IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ROBERT FREEDMAN, Plaintiff, v. SUMNER M. REDSTONE, PHILIPPE P. DAUMAN, THOMAS E. DOOLEY, GEORGE S. ABRAMS, ALAN C. GREENBERG, SHARI REDSTONE, FREDERIC V. SALERNO, BLYTHE J. MCGARVIE, CHARLES E. PHILLIPS, JR., WILLIAM SCHWARTZ, ROBERT K. KRAFT, and VIACOM INC., Defendants.	C. A. No. ____________ **JURY TRIAL DEMANDED**

VERIFIED COMPLAINT

Plaintiff alleges, upon information and belief based upon, *inter alia*, the investigation made by and through his attorneys, except as to those allegations that pertain to the plaintiff himself, which are alleged upon knowledge, as follows:

JURISDICTION

1. The jurisdiction of this court is founded upon: (a) federal question jurisdiction, pursuant to 28 U.S.C. § 1331 and § 1340; (b) supplemental jurisdiction, 28 U.S.C. § 1367; and (c) diversity of citizenship, 28 U.S.C. § 1332(a)(1). The plaintiff is a citizen of the Commonwealth of Pennsylvania. The defendants are all citizens of states other than Pennsylvania. The matter in controversy exceeds the sum of $75,000, exclusive of interest and costs.

2. The claims herein arise under the laws of Delaware and, in part, depend upon the construction and effect of § 162(m) of the Internal Revenue Code ("IRC"), 26 U.S.C. § 162(m) and Treas. Reg. § 1.162-27 of the United States Internal Revenue Service (the "IRS")

promulgated thereunder. The meaning of these federal tax provisions is an important issue of federal law that belongs in federal court. *Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing*, 545 U.S. 308, 312-15 (2005).

3. This action is not a collusive one to confer jurisdiction that the court would otherwise lack.

THE PARTIES

4. Defendant Viacom Inc. (the "Company" or "Viacom") is an international entertainment content corporation that is organized under the laws of the State of Delaware, with its principal place of business in the State of New York. The Company's last fiscal year ended September 30, 2011. As of July 15, 2012, the Company had outstanding 51,152,571 shares of Class A Common stock and 463,435,375 shares of Class B Common stock. The Company is a publicly held corporation within the meaning of IRC § 162(m)(2). The stock is traded on the New York Stock Exchange under the symbols VIA and VIA.B.

5. The plaintiff has been a stockholder of the Company since December 31, 2005 and continuously to date.

6. Defendants Sumner M. Redstone, Philippe P. Dauman, Thomas E. Dooley, George S. Abrams, Alan C. Greenberg, Shari Redstone, Frederic V. Salerno, Blythe J. McGarvie, Charles E. Phillips, Jr., William Schwartz, and Robert K. Kraft are the eleven members of the Company's board of directors (the "Directors" or the "Board"). In their capacities as directors, they are each responsible as fiduciaries to the Company and its shareholders.

7. Defendants Sumner M. Redstone, Philippe P. Dauman, and Thomas E. Dooley (collectively, the "Executives" or the "Officers") are three of the Company's Covered Employees as defined in the Internal Revenue Code § 162(m)(3) and Treas. Reg. § 1.162.27(c)(2), and Officers of the Company, as defined in 10 Del. C. § 3114(b).

8. Defendants Frederic V. Salerno, Blythe J. McGarvie, Charles E. Phillips, Jr., and William Schwartz are the members of the Board's compensation committee (the "Committee"). Defendant Robert K. Kraft was a member of the Committee until August 26, 2009.

9. The Directors and the Executives are, collectively, the Individual Defendants.

NATURE OF THE ACTION

10. Plaintiff brings this action derivatively in the right of and for the benefit of the Company against the Individual Defendants to recover damages and to obtain specific equitable relief for breach of their fiduciary duty of loyalty, for their committing waste, and for their unjust enrichment. Plaintiff also sues directly to obtain specific, equitable relief for the Individual Defendants' acts concerning the notice to the Company's stockholders for their annual meeting on March 8, 2012 (the "Notice"), and for breach of their statutory duties under IRC § 162(m) to provide holders of Class B stock the right to vote on whether to approve the Viacom Inc. Senior Executive Short-Term Incentive Plan, as amended and restated effective January 18, 2012 (the "2012 Plan"). The 2012 Plan is substantially identical to the Company's Senior Executive Short-Term Incentive Plan (Amended and Restated April 12, 2007) (the "2007 Plan"). The Company's stockholders approved the 2007 Plan on May 30, 2007.

