracts 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. Revenues recognized in our *Filmed Entertainment* segment for performance obligations satisfied or partially satisfied in a prior period were $75 million and $119 million for the three months ended June 30, 2021 and 2020, respectively, and $145 million and $141 million for the six months ended June 30, 2021 and 2020, respectively.

(Tabular dollars in millions, except per share amounts)

7) DEBT

Our debt consists of the following:

	At June 30, 2021	At December 31, 2020
2.250% Senior Notes due 2022	$ —	$ 35
3.375% Senior Notes due 2022	—	415
3.125% Senior Notes due 2022	—	117
2.50% Senior Notes due 2023	—	196
3.25% Senior Notes due 2023	—	141
2.90% Senior Notes due 2023	—	242
4.25% Senior Notes due 2023	—	837
7.875% Debentures due 2023	139	139
7.125% Senior Notes due 2023	35	35
3.875% Senior Notes due 2024	490	490
3.70% Senior Notes due 2024	599	598
3.50% Senior Notes due 2025	597	596
4.75% Senior Notes due 2025	1,240	1,239
4.0% Senior Notes due 2026	792	791
3.45% Senior Notes due 2026	123	123
2.90% Senior Notes due 2027	692	691
3.375% Senior Notes due 2028	495	495
3.70% Senior Notes due 2028	492	492
4.20% Senior Notes due 2029	494	493
7.875% Senior Debentures due 2030	831	831
4.95% Senior Notes due 2031	1,221	1,220
4.20% Senior Notes due 2032	971	969
5.50% Senior Debentures due 2033	427	427
4.85% Senior Debentures due 2034	87	87
6.875% Senior Debentures due 2036	1,070	1,069
6.75% Senior Debentures due 2037	75	75
5.90% Senior Notes due 2040	298	298
4.50% Senior Debentures due 2042	45	45
4.85% Senior Notes due 2042	488	487
4.375% Senior Debentures due 2043	1,119	1,116
4.875% Senior Debentures due 2043	18	18
5.85% Senior Debentures due 2043	1,232	1,232
5.25% Senior Debentures due 2044	345	345
4.90% Senior Notes due 2044	540	540
4.60% Senior Notes due 2045	589	589
4.95% Senior Notes due 2050	943	942
5.875% Junior Subordinated Debentures due 2057	514	514
6.25% Junior Subordinated Debentures due 2057	643	643
Other bank borrowings	45	95
Obligations under finance leases	31	26
Total debt [(a)]	17,720	19,733
Less current portion of long-term debt	17	16
Total long-term debt, net of current portion	$ 17,703	$ 19,717

(a) At June 30, 2021 and December 31, 2020, the senior and junior subordinated debt balances included (i) a net unamortized discount of $476 million and $491 million, respectively, and (ii) unamortized deferred financing costs of $99 million and $107 million, respectively. The face value of our total debt was $18.30 billion and $20.33 billion at June 30, 2021 and December 31, 2020, respectively.

During the six months ended June 30, 2021, we redeemed senior notes totaling $1.99 billion, prior to maturity, for an aggregate redemption price of $2.11 billion resulting in a pre-tax loss on extinguishment of debt of $128 million.

During the second quarter of 2020, we issued $4.50 billion of senior notes and used the net proceeds from these issuances for the redemption, prior to maturity, of long-term debt totaling $2.43 billion for a redemption price of $2.52 billion, as well as for general corporate purposes. As a result, we recognized a pre-tax loss on extinguishment of debt of $103 million.

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

At both June 30, 2021 and December 31, 2020, we had no outstanding commercial paper borrowings under our commercial paper program.

Credit Facility

At June 30, 2021, we had 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 June 30, 2021.

At June 30, 2021, 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 June 30, 2021 and December 31, 2020, we had bank borrowings under Miramax's $300 million credit facility, which matures in April 2023, of $45 million and $95 million, respectively, with a weighted average interest rate of 3.50%.

8) FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The carrying value of our financial instruments approximates fair value, except for notes and debentures. At June 30, 2021 and December 31, 2020, the carrying value of our notes and debentures was $17.64 billion and $19.61 billion, respectively, and the fair value, which is determined based on quoted prices in active markets (Level 1 in the fair value hierarchy) was $21.9 billion and $24.5 billion, respectively.

Investments

The fair value of our marketable securities was $15 million at June 30, 2021 which is included within "Other assets" on the Consolidated Balance Sheet.

(Tabular dollars in millions, except per share amounts)

During the three and six months ended June 30, 2021, we recorded an unrealized loss of $5 million and an unrealized gain of $15 million, respectively, resulting from changes in the fair value of our marketable securities.

The carrying value of our investments without a readily determinable fair value for which we have no significant influence was $58 million and $65 million at June 30, 2021 and December 31, 2020, respectively. These investments are included in “Other assets” on the Consolidated Balance Sheets. During the second quarter of 2021, we sold an investment for proceeds of $43 million and recognized a gain of $37 million. During the second quarter of 2020, we recorded an unrealized gain of $32 million for a change in the fair value of an investment as indicated by the market price of a similar investment.

Foreign Exchange Contracts

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 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. Additionally, we enter into non-designated forward contracts to hedge non-U.S. dollar denominated cash flows.

At June 30, 2021 and December 31, 2020, the notional amount of all foreign exchange contracts was $1.68 billion and $1.27 billion, respectively. At June 30, 2021, $1.16 billion related to future production costs and $521 million related to our foreign currency balances and other expected foreign currency cash flows. At December 31, 2020, $740 million related to future production costs and $529 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 June 30,		Six Months Ended June 30,		
	2021	2020	2021	2020	Financial Statement Account
Non-designated foreign exchange contracts	$ (2)	$ (11)	$ (1)	$ 18	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)

Fair Value Measurements

The following tables set forth our assets and liabilities measured at fair value on a recurring basis at June 30, 2021 and December 31, 2020. 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. We do not have any assets or liabilities that are measured at fair value on a recurring basis using level 3 inputs.

At June 30, 2021	**Level 1**	**Level 2**	**Total**
Assets:			
Marketable securities	$ 15	$ —	$ 15
Foreign currency hedges	—	16	16
Total Assets	$ 15	$ 16	$ 31
Liabilities:			
Deferred compensation	$ —	$ 429	$ 429
Foreign currency hedges	—	24	24
Total Liabilities	$ —	$ 453	$ 453

At December 31, 2020	**Level 1**	**Level 2**	**Total**
Assets:			
Foreign currency hedges	$ —	$ 20	$ 20
Total Assets	$ —	$ 20	$ 20
Liabilities:			
Deferred compensation	$ —	$ 529	$ 529
Foreign currency hedges	—	39	39
Total Liabilities	$ —	$ 568	$ 568

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 June 30, 2021 was determined based on quoted market prices in active markets.

9) STOCKHOLDERS' EQUITY

Stock Offerings

On March 26, 2021, we completed offerings of 20 million shares of our Class B Common Stock at a price to the public of $85 per share and 10 million shares of 5.75% Series A Mandatory Convertible Preferred Stock at a price to the public and liquidation preference of $100 per share. The net proceeds from the Class B Common Stock offering and the Mandatory Convertible Preferred Stock offering were approximately $1.67 billion and $983 million, respectively, in each case after deducting underwriting discounts, commissions and estimated offering expenses. We have used and intend to continue to use the net proceeds for general corporate purposes, including investments in streaming.

Mandatory Convertible Preferred Stock

Unless earlier converted, each share of Mandatory Convertible Preferred Stock will automatically and mandatorily convert on the mandatory conversion date, expected to be April 1, 2024, into between 1.0013 and 1.1765 shares of our Class B Common Stock, subject to customary anti-dilution adjustments. The number of shares of Class B

Common Stock issuable upon conversion will be determined based on the average of the volume-weighted average price per share of our Class B Common Stock over the 20 consecutive trading day period commencing on, and including, the 21st scheduled trading day immediately preceding April 1, 2024. Holders of the Mandatory Convertible Preferred Stock ("Holders") have the right to convert all or any portion of their shares of Mandatory Convertible Preferred Stock at any time prior to April 1, 2024 at the minimum conversion rate of 1.0013 shares of our Class B Common Stock. In addition, the conversion rate applicable to such an early conversion may, in certain circumstances, be increased to compensate Holders for certain unpaid accumulated dividends. However, if a fundamental change (as defined in the Certificate of Designations governing the Mandatory Convertible Preferred Stock) occurs on or prior to April 1, 2024, then Holders will, in certain circumstances, be entitled to convert all or a portion of their shares of Mandatory Convertible Preferred Stock at an increased conversion rate for a specified period of time and receive an amount to compensate them for unpaid accumulated dividends and any remaining future scheduled dividend payments.

The Mandatory Convertible Preferred Stock is not redeemable. However, at our option, we may purchase or otherwise acquire (including in an exchange transaction) the Mandatory Convertible Preferred Stock from time to time in the open market, by tender or exchange offer or otherwise, without the consent of, or notice to, Holders. Holders have no voting rights, with certain exceptions.

If declared, dividends on the Mandatory Convertible Preferred Stock are payable quarterly through April 1, 2024. Dividends on the Mandatory Convertible Preferred Stock accumulate from the most recent dividend payment date, and will be payable on a cumulative basis when, as and if declared by our Board of Directors, or an authorized committee thereof, at an annual rate of 5.75% of the liquidation preference of $100 per share, payable in cash or, subject to certain limitations, by delivery of shares of Class B Common Stock or through any combination of cash and shares of Class B Common Stock, at our election. If we have not declared any portion of the accumulated and unpaid dividends by April 1, 2024, the conversion rate will be adjusted so that Holders receive an additional number of shares of our Class B Common Stock, with certain limitations.

Dividends

We declared cash dividends of $.24 per share on our Class A and Class B Common Stock during each of the three months ended June 30, 2021 and 2020, resulting in total dividends of $158 million and $150 million, respectively. We declared cash dividends of $.48 per share on our Class A and Class B Common Stock, during each of the six months ended June 30, 2021 and 2020, resulting in total dividends of $310 million and $300 million, respectively.

