

Viacom Inc.
Form 11-K
June 25, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549-1004

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-32686

VIACOM 401(k) PLAN

(Full title of the Plan)

VIACOM INC.

(Name of issuer of the securities held pursuant to the plan)

1515 Broadway

New York, NY 10036

(Address of principal executive offices)

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VIACOM 401(k) PLAN

FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULE AND EXHIBIT

DECEMBER 31, 2009

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of

Viacom 401(k) Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Viacom 401(k) Plan (the Plan) at December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York

June 24, 2010

Table of Contents**VIACOM 401(k) PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

(In thousands)

| | December 31, | |
|--|-------------------|-------------------|
| | 2009 | 2008 |
| ASSETS | | |
| Cash and cash equivalents | \$ | \$ 938 |
| Investments: | | |
| Investments, at fair value | 425,240 | 304,929 |
| Fully benefit-responsive investment contracts, at fair value | 83,277 | 76,868 |
| Total investments | 508,517 | 381,797 |
| Receivables: | | |
| Employee contributions | 1,044 | 245 |
| Employer contributions | 457 | 96 |
| Due from broker for securities sold | 98 | 158 |
| Investment income | 81 | 141 |
| Total receivables | 1,680 | 640 |
| Total assets | 510,197 | 383,375 |
| LIABILITIES | | |
| Accrued expenses and other liabilities | 220 | 249 |
| Due to broker for securities purchased | 126 | 545 |
| Total liabilities | 346 | 794 |
| Net assets reflecting all investments at fair value | 509,851 | 382,581 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (2,656) | 1,909 |
| Net assets available for benefits | \$ 507,195 | \$ 384,490 |

See accompanying notes to financial statements.

Table of Contents**VIACOM 401(k) PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****(In thousands)**

| | Year Ended |
|---|--------------------------|
| | December 31, 2009 |
| Additions to net assets attributed to: | |
| Investment income: | |
| Dividends | \$ 2,788 |
| Interest | 3,442 |
| Net appreciation in fair value of investments | 98,714 |
| Total investment gain | 104,944 |
| Contributions: | |
| Employee | 45,471 |
| Employer | 17,848 |
| Rollover | 1,625 |
| Total contributions | 64,944 |
| Total additions attributed to investments and contributions | 169,888 |
| Deductions from net assets attributed to: | |
| Plan transfers (Note 1) | 9,615 |
| Benefits paid to participants | 36,104 |
| Plan expenses | 1,464 |
| Total deductions | 47,183 |
| Net increase in net assets available for benefits | 122,705 |
| Net assets available for benefits, beginning of year | 384,490 |
| Net assets available for benefits, end of year | \$ 507,195 |

See accompanying notes to financial statements.

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VIACOM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(Tabular dollars in thousands)

NOTE 1 PLAN DESCRIPTION

Viacom Inc. ("Viacom" or the "Company") established the Viacom 401(k) Plan (the "Plan"), effective on January 1, 2006.

The following is a brief description of the Plan and is provided for general information only. Participants should refer to the Plan document and the Summary Plan Description made available to them for more complete information regarding the Plan.

The Plan, sponsored by the Company, is a defined contribution plan offered on a voluntary basis to substantially all of the Company's employees. The Plan is subject to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is administered by the Viacom Retirement Committee, the members of which were appointed by the Company's Board of Directors (the "Board") or its designee.

JPMorgan Chase Bank, N.A. (the "Trustee") is the trustee and custodian of the Plan and JPMorgan Retirement Plan Services LLC ("JPM RPS") is the recordkeeper for the Plan.

Related Party Transactions

Certain short term investments for the Plan are invested in a fund managed by JPMorgan Asset Management, an affiliate of the Trustee, and are considered a "party-in-interest" as such term is defined in ERISA. In addition, certain Plan investments are in shares of Class A and Class B common stock of the Company and qualify as a party-in-interest. During the year ended December 31, 2009, the Plan sold shares of Viacom Class A and Class B common stock for total proceeds of \$13.3 million and purchased Viacom Class B common stock at a cost of \$9.9 million. During the year ended December 31, 2009, Viacom Class A and Class B common stock appreciated \$24.5 million related to the net of realized and unrealized gains and losses.

Plan Transfers

On January 12, 2009, the assets in the Plan attributable to freelance and project-based employees of MTV Networks, in the amount of approximately \$9.6 million, were transferred to the Viacom 401(k) Plan for Project Based Employees, which is a new plan effective as of January 1, 2009.