11. It is the public policy of the United States that corporate senior executive compensation must be reasonable, performance based, objectively determined and pre-approved by stockholders. IRC § 162(m) reflects that public policy. It subjects publicly-held corporations, such as Viacom, to special restrictions concerning the compensation paid to Covered Employees. Whereas IRC § 162(a)(1) generally allows the Company to take an income tax deduction for "a reasonable allowance for salaries or other compensation for personal services actually rendered" by its employees, IRC § 162(m) imposes requirements that must be met in order for the annual compensation to the Company's Covered Employees in excess of $1 million to be tax-deductible. The Covered Employees whose compensation is subject to these

restrictions are the CEO and the "four highest compensated officers." IRC § 162(m)(3); Treas. Reg. §1.162-27(c)(2)(i)(B). Whether an employee is among the four highest compensated officers is determined under the compensation disclosure rules of the Securities Exchange Act of 1934 and not under the IRC. Treas. Reg. §1.162-27(c)(2)(ii). Compensation paid to the Company's Covered Employees in excess of $1 million per year each is not deductible unless it is provided in compliance with the requirements of IRC § 162(m) and its implementing regulation, Treas. Reg. § 1.162-27.

12. IRC § 162(m) and Treas. Reg. § 1.162-27 provide that annual compensation in excess of $1 million is not tax-deductible unless the compensation is paid based on pre-established, objective performance goals which have been pre-approved by the stockholders. IRC § 162(m)(4)(C)(i) requires that the performance goals be determined by an independent compensation committee of the corporation's board of directors. A performance goal can qualify as pre-established only if the "outcome is substantially uncertain at the time" that the independent compensation committee actually establishes the goal. Treas. Reg. § 1.162-27(e)(2)(i). A pre-established performance goal must state, in terms of an objective formula or standard, the method for computing the amount of compensation payable to the Covered Employee if the goal is attained. 26 CFR § 1.162-27(e)(2)(ii). A performance goal can qualify as "objective" only if a "third party having knowledge of the relevant facts could determine whether the goal is met." 26 CFR § 1.162-27(e)(2)(ii). IRC § 162(m)(4)(C)(iii) requires that the independent compensation committee certify that the performance goals and any other material terms were in fact satisfied before such compensation is paid. The terms of a pre-established, objective performance goal must preclude discretion to increase the amount payable upon attainment of the performance goal, but the independent compensation committee can exercise negative discretion to reduce the amount or not pay it at all. Treas. Reg. § 1.162-27(e)(2)(iii)(A).

13. Congress enacted IRC § 162(m) in 1993 as part of its important, historic, long-standing effort to regulate corporate affairs in favor of stockholders and other investors, as a counterweight to the policies of many states to regulate corporations in favor of officers, directors, and other insiders. One purpose of IRC § 162(m) is to align the performance incentive with the interests of shareholders. *See* Internal Revenue Service Chief Counsel Attorney Memorandum, IRS AM 2009-006, 2009 WL 2138881 (July 17, 2009).

14. Another purpose of IRC § 162(m) is to give stockholders a say on corporate executive compensation. H.R. Conf. Rep. 103-213, 1993 WL 302291 at *587 ("the compensation must be approved by a majority of shares voting in a separate vote"). More recently, the United States has increased the voice of stockholders on corporate executive compensation with the advisory say-on-pay provisions of the Dodd-Frank Act. PL 111-203, July 21, 2010, 15 U.S.C. § 78n-1.

15. Though the purpose of IRC § 162(m) is aimed at corporate governance, as a part of the IRC, it is construed like other IRC provisions. Tax deductions are a matter of legislative grace and are to be construed narrowly unless the text of the statute authorizing the deductions reflects a contrary congressional intent. The statute at issue here reflects no congressional intent for a broad construction. IRC § 162(m)'s exception, allowing for a tax deduction for executive compensation greater than $1 million, applies to a narrow set of compensation programs that are strictly compliant with the statute and the regulations.