Additionally, during the second quarter of 2021 we declared a cash dividend of $1.5493 per share on our Mandatory Convertible Preferred Stock, representing a dividend period from March 26, 2021 through July 1, 2021. Accordingly, we accumulated dividends on the Mandatory Convertible Preferred Stock of $14 million and $15 million during the three and six months ended June 30, 2021, respectively. For each subsequent quarter, we expect to declare a dividend of $1.4375 per share.

(Tabular dollars in millions, except per share amounts)

Accumulated Other Comprehensive Income (Loss)

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

	Continuing Operations		Discontinued Operations	
	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Other Comprehensive Income (Loss) [(a)]	Accumulated Other Comprehensive Loss
At December 31, 2020	$ (303)	$ (1,509)	$ (20)	$ (1,832)
Other comprehensive income (loss) before reclassifications	(55)	—	5	(50)
Reclassifications to net earnings	—	29 [(b)]	—	29
Other comprehensive income (loss)	(55)	29	5	(21)
At June 30, 2021	$ (358)	$ (1,480)	$ (15)	$ (1,853)

	Continuing Operations		Discontinued Operations	
	Cumulative Translation Adjustments	Net Actuarial Loss and Prior Service Cost	Other Comprehensive Income (Loss) [(a)]	Accumulated Other Comprehensive Loss
At December 31, 2019	$ (438)	$ (1,507)	$ (25)	$ (1,970)
Other comprehensive loss before reclassifications	(56)	—	(8)	(64)
Reclassifications to net earnings	—	35 [(b)]	—	35
Other comprehensive income (loss)	(56)	35	(8)	(29)
At June 30, 2020	$ (494)	$ (1,472)	$ (33)	$ (1,999)

(a) Reflects cumulative translation adjustments.

(b) Reflects amortization of net actuarial losses (see Note 12). Amounts are net of tax benefits of $10 million and $11 million for the six months ended June 30, 2021 and 2020, respectively.

10) STOCK-BASED COMPENSATION

The following table summarizes our stock-based compensation expense for the three and six months ended June 30, 2021 and 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
RSUs and PSUs	$ 46	$ 39	$ 95	$ 86
Stock options	3	5	6	11
Compensation cost included in operating and SG&A expense	49	44	101	97
Compensation cost included in restructuring and other corporate matters [(a)]	—	12	—	46
Stock-based compensation expense, before income taxes	49	56	101	143
Related tax benefit	(10)	(11)	(21)	(26)
Stock-based compensation expense, net of tax benefit	$ 39	$ 45	$ 80	$ 117

(a) Reflects accelerations as a result of restructuring activities.

Included in net earnings from discontinued operations was stock-based compensation expense of $1 million for each of the three-month periods ended June 30, 2021 and 2020, and $2 million for each of the six-month periods ended June 30, 2021 and 2020.

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 months ended June 30, 2021, we recorded a benefit for income taxes of $34 million, reflecting a negative effective income tax rate of 3.3%, and for the six months ended June 30, 2021, we recorded a provision for income taxes of $192 million, reflecting an effective income tax rate of 8.8%. Included in income taxes for the three and six months ended June 30, 2021 are discrete tax benefits of $268 million and $289 million, respectively, primarily consisting of a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the second quarter of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits. For the three months ended June 30, 2021, these items, together with a net tax provision of $26 million, relating to net gains from sales and investments and restructuring charges during the period, decreased our effective income tax rate by 26.3 percentage points. For the six months ended June 30, 2021, the aforementioned discrete tax benefits of $289 million decreased our effective income tax rate by 13.3 percentage points.

For the three and six months ended June 30, 2020, we recorded a provision for income taxes of $192 million and $326 million, respectively, reflecting effective income tax rates of 21.3% and 21.0%, respectively.

ViacomCBS and its subsidiaries file income tax returns with the Internal Revenue Service (“IRS”) and various state and local and foreign jurisdictions. For periods prior to the Merger, Viacom and CBS filed separate tax returns. For CBS, we are currently under examination by the IRS for the 2017 and 2018 tax years. For Viacom, the Company and the IRS settled the income tax audit for the 2014 and 2015 tax years during the second quarter of 2021. We anticipate that the IRS will commence its examination of Viacom’s 2016 through 2019 tax years in the latter part of 2021. 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 do not believe that it is reasonably possible that the reserve for uncertain tax positions will significantly change within the next 12 months; 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.

(Tabular dollars in millions, except per share amounts)

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 June 30,	**2021**	**2020**	**2021**	**2020**
Components of net periodic cost [(a)]:				
Service cost	$ —	$ 8	$ —	$ —
Interest cost	36	41	2	3
Expected return on plan assets	(47)	(49)	—	—
Amortization of actuarial loss (gain) [(b)]	23	26	(4)	(4)
Net periodic cost	$ 12	$ 26	$ (2)	$ (1)

	Pension Benefits		Postretirement Benefits	
Six Months Ended June 30,	**2021**	**2020**	**2021**	**2020**
Components of net periodic cost [(a)]:				
Service cost	$ —	$ 15	$ —	$ 1
Interest cost	72	82	4	6
Expected return on plan assets	(94)	(97)	—	—
Amortization of actuarial loss (gain) [(b)]	47	52	(7)	(8)
Net periodic cost	$ 25	$ 52	$ (3)	$ (1)

(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.”

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 six months ended June 30, 2021 and 2020 is presented below.

	Six Months Ended June 30,	
	2021	**2020**
Beginning balance	$ 197	$ 254
Net earnings	4	3
Distributions	(2)	(7)
Translation adjustment	1	(17)
Redemption value adjustment	(10)	41
Ending balance	$ 190	$ 274

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.

(Tabular dollars in millions, except per share amounts)

In the first quarter of 2021, we began separately presenting streaming revenues in the categories we use to disaggregate our revenues (see Note 6).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Advertising	$ 1,088	$ 880	$ 2,895	$ 2,168
Affiliate	691	629	1,384	1,252
Streaming	350	193	672	397
Licensing and other	680	585	1,369	1,417
TV Entertainment	2,809	2,287	6,320	5,234
Advertising	1,011	815	1,889	1,760
Affiliate	1,416	1,300	2,798	2,645
Streaming	633	320	1,127	610
Licensing and other	415	797	920	1,075
Cable Networks	3,475	3,232	6,734	6,090
Theatrical	134	3	135	170
Licensing and other	533	644	1,529	1,288
Filmed Entertainment	667	647	1,664	1,458
Corporate/Eliminations	(387)	(91)	(742)	(208)
Total Revenues	$ 6,564	$ 6,075	$ 13,976	$ 12,574

Revenues generated between segments are principally from the licensing of *Filmed Entertainment* and *Cable Networks* content to Paramount+ and licensing of *Filmed Entertainment* and *TV Entertainment* content to *Cable Networks*. These transactions are recorded at market value as if the sales were to third parties and are eliminated in consolidation. Revenues earned from the licensing of content within segments, including licensing to Paramount+ within the *TV Entertainment* segment, are eliminated within the segment. Intercompany revenues associated with the licensing of programming to Paramount+ after the initial exhibition on our broadcast or cable networks are recorded on a straight-line basis over the term of the agreement and eliminated in consolidation.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Intercompany Revenues:				
TV Entertainment	$ 67	$ 43	$ 139	$ 118
Cable Networks	153	2	231	18
Filmed Entertainment	167	46	372	72
Total Intercompany Revenues	$ 387	$ 91	$ 742	$ 208

We present operating income excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters, programming charges and net gain on sales, 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.

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Adjusted OIBDA:				
TV Entertainment	$ 216	$ 392	$ 665	$ 965
Cable Networks	1,125	1,285	2,309	2,079
Filmed Entertainment	72	116	276	143
Corporate/Eliminations	(124)	(97)	(282)	(193)
Stock-based compensation	(49)	(44)	(101)	(97)
Depreciation and amortization	(95)	(122)	(194)	(234)
Restructuring and other corporate matters	(35)	(158)	(35)	(389)
Programming charges	—	(121)	—	(121)
Net gain on sales	116	—	116	—
Operating income	1,226	1,251	2,754	2,153
Interest expense	(243)	(263)	(502)	(504)
Interest income	13	11	26	25
Net gains from investments	32	32	52	32
Loss on extinguishment of debt	—	(103)	(128)	(103)
Other items, net	(10)	(26)	(29)	(54)
Earnings from continuing operations before income taxes and equity in loss of investee companies	1,018	902	2,173	1,549
(Provision) benefit for income taxes	34	(192)	(192)	(326)
Equity in loss of investee companies, net of tax	(44)	(12)	(62)	(21)
Net earnings from continuing operations	1,008	698	1,919	1,202
Net earnings from discontinued operations, net of tax	41	28	53	43
Net earnings (ViacomCBS and noncontrolling interests)	1,049	726	1,972	1,245
Net earnings attributable to noncontrolling interests	(13)	(245)	(25)	(248)
Net earnings attributable to ViacomCBS	$ 1,036	$ 481	$ 1,947	$ 997

	At June 30, 2021	At December 31, 2020
Assets:		
TV Entertainment	$ 19,176	$ 19,443
Cable Networks	23,666	23,139
Filmed Entertainment	6,621	6,440
Corporate/Eliminations	4,383	2,202
Discontinued Operations	1,358	1,439
Total Assets	$ 55,204	$ 52,663

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 June 30, 2021, the outstanding letters of credit and surety bonds approximated $157 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City

In connection with the sale of the CBS Television City property and sound stage operation ("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 June 30, 2021 is a liability of $75 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 $65 million at June 30, 2021 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. On January 27, 2021, the Court dismissed one disclosure claim, while allowing all other claims against the defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

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. On December 29, 2020, the Court dismissed the claims against Mr. Bakish, while allowing the claims against the remaining defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

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 or requests for information from the New York County District Attorney's Office, the New York City Commission on Human Rights, the New York State Attorney General's Office and the United States Securities and Exchange Commission regarding the subject matter of this investigation and related 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 lawsuits 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.