Eligibility

Eligible full-time employees may become participants in the Plan following the attainment of age 21. Eligible part-time employees participate in the Plan on the first of the month after attainment of age 21 and completion of one thousand hours of service within the consecutive twelve-month period beginning with their date of hire or within any plan year (January 1 through December 31) thereafter.

Participant Accounts

Each participant's account is credited with the participant's contributions, the employer matching contributions and the participant's share of the Plan's income or losses in the investment options selected, net of certain plan expenses.

Plan participants have the option of investing their contributions and existing account balances among fifteen investment options. These investment options include separately managed investment portfolios,

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VIACOM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Tabular dollars in thousands)

common/collective trust funds, registered investment companies (mutual funds) and Viacom Class B common stock. Some plan participants are invested in Viacom Class A common stock, but that fund is closed to new investment. The securities held by these investment options are described in greater detail in Note 2.

Contributions

Effective April 1, 2009, participants are permitted to contribute up to 50% of annual compensation, subject to applicable Code limitations discussed below, on a combination before-tax and/or after-tax basis with after-tax contributions limited to 15%. Prior to April 1, 2009, the Plan permitted participants to contribute up to 15% of annual compensation on a before-tax, or combination basis, subject to the applicable Code limitations. Effective January 1, 2010, participants are no longer permitted to contribute to the Plan on an after-tax basis.

Any eligible employee is deemed to have authorized the Company to make before-tax contributions in the Plan in an amount equal to 5% of the employee's eligible compensation upon his or her date of hire. Deemed authorization takes effect following the 45 day the employee becomes eligible to participate in the Plan unless the employee elects not to participate in the Plan or to participate at a different contribution rate.

The Code limited the amount of annual participant contributions that can be made on a before-tax basis to \$16,500 for 2009. Compensation considered under the Plan based on Code limits could not exceed \$245,000 for 2009. The Code also limited annual aggregate participant and employer contributions to the lesser of \$49,000 or 100% of compensation in 2009. All contributions made to the Plan on an annual basis may be further limited due to certain non-discrimination tests prescribed by the Code.

All participants who have attained age 50 before the close of the calendar year are eligible to make catch-up contributions if the participants made the maximum contribution permitted under the Plan for a plan year. The limit for catch-up contributions was \$5,500 in 2009.

Effective April 1, 2009, the employer matching contribution is equal to 100% of the first 1% and 50% of the next 5% of eligible compensation contributed on a before-tax basis and employer matching contributions are invested according to the participant's investment elections. Catch-up contributions are not treated as matchable contributions. Prior to April 1, 2009, the employer matching contribution was equal to 60% of the first 5% of eligible compensation contributed on a before tax-basis. Employer matching contributions were initially invested entirely in Viacom Class B common stock with participants able to transfer the employer matching contributions to any other investment fund offered under the Plan at any time.

Vesting

Participants in the Plan are immediately vested in their own contributions and earnings thereon. Effective April 1, 2009, employer matching contributions vest at 100% after two years of service. Prior to April 1, 2009, employer matching contributions vested at 20% per year of service, becoming fully vested after five years of service. Of these two vesting schedules, a participant who was an employee on March 31, 2009 will be vested in their matching contributions at whichever vesting schedule is more beneficial to the participant, based on years of service.

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VIACOM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Tabular dollars in thousands)

Transition rules apply to participants of plans that were merged into the Plan. If participants terminate employment prior to being vested in their employer matching contributions, upon distribution of the vested portion of their account, the non-vested portion of their account is forfeited and may be used to reduce future employer matching contributions and to pay administrative expenses. As of December 31, 2009, the Company had forfeitures of approximately \$2.4 million available to be used as noted above, which includes interest earned on forfeitures of approximately \$0.1 million. Employer matching contributions of approximately \$0.6 million were forfeited in 2009 and the Company utilized forfeitures of approximately \$0.4 million in 2009 to pay administrative expenses.