16. Since 2008, the Company has paid annual incentive cash compensation to its senior executives under the 2007 Plan. The 2007 Plan, by its terms, was administered by the Committee (see ¶ 8, supra), and the 2007 Plan required that the Committee meet the standards of independence specified by IRC § 162(m). The 2007 Plan, by its terms, was required to provide for compensation that is tax-deductible under IRC § 162(m). Section 2.2(b) of the 2007 Plan

required the Committee to award bonuses relating to the achievement of financial goals based on the attainment of specified levels of one or more of the following:

> OIBDA [defined in § 1.2(q) to mean the Company's Operating Income before depreciation and amortization], OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Net Earnings, Net Earnings From Continuing Operations, Earnings Per Share, Revenue, Net Revenue, Operating Revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof.

All items on the foregoing list are capable of quantitative calculation. Conspicuously absent from the foregoing list are qualitative or subjective measures. There is no language in the 2007 Plan authorizing the Committee to decide to award compensation that was not tax-deductible under IRC § 162(m). Section 2.2(a) of the 2007 Plan expressly required the Committee to establish the time period for which to measure performance, to designate each person who was to participate, and to select from items listed in § 2.2(b) of the 2007 Plan those by which to measure performance, to establish the levels of performance required for a bonus, and to establish the amount of a bonus for attaining those levels.

17. At the beginning of each year, the Committee determined the amount each Covered Employee could earn in bonus compensation under the 2007 Plan. The Committee first established a range of performance goals for each performance measure that it selected from § 2.2(b). The Committee next established the bonus amounts that each Covered Employee could earn at the end of the year to correspond with where on the range of performance goals the actual performance was. At some arbitrarily designated point on the range of performance goals the Committee assigned what it called an Officer's target bonus. Depending where on the range the actual performance was, the actual bonus could be as little as 25% or as much as 200% of the target bonus.

18. In addition, because the Committee used more than one of the financial measures specified in § 2.2(b) of the 2007 Plan, at the beginning of each year, the Committee assigned a weight for each performance measure and multiplied the weight by the percentage point (between 25% and 200%) on the range of performance goals that corresponded to the actual performance. When this weighted percentage point was calculated for each of these performance measures, they would be added up to equal a total multiplier for each participant. The aforesaid target bonus was then multiplied by this performance multiplier to calculate the actual bonus under the 2007 Plan. This, at least, was how the 2007 Plan was supposed to work.

WRONGFUL ACTS AND OMISSIONS

19. But from 2008 through 2011, in addition to using the objective performance measures, as required by § 2.2(b) of the 2007 Plan, the Committee also used subjective, non-financial qualitative factors to determine approximately 20% of the bonus awarded to each Officer. The Committee assigned a weight to these qualitative factors. Because these qualitative factors could be determined only by using discretion, the inclusion of these qualitative factors violated the 2007 Plan. Their inclusion also violated IRC § 162(m) because to qualify for a tax deduction under that sub-section, the terms of the objective formula used by the Committee must preclude discretion to increase the amount payable beyond what was achieved according to the objective performance measures. Treas. Reg. § 1.162-27(e)(2)(iii)(A).

20. Qualitative factors were subjective and discretionary and were based on, for example, the extent to which the Committee, in its discretion, found that the performance targets were met in ways that related to the fundamentals of the business and furthered the Company's long-term interests as well as the appropriateness of excluding unusual expenses or impacts on financial results, such as restructuring charges and employee separation costs, which the Committee believed had the effect of distorting the performance goals. These qualitative factors

were not pre-established and objective, but instead were based on the Committee's subjective discretionary determination rather than objective fact.

21. In addition, from 2009 through 2011, the Committee wrongfully arrogated to itself the positive discretion to provide additional compensation based on the accomplishments of each executive in a particular year. The Committee used that discretion to reward the Covered Employees for such subjective performance as leadership and vision, continuing to navigate economic challenges, continuing to foster a diverse and inclusive corporate culture, continuing to enhance the legal function across Viacom and its divisions, and achieving success in his risk management and technology responsibilities. While leadership and vision are impossible to measure objectively, none of these accomplishments was held to any objective, quantifiable standard. Rather, the Committee determined these accomplishments subjectively, to award more bonus compensation discretionarily without a pre-established formula. This discretionary increase contravened the 2007 Plan because § 2.4 thereof allowed the Committee only the negative discretion to decrease the product of the performance multiplier and the target bonus amount.

22. Subjectivity pervades this bonus calculation in other ways as well. For example, in violation of the 2007 Plan, with regard to the Covered Employees, defendant Dauman made specific bonus recommendations for each participant other than Sumner Redstone and himself.