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 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 was 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. The disputes between Mr. Moonves and CBS have been resolved, and on May 14, 2021, the parties dismissed the arbitration proceeding. The assets of the grantor trust reverted to the Company in their entirety.

Litigation Related to Television Station Owners

On September 9, 2019, the Company was added as a defendant in a multi-district putative class action lawsuit filed in the United States District Court for the Northern District of Illinois. The lawsuit was filed by parties that claim to have purchased broadcast television spot advertising beginning on or about January 1, 2014 on television stations owned by one or more of the defendant television station owners and alleges the sharing of allegedly competitively sensitive information among such television stations in alleged violation of the Sherman Antitrust Act. The action, which names the Company among fourteen total defendants, seeks monetary damages, attorneys' fees, costs and interest as well as injunctions against the allegedly unlawful conduct. On October 8, 2019, the Company and other defendants filed a motion to dismiss the matter, which was denied by the court on November 6, 2020. We have reached an agreement in principle with the plaintiffs to settle the lawsuit. The settlement, which will include no admission of liability or wrongdoing by the Company, will be subject to court approval.

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 June 30, 2021, we had pending approximately 29,720 asbestos claims, as compared with approximately 30,710 as of December 31, 2020. During the second quarter of 2021, we received approximately 740 new claims and closed or moved to an inactive docket approximately 1,500 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 2020 and 2019 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $35 million and $58 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.

(Tabular dollars in millions, except per share amounts)

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 sufficient 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.

16) SUPPLEMENTAL FINANCIAL INFORMATION

Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2021	2020
Cash paid for interest	$ 506	$ 470
Cash paid for income taxes:		
Continuing operations	$ 144	$ 98
Discontinued operations	$ 38	$ 2
Noncash additions to operating lease assets	$ 28	$ 89

(Tabular dollars in millions, except per share amounts)

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 variable interest entity ("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 following tables present the amounts recorded in our consolidated financial statements related to our consolidated VIEs.

	At June 30, 2021	At December 31, 2020
Total assets	$ 1,476	$ 1,385
Total liabilities	$ 171	$ 197

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020 (a)	2021	2020 (a)
Revenues	$ 92	$ 538	$ 163	$ 556
Operating income	$ 3	$ 500	$ 8	$ 498

(a) The revenue and operating income for the three and six months ended June 30, 2020 include the licensing of the streaming rights to *South Park* by a consolidated 51%-owned VIE.

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 $35 million and $71 million for the three and six months ended June 30, 2021, respectively, and $18 million and $52 million for the three and six months ended June 30, 2020, 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 year ended December 31, 2020. 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 six months ended June 30, 2021 compared with the three and six months ended June 30, 2020.
- *Segment Results of Operations*—Analysis of our results on a reportable segment basis for the three and six months ended June 30, 2021 compared with the three and six months ended June 30, 2020.
- *Liquidity and Capital Resources*—Discussion of our sources and uses of cash; cash flows for the six months ended June 30, 2021 and June 30, 2020; and of our outstanding debt, commitments and contingencies as of June 30, 2021.
- *Legal Matters*—Discussion of legal matters in which we are involved.

Overview

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

Stock Offerings

On March 26, 2021, we completed offerings of 20 million shares of our Class B Common Stock at a price to the public of $85 per share and 10 million shares of 5.75% Series A Mandatory Convertible Preferred Stock (“Mandatory Convertible Preferred Stock”) at a price to the public and liquidation preference of $100 per share. The net proceeds from the Class B Common Stock offering and the Mandatory Convertible Preferred Stock offering were approximately $1.67 billion and $983 million, respectively, in each case after deducting underwriting discounts, commissions and estimated offering expenses. We have used and intend to continue to use the net proceeds for general corporate purposes, including investments in streaming.

Streaming Revenues

Beginning in the first quarter of 2021, we changed the categories we use to disaggregate revenues to include streaming revenues, in order to align with management’s increased focus on this revenue stream. Streaming revenues are comprised of streaming advertising and streaming subscription revenues. Streaming advertising revenues are earned from advertisements on our pay and free streaming services, including Paramount+ and Pluto TV, and from digital video advertisements on our websites and in our video content on third-party platforms (“other digital video platforms”). Streaming subscription revenues include fees for our pay streaming services, including Paramount+, Showtime Networks’ premium subscription streaming service (“Showtime OTT”), BET+ and Noggin, as well as premium subscriptions to access certain video content on our websites. Accordingly, our advertising and affiliate revenue categories exclude revenues earned by our streaming services and on other digital video platforms. The prior year has been reclassified to conform to this presentation.

(Tabular dollars in millions, except per share amounts)

Operational Highlights - Three Months Ended June 30, 2021 versus Three Months Ended June 30, 2020

Consolidated results of operations Three Months Ended June 30,	**2021**	**2020**	**Increase/(Decrease) $**	**%**
GAAP:				
Revenues	$ 6,564	$ 6,075	$ 489	8 %
Operating income	$ 1,226	$ 1,251	$ (25)	(2)%
Net earnings from continuing operations attributable to ViacomCBS	$ 995	$ 453	$ 542	120 %
Diluted EPS from continuing operations attributable to ViacomCBS	$ 1.50	$ .73	$ .77	105 %
Non-GAAP: [(a)]				
Adjusted OIBDA	$ 1,240	$ 1,652	$ (412)	(25)%
Adjusted net earnings from continuing operations attributable to ViacomCBS	$ 640	$ 744	$ (104)	(14)%
Adjusted diluted EPS from continuing operations attributable to ViacomCBS	$ .97	$ 1.21	$ (.24)	(20)%

(a) Certain items identified as affecting comparability are excluded in non-GAAP results. See "*Reconciliation of Non-GAAP Measures*" for details of these items and 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 June 30, 2021, revenues increased 8% to $6.56 billion, led by 92% growth in streaming revenues, reflecting increases across our streaming services and other digital video platforms. Advertising revenues grew 24%, reflecting the benefit from CBS' broadcasts of the national semi-finals and championship games of the *NCAA Division I Men's Basketball Championship* (the "NCAA Tournament") and an improved advertising market compared with the second quarter of 2020. The revenue comparison also benefited from 9% growth in affiliate revenues and revenues from theatrical releases in the second quarter of 2021, including *A Quiet Place Part II*. Revenue growth was partially offset by a 36% decline in licensing and other revenues, which was primarily the result of the licensing of the domestic streaming rights to *South Park* in the second quarter of 2020.

Operating income for the three months ended June 30, 2021 decreased 2% from the same prior-year period. This comparison was impacted by items identified as affecting comparability, including costs for restructuring and other corporate matters in each period, net gain on sales in 2021 and programming charges in 2020. Adjusted operating income before depreciation and amortization ("Adjusted OIBDA") decreased 25%, primarily driven by the licensing of *South Park* in 2020 and increases in content and other costs, including to support our streaming services. These decreases were partially offset by the above-mentioned revenue increases.

For the three months ended June 30, 2021, net earnings from continuing operations attributable to ViacomCBS and diluted earnings per share ("EPS") from continuing operations increased 120% and 105%, respectively, from the same prior-year period. These comparisons were impacted by items affecting comparability, including the aforementioned items impacting operating income, 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 14% and 20%, respectively, primarily reflecting lower Adjusted OIBDA, partially offset by the impact in the prior year from the noncontrolling interest's share of profit from the licensing of *South Park*. The lower adjusted diluted EPS also reflects higher weighted average shares outstanding as a result of the above-mentioned stock issuances in the first quarter of 2021.

(Tabular dollars in millions, except per share amounts)

Operational Highlights - Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

Consolidated results of operations **Six Months Ended June 30,**	**2021**	**2020**	**Increase/(Decrease)** **$**	**%**
GAAP:				
Revenues	$ 13,976	$ 12,574	$ 1,402	11 %
Operating income	$ 2,754	$ 2,153	$ 601	28 %
Net earnings from continuing operations attributable to ViacomCBS	$ 1,894	$ 954	$ 940	99 %
Diluted EPS from continuing operations attributable to ViacomCBS	$ 2.93	$ 1.55	$ 1.38	89 %
Non-GAAP: [(a)]				
Adjusted OIBDA	$ 2,867	$ 2,897	$ (30)	(1)%
Adjusted net earnings from continuing operations attributable to ViacomCBS	$ 1,601	$ 1,434	$ 167	12 %
Adjusted diluted EPS from continuing operations attributable to ViacomCBS	$ 2.47	$ 2.32	$ .15	6 %

(a) Certain items identified as affecting comparability are excluded in non-GAAP results. See "*Reconciliation of Non-GAAP Measures*" for details of these items and reconciliations of non-GAAP results to the most directly comparable financial measures in accordance with GAAP.

For the six months ended June 30, 2021, revenues grew 11% to $13.98 billion, led by a 22% increase in advertising revenues and 79% growth in streaming revenues, reflecting growth across our streaming services. The advertising increase is principally the result of CBS' broadcasts of *Super Bowl LV* and the NCAA Tournament games for which there were no comparable broadcasts on CBS in 2020. We have the rights to broadcast the Super Bowl on a rotational basis with other networks, and the 2020 NCAA Tournament was cancelled as a result of the coronavirus pandemic ("COVID-19"). Taken together, these sporting events contributed 6-percentage points of the revenue increase. The revenue comparison also benefited from 7% growth in affiliate revenues. These increases were partially offset by 14% lower licensing and other revenues, principally reflecting the benefit to 2020 from the licensing of the domestic streaming rights to *South Park*.

Operating income for the six months ended June 30, 2021 increased 28% from the same prior-year period. This comparison was impacted by items identified as affecting comparability, including costs for restructuring and other corporate matters in each period, net gain on sales in 2021 and programming charges in 2020. Adjusted OIBDA decreased 1% as the revenue growth was more than offset by higher costs, principally from an increased investment in our streaming services and higher programming costs associated with noncomparable sporting events.