23. These improper increases to executive compensation can be quantified for each year and for each Executive from 2008 to 2011. The following calculations explain exactly how much money Viacom paid in excess of what the 2007 Plan and IRC § 162(m) allow.

24. From 2008 to 2011 the Committee established performance goals based on two of the objective financial measures in § 2.2(b) of the 2007 Plan: Operating Income and Free Cash Flow. But, as noted above, during this time period, the Committee also improperly used

discretionary, subjective, qualitative factors to increase the bonus amounts beyond what the 2007 Plan and IRC § 162(m) allow.

25. For 2008, the weight was 34% for Operating Income, 29% for Free Cash Flow, and 20% for qualitative factors adding up to a performance multiplier of 83%. Eliminating the 20% for the qualitative factors would have resulted in a performance multiplier of 63%.

26. For 2008, Sumner M. Redstone's target bonus was $4,750,000. The Committee authorized an actual bonus of $3,942,500, which was 83% of his target bonus. But if the Committee had eliminated the improper qualitative factors, it would have authorized only 63% of his target bonus or $2,992,500 or $950,000 less.

27. For 2008, Philippe P. Dauman's target bonus was $9,500,000. The Committee authorized an actual bonus of $7,885,000, which was 83% of his target bonus. But if the Committee had eliminated the improper qualitative factors, it would have authorized only 63% of his target bonus or $5,985,000 or $1,900,000 less.

28. For 2008, Thomas E. Dooley's target bonus was $7,600,000. The Committee authorized an actual bonus of $6,308,000, which was 83% of his target bonus. But if the Committee had eliminated the improper qualitative factors, it would have authorized only 63% of his target bonus or $4,788,000 or $1,520,000 less.

29. For 2008, by failing to authorize annual cash bonuses in accordance with the terms and provisions of the 2007 Plan, while purporting to authorize bonuses under it, the Committee authorized payment to the three Executive numbers of the Board an excess in the aggregate of $4,370,000.

30. For 2009 through 2011, the Committee used not only qualitative factors, it also used positive discretion to increase the actual bonuses to amounts greater than the product of the performance multiplier and the target bonus.

31. For 2009, the weight was 45% for Operating Income, 40% for Free Cash Flow, and 25% for qualitative factors for a total of 110%. Eliminating the 25% for the qualitative factors results in a total performance multiplier of 85%. Thus, for 2009, the total performance multiplier for all participants in the 2007 Plan was 110%, but it should have been 85%.

32. For 2009, Sumner M. Redstone's target bonus was $4,750,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $6,270,000. If the Committee had eliminated the improper qualitative factors and instead not authorized anything in excess of 85%, it would have authorized $4,037,500. So, the total excess for Sumner M. Redstone for 2009 was $1,187,500 based on qualitative factors and $1,045,000 based on positive discretion for a total of $2,232,500.

33. For 2009, Philippe P. Dauman's target bonus was $9,500,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $12,540,000. If the Committee had eliminated the improper qualitative factors and instead not authorized anything in excess of 85%, it would have authorized $8,075,000. So, the total excess for Philippe P. Dauman for 2009 was $2,375,000 from qualitative factors and $2,090,000 from positive discretion for a total of $4,465,000.

34. For 2009, Thomas E. Dooley's target bonus was $7,600,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $10,032,000. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 85%, it would have authorized $6,460,000. So, the total excess for Thomas E. Dooley for 2009 was $1,900,000 from qualitative factors and $1,672,000 from positive discretion for a total of $3,572,000.

35. For 2009, by failing to authorize annual cash bonuses in accordance with the terms and provisions of the 2007 Plan, and while purporting to authorize bonuses under it, the

Committee authorized payment to the three Executive members of the Board an excess in the aggregate of $10,269,500.

36. For 2010, the weight was 63% for Operating Income, 29% for Free Cash Flow, and 21% for qualitative factors for a total of 113%. Eliminating the 21% for the qualitative factors results in a total performance multiplier of 92%. Thus, for 2010, the total performance multiplier for all participants in the 2007 Plan was 113%, but it should have been 92%.

37. For 2010, Sumner M. Redstone's target bonus was $4,500,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $5,625,000. If the Committee had eliminated the qualitative factors and instead not paid anything in excess of 92%, it would have authorized $4,140,000. So, the total excess for Sumner M. Redstone for 2009 was $540,000 from qualitative factors and $945,000 from positive discretion for a total of $1,485,000.