For the six months ended June 30, 2021, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations increased 99% and 89%, respectively, from the same prior-year period. These comparisons were impacted by items identified as affecting comparability, including the aforementioned items impacting operating income, and in each period, a loss on extinguishment of debt, gains from investments, and discrete tax items. Adjusted net earnings from continuing operations attributable to ViacomCBS and adjusted diluted EPS increased 12% and 6%, respectively, as the lower Adjusted OIBDA was more than offset by the impact in the prior year from the noncontrolling interest's share of profit from the licensing of *South Park*. The impact on adjusted diluted EPS was partially offset by higher weighted average shares outstanding as a result of the above-mentioned stock issuances in the first quarter of 2021.

(Tabular dollars in millions, except per share amounts)

Reconciliation of Non-GAAP Measures

Results for the three and six months ended June 30, 2021 and 2020 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating income (GAAP)	$ 1,226	$ 1,251	$ 2,754	$ 2,153
Depreciation and amortization [(a)]	95	122	194	234
Restructuring and other corporate matters [(b)]	35	158	35	389
Programming charges [(b)]	—	121	—	121
Net gain on sales [(b)]	(116)	—	(116)	—
Adjusted OIBDA (Non-GAAP)	$ 1,240	$ 1,652	$ 2,867	$ 2,897

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

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

(Tabular dollars in millions, except per share amounts)

	Three Months Ended June 30, 2021			
	Earnings from Continuing Operations Before Income Taxes	**(Provision) Benefit for Income Taxes**	**Net Earnings from Continuing Operations Attributable to ViacomCBS**	**Diluted EPS from Continuing Operations**
Reported (GAAP)	$ 1,018	$ 34	$ 995	$ 1.50
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	35	(8)	27	.04
Net gain on sales [(b)]	(116)	27	(89)	(.13)
Net gains from investments [(c)]	(32)	7	(25)	(.04)
Discrete tax items [(d)]	—	(268)	(268)	(.40)
Adjusted (Non-GAAP)	$ 905	$ (208)	$ 640	$ .97

(a) Reflects the impairment of lease assets in connection with cost transformation initiatives related to the Merger.

(b) Primarily reflects a gain on the sale of a noncore trademark licensing operation.

(c) Reflects a gain of $37 million on the sale of an investment, partially offset by a decrease in the fair value of a marketable security of $5 million.

(d) Primarily reflects a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the quarter of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits.

	Three Months Ended June 30, 2020			
	Earnings from Continuing Operations Before Income Taxes	**Provision for Income Taxes**	**Net Earnings from Continuing Operations Attributable to ViacomCBS**	**Diluted EPS from Continuing Operations**
Reported (GAAP)	$ 902	$ (192)	$ 453	$ .73
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	158	(34)	124	.20
Impairment charge [(b)]	25	(6)	19	.03
Programming charges [(c)]	121	(29)	92	.15
Gains from investments [(d)]	(32)	8	(24)	(.03)
Loss on extinguishment of debt	103	(24)	79	.13
Discrete tax items	—	1	1	—
Adjusted (Non-GAAP)	$ 1,277	$ (276)	$ 744	$ 1.21

(a) Reflects severance, exit costs and other costs related to the Merger and a charge to write down property and equipment to its fair value less costs to sell.

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

(c) Primarily related to the abandonment of certain incomplete programs resulting from production shutdowns related to COVID-19.

(d) Reflects an increase to the carrying value of an investment based on the market price of a similar investment.

(Tabular dollars in millions, except per share amounts)

	Six Months Ended June 30, 2021			
	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)	$ 2,173	$ (192)	$ 1,894	$ 2.93
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	35	(8)	27	.04
Net gain on sales [(b)]	(116)	27	(89)	(.14)
Gains from investments [(c)]	(52)	12	(40)	(.06)
Loss on extinguishment of debt	128	(30)	98	.15
Discrete tax items [(d)]	—	(289)	(289)	(.45)
Adjusted (Non-GAAP)	$ 2,168	$ (480)	$ 1,601	$ 2.47

(a) Reflects the impairment of lease assets in connection with cost transformation initiatives related to the Merger.

(b) Primarily reflects a gain on the sale of a noncore trademark licensing operation.

(c) Reflects a gain of $37 million on the sale of an investment and an increase in the fair value of marketable securities of $15 million.

(d) Primarily reflects a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the quarter of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits.

	Six Months Ended June 30, 2020			
	Earnings from Continuing Operations Before Income Taxes	**Provision for Income Taxes**	**Net Earnings from Continuing Operations Attributable to ViacomCBS**	**Diluted EPS from Continuing Operations**
Reported (GAAP)	$ 1,549	$ (326)	$ 954	$ 1.55
Items affecting comparability:				
Restructuring and other corporate matters [(a)]	389	(81)	308	.49
Impairment charge [(b)]	25	(6)	19	.03
Depreciation of abandoned technology [(c)]	12	(3)	9	.01
Programming charges [(d)]	121	(29)	92	.15
Gains from investments [(e)]	(32)	8	(24)	(.04)
Loss on extinguishment of debt	103	(24)	79	.13
Discrete tax items	—	(3)	(3)	—
Adjusted (Non-GAAP)	$ 2,167	$ (464)	$ 1,434	$ 2.32

(a) Reflects severance, exit and other costs related to the Merger and a charge to write down property and equipment to its fair value less costs to sell.

(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) 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 investment based on the market price of a similar investment.

(Tabular dollars in millions, except per share amounts)

Consolidated Results of Operations

Three and Six Months Ended June 30, 2021 versus Three and Six Months Ended June 30, 2020

Revenues

	Three Months Ended June 30,					
Revenues by Type	**2021**	**% of Total Revenues**	**2020**	**% of Total Revenues**	**Increase/(Decrease) $**	**%**
Advertising [a]	$ 2,097	32 %	$ 1,686	28 %	$ 411	24 %
Affiliate [b]	2,107	32	1,929	32	178	9
Streaming	983	15	513	8	470	92
Theatrical	134	2	3	—	131	n/m
Licensing and other	1,243	19	1,944	32	(701)	(36)
Total Revenues	$ 6,564	100 %	$ 6,075	100 %	$ 489	8 %

	Six Months Ended June 30,					
Revenues by Type	**2021**	**% of Total Revenues**	**2020**	**% of Total Revenues**	**Increase/(Decrease) $**	**%**
Advertising [a]	$ 4,778	34 %	$ 3,905	31 %	$ 873	22 %
Affiliate [b]	4,182	30	3,897	31	285	7
Streaming	1,799	13	1,007	8	792	79
Theatrical	135	1	170	1	(35)	(21)
Licensing and other	3,082	22	3,595	29	(513)	(14)
Total Revenues	$ 13,976	100 %	$ 12,574	100 %	$ 1,402	11 %

n/m - not meaningful

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

Advertising

For the three and six months ended June 30, 2021, the increases in advertising revenues of 24% and 22%, respectively, were driven by the benefit in 2021 from CBS' broadcasts of sporting events for which there were no comparable broadcasts in the prior-year period, and an improved global advertising market, reflecting higher pricing as well as the comparison against the significant impact from COVID-19 in 2020. Noncomparable sporting events include the national semi-finals and championship games of the NCAA Tournament and professional golf tournaments, and for the six-month comparison also include the broadcasts of *Super Bowl LV* and games in the preceding rounds of the NCAA Tournament. We have the rights to broadcast the Super Bowl and the national semi-finals and championship games of the NCAA Tournament on a rotational basis with other networks, including in 2021. Additionally, while we share the games in the preceding rounds of the NCAA Tournament with Turner Broadcasting System, Inc. ("Turner") each year, COVID-19 caused the cancellation of the NCAA Tournament in 2020. Professional golf tournaments in 2020 were also cancelled or postponed to the second half of the year as a result of COVID-19. The increases in each period were partially offset by lower ratings for our domestic networks.

For the remainder of 2021, we expect the comparison to be negatively impacted by lower political advertising, reflecting the benefit to 2020 from the U.S. Presidential election. Additionally, year-over-year trends will reflect improved demand in the prior-year period, following the significant decline that we experienced during the second quarter of 2020 as a result of COVID-19.

(Tabular dollars in millions, except per share amounts)

In March 2021, we reached an agreement with the National Football League ("NFL") to extend our rights to broadcast American Football Conference (AFC) regular season and post-season games, which include wildcard, divisional playoff and championship games, on the CBS Television Network and to stream these games live on Paramount+. The contract begins with the 2023 season and extends through the 2033 season, and includes the rights to the Super Bowl in 2024, 2028 and 2032, as well as certain expanded rights across ViacomCBS networks and platforms. The NFL has a one-time right to terminate the agreement after the 2029 season.

Affiliate

For the three and six months ended June 30, 2021, affiliate revenues increased 9% and 7%, respectively, driven by the benefit from launches of our basic cable networks in June 2020 and April 2021 on two virtual multichannel video programming distributors ("vMVPDs"). The affiliate revenue growth also reflects increases in rates for our cable networks, retransmission fee rates for our television stations, and fees received from television stations affiliated with the CBS Television Network ("reverse compensation"), benefiting from contract renewals in the first half of 2020, and contractual rate increases. The increase in both periods also includes revenues in 2021 from pay-per-view boxing events. These increases were partially offset by subscriber declines.

Streaming

	Three Months Ended June 30,			
			Increase/(Decrease)	
Streaming Revenues by Type	**2021**	**2020**	**$**	**%**
Advertising	$ 502	$ 248	$ 254	102 %
Subscription	481	265	216	82
Total Streaming Revenues	$ 983	$ 513	$ 470	92 %

	Six Months Ended June 30,			
			Increase/(Decrease)	
Streaming Revenues by Type	**2021**	**2020**	**$**	**%**
Advertising	$ 930	$ 513	$ 417	81 %
Subscription	869	494	375	76
Total Streaming Revenues	$ 1,799	$ 1,007	$ 792	79 %

For the three and six months ended June 30, 2021, streaming advertising revenues grew 102% and 81%, respectively, driven by higher advertising on our streaming services, Pluto TV and Paramount+, and growth on other digital video platforms. The six months included the benefit from advertising during the *Super Bowl LV* live stream. Global monthly active users (MAUs) for Pluto TV were 52.3 million at June 30, 2021, an increase of 58% from 33.0 million at June 30, 2020. For the three and six months ended June 30, 2021, streaming subscription revenues increased 82% and 76%, respectively, reflecting subscriber growth across our subscription streaming services. Global streaming subscribers were 42.4 million at June 30, 2021, an increase of 65% from 25.7 million at June 30, 2020. Global streaming subscribers include customers who access our domestic or international streaming services, either directly through our owned and operated apps and websites, or through third-party distributors.