38. For 2010, Philippe P. Dauman's target bonus was $9,000,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $11,250,000. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 92%, it would have authorized $8,280,000. So, the total excess for Philippe P. Dauman for 2009 was $1,890,000 from qualitative factors and $1,080,000 from positive discretion for a total of $2,970,000.

39. For 2010, Thomas E. Dooley's target bonus was $7,125,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $8,906,250. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 92%, it would have authorized $6,555,000. So, the total excess for Thomas E. Dooley for 2009 was $1,496,250 from qualitative factors and $855,000 from positive discretion for a total of 2,351,250.

40. For 2010, by failing to authorize annual cash bonuses in accordance with the terms and provisions of the 2007 Plan, while purporting to authorize bonuses under it, the Committee authorized payment to the three Executive members of the Board an excess in the aggregate of $6,806,250.

41. For 2011, the weight was 77% for Operating Income, 35% for Free Cash Flow, and 25% for qualitative factors for a total of 137%. Eliminating the 25% for the qualitative factors results in a total performance multiplier of 112%. Thus, for 2011, the performance multiplier for all participants in the 2007 Plan was 137%, but it should have been 112%.

42. For 2011, Sumner M. Redstone's Target Bonus was $6,000,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $10,000,000. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 112%, it would have authorized $6,720,000. So, the total excess for Sumner M. Redstone for 2009 was $1,500,000 from qualitative factors and $1,780,000 from positive discretion for a total of $3,280,000.

43. For 2011, Philippe P. Dauman's Target Bonus was $12,000,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $20,000,000. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 112%, it would have authorized $13,440,000. So, the total excess for Philippe P. Dauman for 2009 was $3,000,000 from qualitative factors and $3,560,000 from positive discretion for a total of $6,560,000.

44. For 2011, Thomas E. Dooley's target bonus was $9,500,000. The Committee, purporting to act under the 2007 Plan, but using qualitative factors and positive discretion, authorized an actual bonus of $16,000,000. If the Committee had eliminated the qualitative factors and instead not authorized anything in excess of 112%, it would have paid him

$10,640,000. So, the total excess for Thomas E. Dooley for 2009 was $2,375,000 from qualitative factors and $2,985,000 from positive discretion for a total of $5,360,000.

45. For 2011, by failing to authorize annual cash bonuses in accordance with the terms and provisions of the 2007 Plan, while purporting to authorize bonuses under it, the Committee authorized payment to the three Executive members of the Board an excess in the aggregate of $15,200,000.

46. Thus for 2008 through 2011, the Committee authorized for Sumner M. Redstone, Philippe P. Dauman, and Thomas E. Dooley excess compensation under the 2007 Plan in the amount of $36,645,750.

PRE-SUIT DEMAND IS EXCUSED UNDER APPLICABLE DELAWARE LAW

47. Plaintiff has not made any demand on the Company's board of directors to institute an action by the Company against its Directors. Under applicable Delaware law, if demand is made and rejected, the stockholder's challenge must be not to the underlying transaction, but to the board's decision not to bring the lawsuit. Moreover, a stockholder who makes such a demand on the board of a Delaware corporation thereby waives his argument that the board is not disinterested and independent. Delaware law thus substantially alters the nature of a plaintiff's claim where demand has been made and conversely gives shareholders considering litigation good reason not to make demand.

48. Applicable Delaware law excuses pre-suit demand as futile in a stockholders' derivative action where there is reasonable doubt that a majority of the board of directors can claim the protections of the business judgment rule. A director cannot claim the protections of the business judgment rule where he is interested, lacks independence, commits waste, or authorizes compensation in contravention of a plan. The entire question of demand futility is inextricably bound to issues of business judgment.