Theatrical

For the three months ended June 30, 2021, the increase in theatrical revenues reflects the releases of *A Quiet Place Part II* and *Wrath of Man* in the second quarter of 2021, while there were no releases in the prior-year period as a result of the closure or reduced capacity of movie theaters in response to COVID-19. For the six months ended

(Tabular dollars in millions, except per share amounts)

June 30, 2021, the decline in theatrical revenues reflects higher revenues from the first quarter 2020 release of *Sonic the Hedgehog* compared with revenues from the above-mentioned second quarter 2021 releases.

Licensing and Other

For the three and six months ended June 30, 2021, licensing and other revenues decreased 36% and 14%, respectively, primarily as a result of the timing of licensing arrangements, mainly reflecting the benefit to the prior year from the licensing of the domestic streaming rights to *South Park*, which impacted the revenue comparisons for licensing and other revenues for the three and six month periods by 21-percentage points and 13-percentage points, respectively. Licensing and other revenues in the 2021 periods also reflect the adverse impact on film licensing from the absence of theatrical releases during most of 2020 and the first quarter of 2021 as a result of COVID-19. For the six-month period, the decline was partially offset by revenues from the licensing of the films *Coming 2 America* and *Tom Clancy's Without Remorse.*

Operating Expenses

	Three Months Ended June 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2021**	**% of Operating Expenses**	**2020**	**% of Operating Expenses**	**$**	**%**
Production and programming	$ 2,680	69 %	$ 2,204	65 %	$ 476	22 %
Participations and residuals	434	11	397	12	37	9
Programming charges	—	—	121	4	(121)	n/m
Distribution and other	751	20	639	19	112	18
Total Operating Expenses	$ 3,865	100 %	$ 3,361	100 %	$ 504	15 %

	Six Months Ended June 30,					
					Increase/(Decrease)	
Operating Expenses by Type	**2021**	**% of Operating Expenses**	**2020**	**% of Operating Expenses**	**$**	**%**
Production and programming	$ 5,816	71 %	$ 4,831	66 %	$ 985	20 %
Participations and residuals	1,022	12	871	12	151	17
Programming charges	—	—	121	2	(121)	n/m
Distribution and other	1,390	17	1,494	20	(104)	(7)
Total Operating Expenses	$ 8,228	100 %	$ 7,317	100 %	$ 911	12 %

n/m - not meaningful

Production and Programming

For the three and six months ended June 30, 2021, the increase in production and programming expenses of 22% and 20%, respectively, primarily reflects higher sports programming costs principally associated with noncomparable sporting events and increased investment in programming for our streaming services.

Participations and Residuals

For the three and six months ended June 30, 2021, participation and residual costs increased 9% and 17%, respectively, primarily reflecting participations associated with increased levels of content on our streaming services. The increase for the six-month period also reflects higher participations associated with the mix of titles licensed in each period.

(Tabular dollars in millions, except per share amounts)

Programming Charges

During the three and six months ended June 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.

Distribution and Other

Distribution and other operating expenses primarily include costs relating to the distribution of our content, including print and advertising for theatrical releases and costs paid to third-party distributors; compensation; revenue-sharing costs to television stations affiliated with the CBS Television Network; and other ancillary and overhead costs associated with our operations. For the three months ended June 30, 2021, distribution and other expenses increased 18%, primarily reflecting costs to support second quarter theatrical releases, including *A Quiet Place Part II*, and theatrical releases planned for later in 2021. For the six months ended June 30, 2021, distribution and other expenses decreased 7%, primarily reflecting higher theatrical distribution costs in the 2020 period mainly to support first quarter theatrical releases, including *Sonic the Hedgehog*, as well as other releases that were anticipated in 2020. Distribution and other operating expenses for each period also reflect higher revenue sharing and other cost increases associated with growth from our streaming services and retransmission revenues.

Selling, General and Administrative Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	**2020**	**Increase/(Decrease)**	**2021**	**2020**	**Increase/(Decrease)**
Selling, general and administrative expenses	$ 1,459	$ 1,183	23 %	$ 2,881	$ 2,481	16 %

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 six months ended June 30, 2021, SG&A expenses increased 23% and 16%, respectively, driven by advertising, marketing and other cost increases to support the growth and expansion of our streaming services, including the launch of Paramount+. The increase for the three-month period also reflects higher advertising and marketing costs to promote an increased level of original programming in 2021, reflecting production shutdowns in 2020 due to COVID-19.

Depreciation and Amortization

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	**2020**	**Increase/(Decrease)**	**2021**	**2020**	**Increase/(Decrease)**
Depreciation and amortization	$ 95	$ 122	(22)%	$ 194	$ 234	(17)%

Depreciation and amortization expense for the three and six months ended June 30, 2020 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 (see Note 4). Also included in the six months ended June 30, 2020 was accelerated depreciation of $12 million resulting from the abandonment of technology in connection with synergy plans related to the Merger.

(Tabular dollars in millions, except per share amounts)

Restructuring and Other Corporate Matters

During the three and six months ended June 30, 2021 and 2020, we recorded the following for costs associated with restructuring and other corporate matters.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Severance	$ —	$ 128	$ —	$ 302
Exit costs	35	6	35	32
Restructuring charges	35	134	35	334
Merger-related costs	—	10	—	41
Other corporate matters	—	14	—	14
Restructuring and other corporate matters	$ 35	$ 158	$ 35	$ 389

During the second quarter of 2021, we recorded charges of $35 million for the impairment of lease assets that we determined we will not use and began actively marketing for sublease. This determination was made in connection with cost-transformation initiatives related to the Merger. The impairment is the result of a decline in market conditions since inception of these leases and reflects the difference between the estimated fair values, which were determined based on the expected discounted future cash flows of the lease assets, and the carrying values.

During the three and six months ended June 30, 2020, we recorded restructuring charges of $134 million and $334 million, respectively, associated with cost-transformation initiatives in connection with the Merger in an effort to reduce redundancies across our businesses. These charges consisted of severance costs, including the accelerated vesting of stock-based compensation, and exit costs resulting from the termination of contractual obligations.

During the three and six months ended June 30, 2020, in addition to the above-mentioned restructuring charges, we incurred merger-related costs of $10 million and $41 million, respectively, consisting of transaction-related bonuses and professional fees mainly associated with integration activities. In addition, we recorded a charge of $14 million to write down property and equipment to its fair value less costs to sell.

Net Gain on Sales

Net gain on sales for the three and six months ended June 30, 2021 of $116 million principally relates to the sale of a noncore trademark licensing operation.

Interest Expense/Income

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	**2020**	**Increase/(Decrease)**	**2021**	**2020**	**Increase/(Decrease)**
Interest expense	$ (243)	$ (263)	(8)%	$ (502)	$ (504)	— %
Interest income	$ 13	$ 11	18 %	$ 26	$ 25	4 %

(Tabular dollars in millions, except per share amounts)

The following table presents our outstanding debt balances, excluding finance leases, and the weighted average interest rate as of June 30, 2021 and 2020.

	At June 30,			
	2021	Weighted Average Interest Rate	2020	Weighted Average Interest Rate
Total long-term debt	$ 17,644	4.93 %	$ 19,930	4.78 %
Other bank borrowings	$ 45	3.50 %	$ 101	3.59 %

Net Gains from Investments

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Increase/(Decrease)	2021	2020	Increase/(Decrease)
Net gains from investments	$ 32	$ 32	— %	$ 52	$ 32	63 %

Net gains from investments for the three and six months ended June 30, 2021 primarily reflects a gain of $37 million from the sale of an investment. In addition, during the three and six months ended June 30, 2021, we recorded an unrealized loss of $5 million and an unrealized gain of $15 million, respectively, resulting from changes in the fair value of our marketable securities. For the three and six months ended June 30, 2020, net gains from investments reflects a change in the fair value of an investment as indicated by the market price of a similar investment.

Loss on Extinguishment of Debt

For the six months ended June 30, 2021, the loss on extinguishment of debt of $128 million reflects pre-tax losses associated with the early redemption of $1.99 billion of our long-term debt during the first quarter of 2021. For the three and six months ended June 30, 2020, the loss on extinguishment of debt of $103 million reflects a pre-tax loss associated with the early redemption of $2.43 billion of our long-term debt.

Other Items, Net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Pension and postretirement benefit costs	$ (10)	$ (17)	$ (22)	$ (34)
Foreign exchange loss	—	(10)	(8)	(22)
Other	—	1	1	2
Other items, net	$ (10)	$ (26)	$ (29)	$ (54)

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 months ended June 30, 2021, we recorded a benefit for income taxes of $34 million, reflecting a negative effective income tax rate of 3.3%, and for the six months ended June 30, 2021, we recorded a provision for income taxes of $192 million, reflecting an effective income tax rate of 8.8%. Included in income taxes for the three and six months ended June 30, 2021 are discrete tax benefits of $268 million and $289 million, respectively, primarily consisting of a benefit of $260 million to remeasure our UK net deferred income tax asset as a result of the enactment during the second quarter of an increase in the UK corporate income tax rate from 19% to 25% beginning April 1, 2023, as well as a net tax benefit in connection with the settlement of income tax audits. For the three months ended June 30, 2021, these items, together with a net tax provision of $26 million, relating to net gains from sales and investments and restructuring charges during the period, decreased our effective income tax rate by 26.3 percentage points. For the six months ended June 30, 2021, the aforementioned discrete tax benefits of $289 million decreased our effective income tax rate by 13.3 percentage points.

(Tabular dollars in millions, except per share amounts)

For the three and six months ended June 30, 2020, we recorded a provision for income taxes of $192 million and $326 million, respectively, reflecting effective income tax rates of 21.3% and 21.0%, respectively.

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 June 30,			Six Months Ended June 30,		
	2021	**2020**	**Increase/(Decrease)**	**2021**	**2020**	**Increase/(Decrease)**
Equity in loss of investee companies	$ (60)	$ (16)	(275)%	$ (92)	$ (32)	(188)%
Tax benefit	16	4	300	30	11	173
Equity in loss of investee companies, net of tax	$ (44)	$ (12)	(267)%	$ (62)	$ (21)	(195)%

Net Earnings from Discontinued Operations

During the fourth quarter of 2020, we entered into an agreement to sell our publishing business, Simon & Schuster, to Penguin Random House LLC, a wholly owned subsidiary of Bertelsmann SE & Co. KGaA. Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented.

The following table sets forth details of net earnings from discontinued operations for the three and six months ended June 30, 2021 and 2020, which primarily reflects the results of Simon & Schuster.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues	$ 219	$ 200	$ 404	$ 370
Costs and expenses:				
Operating	127	120	247	219
Selling, general and administrative	38	39	76	82
Depreciation and amortization	—	2	—	3
Restructuring charges	—	—	—	2
Total costs and expenses [(a)]	165	161	323	306
Operating income	54	39	81	64
Other items, net	—	—	(2)	(5)
Earnings from discontinued operations	54	39	79	59
Income tax provision [(b)]	(13)	(11)	(26)	(16)
Net earnings from discontinued operations, net of tax	$ 41	$ 28	$ 53	$ 43

(a) Included in total costs and expenses are the release of indemnification obligations for leases relating to a previously disposed business of $2 million for each of the three and six months ended June 30, 2021 and $4 million and $14 million for the three and six months ended June 30, 2020, respectively.

(b) The tax provision includes amounts relating to previously disposed businesses of $7 million for the six months ended June 30, 2021 and $1 million and $3 million for the three and six months ended June 30, 2020, respectively.

(Tabular dollars in millions, except per share amounts)

Net Earnings Attributable to Noncontrolling Interests

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net earnings attributable to noncontrolling interests	$ 13	$ 245	$ 25	$ 248

For the three and six months ended June 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* in the second quarter of 2020.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Increase/(Decrease)	2021	2020	Increase/(Decrease)
Net earnings from continuing operations attributable to ViacomCBS	$ 995	$ 453	120 %	$ 1,894	$ 954	99 %
Diluted EPS from continuing operations attributable to ViacomCBS	$ 1.50	$ .73	105 %	$ 2.93	$ 1.55	89 %

For the three months ended June 30, 2021, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations increased 120% and 105%, respectively, driven by the aforementioned discrete tax benefits of $268 million, a net gain on sales of $116 million in 2021, lower charges for restructuring and other corporate matters in 2021, and the impact in the second quarter of 2020 from a loss on extinguishment of debt. For the six months ended June 30, 2021, net earnings from continuing operations attributable to ViacomCBS and diluted EPS from continuing operations increased 99% and 89%, respectively, driven by the increase in operating income, reflecting lower charges for restructuring and other corporate matters, programming charges in 2020, and a net gain on sales in 2021, as well as the above-mentioned discrete tax benefits in 2021. The impacts on diluted EPS for both the three and six month periods were partially offset by higher weighted average shares outstanding as a result of the stock issuances in the first quarter of 2021.

Segment Results of Operations

We present operating income excluding depreciation and amortization, stock-based compensation, costs for restructuring and other corporate matters, programming charges and net gain on sales, each where applicable ("Adjusted OIBDA"), as the primary measure of profit and loss for our operating segments in accordance with Financial Accounting Standards Board 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.

During the fourth quarter of 2020, we entered into an agreement to sell Simon & Schuster, which was previously reported as the *Publishing* segment. Simon & Schuster has been presented as a discontinued operation in our consolidated financial statements for all periods presented.

(Tabular dollars in millions, except per share amounts)

Three Months Ended June 30, 2021 and 2020

	Three Months Ended June 30,					
	2021	% of Total Revenues	2020	% of Total Revenues	Increase/(Decrease) $	%
Revenues:						
TV Entertainment	$ 2,809	43 %	$ 2,287	38 %	$ 522	23 %
Cable Networks	3,475	53	3,232	53	243	8
Filmed Entertainment	667	10	647	11	20	3
Corporate/Eliminations	(387)	(6)	(91)	(2)	(296)	(325)
Total Revenues	$ 6,564	100 %	$ 6,075	100 %	$ 489	8 %

	Three Months Ended June 30,			
	2021	2020	Increase/(Decrease) $	%
Adjusted OIBDA:				
TV Entertainment	$ 216	$ 392	$ (176)	(45)%
Cable Networks	1,125	1,285	(160)	(12)
Filmed Entertainment	72	116	(44)	(38)
Corporate/Eliminations	(124)	(97)	(27)	(28)
Stock-based compensation	(49)	(44)	(5)	(11)
Total Adjusted OIBDA	1,240	1,652	(412)	(25)
Depreciation and amortization	(95)	(122)	27	22
Restructuring and other corporate matters	(35)	(158)	123	78
Programming charges	—	(121)	121	n/m
Net gain on sales	116	—	116	n/m
Total Operating Income	$ 1,226	$ 1,251	$ (25)	(2)%

n/m - not meaningful

	Six Months Ended June 30,					
	2021	% of Total Revenues	2020	% of Total Revenues	Increase/(Decrease) $	%
Revenues:						
TV Entertainment	$ 6,320	45 %	$ 5,234	42 %	$ 1,086	21 %
Cable Networks	6,734	48	6,090	48	644	11
Filmed Entertainment	1,664	12	1,458	12	206	14
Corporate/Eliminations	(742)	(5)	(208)	(2)	(534)	(257)
Total Revenues	$ 13,976	100 %	$ 12,574	100 %	$ 1,402	11 %

(Tabular dollars in millions, except per share amounts)

	Six Months Ended June 30,			
			Increase/(Decrease)	
	2021	2020	$	%
Adjusted OIBDA:				
TV Entertainment	$ 665	$ 965	$ (300)	(31)%
Cable Networks	2,309	2,079	230	11
Filmed Entertainment	276	143	133	93
Corporate/Eliminations	(282)	(193)	(89)	(46)
Stock-based compensation	(101)	(97)	(4)	(4)
Total Adjusted OIBDA	2,867	2,897	(30)	(1)
Depreciation and amortization	(194)	(234)	40	17
Restructuring and other corporate matters	(35)	(389)	354	91
Programming charges	—	(121)	121	n/m
Net gain on sales	116	—	116	n/m
Total Operating Income	$ 2,754	$ 2,153	$ 601	28 %

n/m - not meaningful

TV Entertainment (CBS Television Network; CBS Studios; CBS Media Ventures; streaming services, including Paramount+ and CBSN; CBS Sports Network; and CBS Television Stations)

Three Months Ended June 30, 2021 and 2020

	Three Months Ended June 30,			
			Increase/(Decrease)	
TV Entertainment	2021	2020	$	%
Advertising [(a)]	$ 1,088	$ 880	$ 208	24 %
Affiliate [(b)]	691	629	62	10
Streaming	350	193	157	81
Licensing and other	680	585	95	16
Revenues	$ 2,809	$ 2,287	$ 522	23 %
Adjusted OIBDA	$ 216	$ 392	$ (176)	(45)%

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

Revenues

For the three months ended June 30, 2021, revenues increased 23%, reflecting growth across all revenue streams, led by increased advertising revenues, including from CBS’ broadcasts of sporting events for which there were no comparable broadcasts in 2020, and growth at Paramount+.

Advertising

The 24% increase in advertising revenues was primarily driven by the benefit in 2021 from CBS’ broadcasts of sporting events for which there were no comparable broadcasts in the prior-year period, including the national semi-finals and championship games of the NCAA Tournament and professional golf tournaments. The national semi-finals and championship games of the NCAA Tournament are broadcast by the CBS Television Network every other year through 2032 under agreements with the NCAA and Turner, including in 2021, and professional golf tournaments in 2020 were cancelled or postponed as a result of COVID-19. The increase was also driven by an improved advertising market, reflecting higher pricing as well as the comparison against the significant impact from COVID-19 in 2020. The increase was partially offset by lower ratings for the CBS Television Network and a

(Tabular dollars in millions, except per share amounts)

2-percentage point unfavorable impact from the absence of advertising revenues from CNET Media Group ("CMG"), which was sold in the fourth quarter of 2020.

Affiliate

Affiliate revenues grew 10%, as a result of growth in reverse compensation and retransmission fee revenues.

Streaming

Streaming revenues increased 81%, reflecting subscriber growth at Paramount+, as well as advertising growth from Paramount+ and other digital video platforms.

Licensing and Other

The 16% increase in licensing and other revenues was driven by a higher volume of programming licensed internationally and produced for third party broadcasters, primarily reflecting the impact on the prior-year period from production shutdowns due to COVID-19. The increase was partially offset by the timing of domestic licensing and the absence of ancillary revenues from CMG.

Adjusted OIBDA

Adjusted OIBDA decreased 45%, mainly reflecting our increased investment in Paramount+, including higher content and marketing costs.

Six Months Ended June 30, 2021 and 2020

	Six Months Ended June 30,			
			Increase/(Decrease)	
TV Entertainment	**2021**	**2020**	**$**	**%**
Advertising [a]	$ 2,895	$ 2,168	$ 727	34 %
Affiliate [b]	1,384	1,252	132	11
Streaming	672	397	275	69
Licensing and other	1,369	1,417	(48)	(3)
Revenues	$ 6,320	$ 5,234	$ 1,086	21 %
Adjusted OIBDA	$ 665	$ 965	$ (300)	(31)%

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

Revenues

For the six months ended June 30, 2021, the 21% increase in revenues primarily reflects growth in advertising, driven by CBS' broadcasts of tentpole sporting events, growth at Paramount+ and higher affiliate revenues.