49. At bar there are eleven members of the Board. Three of the directors are the Executives who received the excessive compensation at issue, so they are interested in the challenged transactions. Two other directors, defendants George S. Abrams and Shari Redstone, are admitted to be "Not Independent" in the 2012 proxy statement. Another director, Alan C. Greenberg, is a long-time close personal friend of and adviser to Sumner Redstone. In an opinion by the Honorable Charles Edward Ramos, in *In re Viacom Inc. Shareholder Derivative Litigation*, 2006 N.Y. Misc. LEXIS 2891, at *10-*12 (N.Y. Sup. June 26, 2005), where the complaint challenged the compensation of Sumner M. Redstone, the court held that defendant Greenberg was not an independent director. The four members of the Committee, Defendants Frederic V. Salerno, Blythe J. McGarvie, Charles E. Phillips, Jr., and William Schwartz, and the former member of the Committee, Robert K. Kraft, are not protected by the business judgment rule because they authorized compensation in contravention of the 2007 Plan. Six members of the Board are interested and not independent, and nobody on the Board is protected by the business judgment rule.

FIRST CLAIM FOR RELIEF
(Derivative Claim On Behalf of the Company Against Directors)

50. Plaintiff reincorporates herein the allegations of paragraphs 1 through 49.

51. Paragraphs 1 through 49 state a claim for relief as a stockholder's derivative action on behalf of the Company against the Directors under Delaware law.

52. The conduct of the Directors in authorizing the Executives' excessive compensation under the 2007 Plan in contravention of the 2007 Plan and accepting that excessive compensation constitutes disloyalty, waste, and is not the product of a valid exercise or business judgment. Such conduct also constitutes unjust enrichment.

53. As a result of these actions of the Directors, the Company has been and will be injured. If the Committee administers the 2012 Plan as it did the 2007 Plan, the Company will be injured.

SECOND CLAIM FOR RELIEF
(Direct Claim against Directors)

54. Plaintiff reincorporates herein the allegations of paragraphs 1 through 46. Because this second claim is a direct claim no per-suit demand on the board is required.

55. By means of the Notice, the Directors solicited stockholder approval of the Company's 2012 Plan. The Board's purpose of seeking shareholder approval of the 2012 Plan was to allow compensation paid pursuant to awards made after the 2012 annual meeting to continue to be tax deductible to the Company as "performance based compensation" pursuant to IRC § 162(m). Treas. Reg. § 1.162-27(e)(4)(vi) requires stockholder reapproval of the 2007 Plan every five years.

56. The Notice informed the stockholders that although the Class B stockholders were invited to the annual meeting, they were not entitled to vote there. But voting on a compensation plan in order that it provide tax deductible compensation is a matter of federal law concerning U.S. income taxes, an exclusive federal matter. The statute requires approval "by a majority of the vote in a separate shareholder vote." IRC § 162(m)(4)(c)(ii). The definition of stock under the Internal Revenue Code is not limited to voting stock. IRC § 7701(a)(7), defining terms wherever used in the Code, defines "stock" without stating any voting requirements. And IRC § 7701(a)(8) defines "shareholder" without limiting it to a holder of voting stock or stock entitled to vote. By contrast, when Congress intends to limit the meaning of stock to voting stock, it does so. IRC § 368(a)(1)(B) and (C), defining the term "reorganization," uses the words "voting stock" to include an acquisition of stock or assets (for voting stock) as coming within the definition. IRC § 162(m)(4)(C)(ii) simply requires a "shareholder vote" without a further

reference to holders of "voting stock" or "stock entitled to vote," as stated in IRC § 355(d)(4) (concerning distributions of stock and securities of a controlled corporation).

57. Defendant Sumner M. Redstone owns, directly and indirectly, 79.5% of the Class A shares. He caused his Class A shares to be voted in favor of the 2012 Plan. Without a vote of the Class B shares, passage of the 2012 Plan was assured, no matter what the other stockholders wanted.

58. The Internal Revenue Code under § 162(m)(4)(C)(ii) requires that all shareholders have a vote on plans providing for tax-deductible compensation under IRC § 162(m).

59. The court should order a new vote on the 2012 Plan with the Class B shareholders voting on it.

PRAYER FOR RELIEF

WHEREFORE, plaintiffs prays for the following relief:

A. Damages in the amount of $36,645,750, plus interest, in favor of the Company against the Individual Defendants.

B. An Injunction in favor of the Company against the Individual Defendants from paying excessive compensation under the 2012 Plan, which by its terms is substantially identical to the 2007 Plan.

C. An injunction against all Directors requiring a new vote on the 2012 Plan with the participation of the Class B shareholders.

D. For an order awarding plaintiff the costs and disbursements of this action including reasonable accountants', experts', and attorneys' fees; and

E. Granting such additional or different relief, as the interests of justice or equity may require.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: August 17, 2012

FARNAN LLP

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