Advertising

The 34% increase in advertising revenues was driven by CBS' broadcasts in 2021 of sporting events for which there were no comparable broadcasts in the prior-year period, including *Super Bowl LV* and NCAA Tournament games. We have the rights to broadcast the Super Bowl and the national semi-finals and championship games of the NCAA Tournament on a rotational basis with other networks, including in 2021. Additionally, while we share the games in the preceding rounds of the NCAA Tournament with Turner each year, COVID-19 caused the cancellation of the NCAA Tournament in 2020. The increase was also driven by an improved advertising market, reflecting higher pricing as well as the comparison against the significant impact from COVID-19 in 2020. The increase was partially offset by lower ratings for the CBS Television Network.

(Tabular dollars in millions, except per share amounts)

Affiliate

Affiliate revenues grew 11%, as a result of growth in reverse compensation and retransmission fee revenues.

Streaming

Streaming revenues increased 69%, primarily reflecting subscriber growth at Paramount+, as well as advertising growth from Paramount+ and other digital video platforms, including from advertising during the *Super Bowl LV* live stream and associated coverage on CBS Sports' digital properties.

Licensing and Other

Licensing and other revenues decreased 3%, primarily reflecting the absence of ancillary revenues from CMG, which was sold in the fourth quarter of 2020.

Adjusted OIBDA

Adjusted OIBDA decreased 31%, reflecting our increased investment in Paramount+, including higher content and marketing costs.

Cable Networks (Premium and basic cable networks, including Showtime, BET, Nickelodeon, MTV, Comedy Central, Paramount Network, and Smithsonian Channel, among others; streaming services including Pluto TV, Showtime OTT, Noggin and BET+; ViacomCBS Networks International, including Channel 5, Telefe and Network 10)

Three Months Ended June 30, 2021 and 2020

	Three Months Ended June 30,			
			Increase/(Decrease)	
Cable Networks	**2021**	**2020**	**$**	**%**
Advertising [(a)]	$ 1,011	$ 815	$ 196	24 %
Affiliate [(b)]	1,416	1,300	116	9
Streaming	633	320	313	98
Licensing and other	415	797	(382)	(48)
Revenues	$ 3,475	$ 3,232	$ 243	8 %
Adjusted OIBDA	$ 1,125	$ 1,285	$ (160)	(12)%

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

Revenues

For the three months ended June 30, 2021, the 8% increase in revenues was primarily driven by higher streaming revenues as well as growth in advertising and affiliate revenues. These increases were partially offset by lower licensing revenues, primarily reflecting the benefit from the domestic licensing of *South Park* in the prior year.

(Tabular dollars in millions, except per share amounts)

Advertising

The 24% increase in advertising revenues was mainly driven by an improved global advertising market, reflecting higher pricing as well as the comparison against the significant impact from COVID-19 in the second quarter of 2020, and a 4-percentage point favorable impact of foreign exchange rate changes. The increase was partially offset by lower ratings for our domestic cable networks.

Affiliate

The 9% growth in affiliate revenues was primarily driven by the benefit from launches of our basic cable networks in June 2020 and April 2021 on two vMVPDs, revenues in 2021 from pay-per-view boxing events as well as increases in rates. These increases were partially offset by the impact from subscriber declines.

Streaming

The 98% increase in streaming revenues was driven by advertising revenue growth from our free streaming service, Pluto TV, and other digital video platforms, as well as growth in subscribers for our subscription streaming services, including Showtime OTT and BET+.

Licensing and Other

The 48% decrease in licensing and other revenues primarily reflects the licensing of the domestic streaming rights to *South Park* in the second quarter of 2020, partially offset by revenues from the licensing of programming to our subscription streaming service, Paramount+.

Adjusted OIBDA

Adjusted OIBDA decreased 12%, reflecting the benefit to 2020 from the domestic licensing of *South Park*; an increased investment in our streaming services, including higher content and marketing costs; and increased costs to promote original programming in 2021. The decline was partially offset by the above-mentioned growth in streaming, advertising, and affiliate revenues.

Six Months Ended June 30, 2021 and 2020

	Six Months Ended June 30,			
			Increase/(Decrease)	
Cable Networks	**2021**	**2020**	**$**	**%**
Advertising [(a)]	$ 1,889	$ 1,760	$ 129	7 %
Affiliate [(b)]	2,798	2,645	153	6
Streaming	1,127	610	517	85
Licensing and other	920	1,075	(155)	(14)
Revenues	$ 6,734	$ 6,090	$ 644	11 %
Adjusted OIBDA	$ 2,309	$ 2,079	$ 230	11 %

(a) Excludes streaming advertising revenues.

(b) Excludes streaming subscription revenues.

Revenues

For the six months ended June 30, 2021, the 11% increase in revenues was primarily driven by growth in streaming revenues as well as the launch of our basic cable networks on vMVPD services.

(Tabular dollars in millions, except per share amounts)

Advertising

The 7% increase in advertising revenues was driven by an improved global advertising market, reflecting higher pricing as well as the comparison against the significant impact from COVID-19 in 2020, and a 3-percentage point favorable impact of foreign exchange rate changes. These increases were partially offset by lower linear impressions for our domestic cable networks.

Affiliate

The 6% growth in affiliate revenues was primarily driven by the benefit from the launch of our basic cable networks on two vMVPDs as well as increases in rates. These increases were partially offset by the impact from subscriber declines.

Streaming

The 85% increase in streaming revenues was driven by advertising revenue growth from our free streaming service, Pluto TV, and other digital video platforms, as well as growth in subscribers for our subscription streaming services, Showtime OTT, BET+ and Noggin.

Licensing and Other

The 14% decrease in licensing and other revenues was primarily driven by the domestic licensing of *South Park* in the prior year partially offset by higher revenues from the licensing of programming to streaming services, primarily our subscription streaming service, Paramount+.

Adjusted OIBDA

Adjusted OIBDA increased 11%, primarily driven by the revenue growth, partially offset by an increased investment in our streaming services.

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

Three Months Ended June 30, 2021 and 2020

	Three Months Ended June 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2021**	**2020**	**$**	**%**
Theatrical	$ 134	$ 3	$ 131	n/m
Licensing and other	533	644	(111)	(17)
Revenues	$ 667	$ 647	$ 20	3 %
Adjusted OIBDA	$ 72	$ 116	$ (44)	(38)%

n/m - not meaningful

Revenues

For the three months ended June 30, 2021, the 3% increase in revenues was primarily driven by current quarter theatrical releases, which was partially offset by lower revenues from the licensing of films in the home entertainment market.

(Tabular dollars in millions, except per share amounts)

Theatrical

Theatrical revenues in the second quarter of 2021 reflect the releases of *A Quiet Place Part II* and *Wrath of Man*, while there were no theatrical releases in the same prior-year quarter due to the closure or reduced capacity of movie theaters in response to COVID-19.

Licensing and Other

The 17% decrease in licensing and other revenues principally reflects the adverse impact on film licensing, mainly in the home entertainment market, as a result of the absence of theatrical releases during most of 2020 and the first quarter of 2021 because of COVID-19. The comparison also reflects lower revenues from the production of programming for third parties, which was offset by revenues from the licensing of *Infinite* to Paramount+ during the second quarter of 2021.

Adjusted OIBDA

The 38% decrease in Adjusted OIBDA was driven by distribution costs associated with the current quarter theatrical releases and other anticipated releases later in 2021, while there were no theatrical releases during most of 2020. 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.

Six Months Ended June 30, 2021 and 2020

	Six Months Ended June 30,			
			Increase/(Decrease)	
Filmed Entertainment	**2021**	**2020**	**$**	**%**
Theatrical	$ 135	$ 170	$ (35)	(21)%
Licensing and other	1,529	1,288	241	19
Revenues	$ 1,664	$ 1,458	$ 206	14 %
Adjusted OIBDA	$ 276	$ 143	$ 133	93 %

Revenues

For the six months ended June 30, 2021, the 14% increase in revenues reflects growth in licensing revenues partially offset by lower theatrical revenues.

Theatrical

The 21% decline in theatrical revenues was driven by the benefit to the prior year from first quarter releases, led by *Sonic the Hedgehog,* compared to the above-mentioned releases including *A Quiet Place Part II* in the second quarter of 2021.

Licensing and Other

The 19% increase in licensing and other revenues was primarily driven by the licensing of *Coming 2 America* and *Tom Clancy's Without Remorse* to third parties and the licensing of *Infinite* and *The SpongeBob Movie: Sponge on the Run* to Paramount+. These increases were partially offset by lower home entertainment revenues, mainly as a result of the absence of theatrical releases during most of 2020 and the first quarter of 2021 as a result of COVID-19 as well as lower revenues from the production of programming for third parties.

Adjusted OIBDA

Adjusted OIBDA increased $133 million, primarily the result of higher profits associated with the licensing of films and lower distribution costs for theatrical releases as a result of a higher number of prior year releases and anticipated releases.

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 expected to be generated and 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, including our long-term debt obligations due over the next five years of $3.96 billion as of June 30, 2021, will come primarily from cash flows from operating activities, proceeds from non-core asset sales, including the planned sale of Simon & Schuster described below, as well as our ability to refinance our debt. We also increased our liquidity position with the proceeds of our first quarter 2021 stock offering described below. 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.

During 2020, we entered into an agreement to sell Simon & Schuster for $2.175 billion in cash, and expect to use proceeds from the sale to invest in our strategic growth priorities, including in streaming, as well as to fund dividends and pay down debt. The sale is expected to close in 2021, subject to customary closing conditions and regulatory approvals.

On March 26, 2021, we completed offerings of 20 million shares of our Class B Common Stock at a price to the public of $85 per share and 10 million shares of 5.75% Series A Mandatory Convertible Preferred Stock at a price to the public and liquidation preference of $100 per share. The net proceeds from the Class B Common Stock offering and the Mandatory Convertible Preferred Stock offering were approximately $1.67 billion and $983 million, respectively, in each case after deducting underwriting discounts, commissions and estimated offering expenses. We have used and intend to continue to use the net proceeds for general corporate purposes, including investments in streaming.

If declared, dividends on the Mandatory Convertible Preferred Stock are payable quarterly through April 1, 2024. Dividends on the Mandatory Convertible Preferred Stock accumulate from the most recent dividend payment date, and will be payable on a cumulative basis when, as and if declared by our Board of Directors, or an authorized committee thereof, at an annual rate of 5.75% of the liquidation preference of $100 per share, payable in cash or, subject to certain limitations, by delivery of shares of Class B Common Stock or through any combination of cash and shares of Class B Common Stock, at our election.

(Tabular dollars in millions, except per share amounts)

Cash Flows

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

	Six Months Ended June 30,		
	2021	**2020**	**Increase/(Decrease)**
Net cash flow provided by (used for) operating activities from:			
Continuing operations	$ 1,702	$ 1,158	$ 544
Discontinued operations	89	(7)	96
Cash flow provided by operating activities	1,791	1,151	640
Net cash flow provided by (used for) investing activities from:			
Continuing operations	131	(186)	317
Discontinued operations	(2)	(1)	(1)
Cash flow provided by (used for) investing activities	129	(187)	316
Cash flow provided by financing activities	351	649	(298)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8)	(17)	9
Net increase in cash, cash equivalents and restricted cash	$ 2,263	$ 1,596	$ 667

Operating Activities. For the six months ended June 30, 2021, the increase in cash flow provided by operating activities from continuing operations was mainly driven by higher collections and lower payments for restructuring, merger-related costs and costs to achieve synergies. These increases were partially offset by higher spending for content, primarily resulting from an increased investment in programming for our streaming services and a higher level of production in 2021 as a result of production shutdowns in 2020 due to COVID-19. Payments for restructuring, merger-related costs and costs to achieve synergies included in cash flow provided by operating activities were $181 million and $348 million for the six months ended June 30, 2021 and 2020, respectively.

Cash flow provided by (used for) operating activities from discontinued operations reflects the operating activities of Simon & Schuster.

Investing Activities

	Six Months Ended June 30,	
	2021	**2020**
Investments [a]	$ (114)	$ (60)
Capital expenditures [b]	(138)	(131)
Acquisitions, net of cash acquired [c]	—	(141)
Proceeds from dispositions [d]	408	146
Other investing activities	(25)	—
Net cash flow provided by (used for) investing activities from continuing operations	131	(186)
Net cash flow used for investing activities from discontinued operations	(2)	(1)
Net cash flow provided by (used for) investing activities	$ 129	$ (187)

(a) Primarily includes our investment in The CW.

(b) Includes payments for costs to achieve synergies of $36 million and $1 million for 2021 and 2020, respectively.

(c) 2020 primarily reflects the acquisition of Miramax, a global film and television studio.

(d) 2021 primarily reflects proceeds received from the sale of our investment in fuboTV, Inc. during the fourth quarter of 2020, as well as proceeds received from the sale of a noncore trademark licensing operation and an investment. 2020 reflects the sale of marketable securities.

(Tabular dollars in millions, except per share amounts)

Financing Activities

	Six Months Ended June 30,	
	2021	**2020**
Repayments of short-term debt borrowings, net	$ —	$ (698)
Proceeds from issuance of long-term debt	—	4,370
Repayment of long-term debt	(2,200)	(2,535)
Dividends paid on common stock	(302)	(301)
Proceeds from issuance of preferred stock	983	—
Proceeds from issuance of common stock	1,672	—
Purchase of Company common stock	—	(58)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(49)	(59)
Proceeds from exercise of stock options	408	—
Other financing activities	(161)	(70)
Net cash flow provided by financing activities	$ 351	$ 649

Dividends

We declared cash dividends of $.24 per share on our Class A and Class B Common Stock, during each of the three months ended June 30, 2021 and 2020, resulting in total dividends of $158 million and $150 million, respectively. We declared cash dividends of $.48 per share on our Class A and Class B Common Stock, during each of the six months ended June 30, 2021 and 2020, resulting in total dividends of $310 million and $300 million, respectively.

Additionally, during the second quarter of 2021 we declared a cash dividend of $1.5493 per share on our Mandatory Convertible Preferred Stock, representing a dividend period from March 26, 2021 through July 1, 2021. Accordingly, we accumulated dividends on the Mandatory Convertible Preferred Stock of $14 million and $15 million during the three and six months ended June 30, 2021, respectively. For each subsequent quarter, we expect to declare a dividend of $1.4375 per share.

Capital Structure

The following table sets forth our debt.

	At June 30, 2021	At December 31, 2020
Senior debt (2.250%-7.875% due 2022-2050)	$ 16,487	$ 18,455
Junior debt (5.875% and 6.25% due 2057)	1,157	1,157
Other bank borrowings	45	95
Obligations under finance leases	31	26
Total debt [(a)]	17,720	19,733
Less current portion of long-term debt	17	16
Total long-term debt, net of current portion	$ 17,703	$ 19,717

(a) At June 30, 2021 and December 31, 2020, the senior and junior subordinated debt balances included (i) a net unamortized discount of $476 million and $491 million, respectively, and (ii) unamortized deferred financing costs of $99 million and $107 million, respectively. The face value of our total debt was $18.30 billion and $20.33 billion at June 30, 2021 and December 31, 2020, respectively.

During the six months ended June 30, 2021, we redeemed senior notes totaling $1.99 billion, prior to maturity, for an aggregate redemption price of $2.11 billion resulting in a pre-tax loss on extinguishment of debt of $128 million.

During the second quarter of 2020, we issued $4.50 billion of senior notes and used the net proceeds from these issuances for the redemption, prior to maturity, of long-term debt totaling $2.43 billion for a redemption price of $2.52 billion, as well as general corporate purposes. As a result, we recognized a pre-tax loss on extinguishment of debt of $103 million.

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

At both June 30, 2021 and December 31, 2020, we had no outstanding commercial paper borrowings under our commercial paper program.

Credit Facility

At June 30, 2021, we had 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 June 30, 2021.

At June 30, 2021, 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 June 30, 2021 and December 31, 2020, we had bank borrowings under Miramax's $300 million credit facility, which matures in April 2023, of $45 million and $95 million, respectively, with a weighted average interest rate of 3.50%.

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 June 30, 2021, the outstanding letters of credit and surety bonds approximated $157 million and were not recorded on the Consolidated Balance Sheet.

CBS Television City

In connection with the sale of the CBS Television City property and sound stage operation ("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 June 30, 2021 is a liability of $75 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 $65 million at June 30, 2021 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. On January 27, 2021, the Court dismissed one disclosure claim, while allowing all other claims against the defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

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. On December 29, 2020, the Court dismissed the claims against Mr. Bakish, while allowing the claims against the remaining defendants to proceed. Discovery on the surviving claims is proceeding. We believe that the remaining claims are without merit and we intend to defend against them vigorously.

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 or requests for information from the New York County District Attorney's Office, the New York City Commission on Human Rights, the New York State Attorney General's Office and the United States Securities and Exchange Commission regarding the subject matter of this investigation and related 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 lawsuits 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.

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 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 was 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. The disputes between Mr. Moonves and CBS have been resolved, and on May 14, 2021, the parties dismissed the arbitration proceeding. The assets of the grantor trust reverted to the Company in their entirety.

Litigation Related to Television Station Owners

On September 9, 2019, the Company was added as a defendant in a multi-district putative class action lawsuit filed in the United States District Court for the Northern District of Illinois. The lawsuit was filed by parties that claim to have purchased broadcast television spot advertising beginning on or about January 1, 2014 on television stations owned by one or more of the defendant television station owners and alleges the sharing of allegedly competitively sensitive information among such television stations in alleged violation of the Sherman Antitrust Act. The action, which names the Company among fourteen total defendants, seeks monetary damages, attorneys' fees, costs and interest as well as injunctions against the allegedly unlawful conduct. On October 8, 2019, the Company and other defendants filed a motion to dismiss the matter, which was denied by the court on November 6, 2020. We have reached an agreement in principle with the plaintiffs to settle the lawsuit. The settlement, which will include no admission of liability or wrongdoing by the Company, will be subject to court approval.

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 June 30, 2021, we had pending approximately 29,720 asbestos claims, as compared with approximately 30,710 as of December 31, 2020. During the second quarter of 2021, we received approximately 740 new claims and closed or moved to an inactive docket approximately 1,500 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 2020 and 2019 for settlement and defense of asbestos claims after insurance recoveries and net of tax were approximately $35 million and $58 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 sufficient 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 year ended December 31, 2020, for a discussion of our critical accounting policies.

Cautionary Note Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements, including statements related to our future results and performance. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements reflect our current expectations concerning future results and events; generally can be identified by the use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “may,” “could,” “estimate” or other similar words or phrases; and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance or achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others: changes in consumer behavior, as well as evolving technologies, distribution platforms and packaging; the impact on our advertising revenues of changes in consumers’ content viewership, deficiencies in audience measurement and advertising market conditions; our ability to maintain attractive brands and our reputation, and to offer popular programming and other content; increased costs for programming, films and other rights; competition for content, audiences, advertising and distribution; the potential for loss of carriage or other reduction in or the impact of negotiations for the distribution of our content; losses due to asset impairment charges for goodwill, intangible assets, FCC licenses and programming; 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, including our streaming initiatives; evolving business continuity, cybersecurity, privacy and data protection and similar risks; content infringement; the impact of COVID-19 (and other widespread health emergencies or pandemics) and measures taken in response thereto; domestic and global political, economic and/or regulatory factors affecting our businesses generally; liabilities related to discontinued operations and former businesses; the loss of key talent and strikes and other union activity; potential conflicts of interest arising from our ownership structure with a controlling stockholder; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, 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, 2020.

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.

There have been no material changes to risk factors previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020.

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 second quarter of 2021, we did not purchase any shares under our publicly announced share repurchase program, which had remaining authorization of $2.36 billion at June 30, 2021.

Item 6. Exhibits.

Exhibit No.		Description of Document
(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: August 5, 2021

/s/ Naveen Chopra

Naveen Chopra
Executive Vice President,
Chief Financial Officer

Date: August 5, 2021

/s/ Katherine Gill-Charest

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

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: August 5, 2021

/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: August 5, 2021

/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 June 30, 2021 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

August 5, 2021

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 June 30, 2021 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

August 5, 2021