Loans to Participants

Participants may request a loan of up to the lesser of 50% of the participant's vested account balance or \$50,000, reduced by the highest outstanding balance of any Plan loan made to the participant during the twelve-month period ending on the day before the loan is made. The minimum loan available to a participant is \$500. The interest rate on participant loans is one percentage point above the annual prime commercial rate (as published in the Wall Street Journal) on the first day of the calendar month in which the loan is approved, with principal and interest payable not less than quarterly through payroll deductions. Only one loan may be outstanding at any time. Participants may elect repayment periods from 12 to 60 months commencing as soon as administratively possible following the distribution of the loan. The Plan allows participants to elect a repayment period of up to 300 months for loans used for the acquisition of a principal residence. Repayments of loan principal and interest are allocated in accordance with the participant's then current investment elections.

Included in *Investments, at fair value* on the Statements of Net Assets Available for Benefits are loans outstanding of \$7.1 million which carried interest rates ranging from 4.25% to 12% as of December 31, 2009.

Distributions and Withdrawals

Earnings on both employee and employer contributions are not subject to income tax until they are distributed or withdrawn from the Plan.

Participants in the Plan, or their beneficiaries, may receive their vested account balances in a lump sum or in installments over a period of up to 20 years in the event of retirement, termination of employment, disability or death. Participants must receive a required minimum distribution upon attainment of age 70 1/2 unless they are still employed.

Participants in the Plan may withdraw all of their after-tax and rollover contributions at any time. Upon attainment of age 59 1/2, participants may withdraw all or part of their vested account. The Plan limits participants to a maximum of two withdrawals in each calendar year.

A participant may obtain a financial hardship withdrawal of the employee's before-tax contributions and the vested portion of employer matching contributions through December 31, 2009, provided that the requirements for hardship are met and only to the extent required to relieve such financial hardship. There is no restriction on the number of hardship withdrawals permitted.

When a participant terminates employment with the Company, the full value of the employee contributions and earnings thereon plus the value of all vested employer matching contributions and earnings thereon can be rolled over to a tax qualified retirement plan or an Individual Retirement Account or remain in the Plan rather

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VIACOM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Tabular dollars in thousands)

than being distributed. If the vested account balance is \$1,000 or less and the participant does not make an election to roll over the vested balance, it will be automatically paid in a single lump sum cash payment and taxes will be withheld from the distribution.

Plan Expenses

The fees for investment of Plan assets are charged to the Plan's investment funds. Certain administrative expenses, such as legal and accounting fees, may be paid by the Plan using forfeitures as described above or may be paid by the Company. Recordkeeping and Trustee fees are paid from participant accounts. For 2009, \$0.8 million was paid to JPM RPS for recordkeeping services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting.

Fair Value Measurements and Income Recognition

Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under the FASB guidance are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value including the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Common Stocks: Common stocks are reported at fair value based on quoted market prices on national securities exchanges. Substantially all common stocks are classified within level 1 of the valuation hierarchy.

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NOTES TO FINANCIAL STATEMENTS (continued)

(Tabular dollars in thousands)

Common/Collective Trust Funds: The fair values of investments in common/collective trust funds are based on their net asset values (NAV) reported by the investment advisor in the audited financial statements of the common/collective trusts at year-end. Each common/collective trust provides for daily participant redemptions by the Plan at reported net asset values per share, with no advance notice requirement. The NAV is a quoted price in a market that is not active and classified within level 2 of the valuation hierarchy.

Registered Investment Companies (Mutual Funds): Investments in registered investment companies are stated at the respective funds' NAV, which is determined based on market values at the closing price on the last business day of the year. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Guaranteed Investment Contracts: The fair value of the synthetic guaranteed investment contracts (GICs) is based on the underlying investments. The underlying investments are common/collective trust funds, which are public investment vehicles, valued at the NAV as described above. Because the NAV is a quoted price in a market that is not active, they are classified within level 2 of the valuation hierarchy. The related wrapper contracts have a fair value of \$38,212 and \$109,136 at December 31, 2009 and 2008, respectively. The wrapper contracts are valued by INVESCO, the administrator of the fund using other significant observable inputs in a valuation model and are classified within level 2 of the valuation hierarchy. See Note 7 for further information on INVESCO and these contracts.

U.S. Government Securities: Short-term money market obligations are carried at amortized cost, which approximates fair value and are classified within level 2 of the valuation hierarchy.

Participant Loans: Participant loans are valued at amortized cost, which approximates fair value and are classified within level 2 of the valuation hierarchy.

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)****(Tabular dollars in thousands)**

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2009 and 2008. The Plan has no investments classified within level 3 of the valuation hierarchy.

| (in thousands) | Investments at Fair Value as of December 31, 2009 | | |
|--|---|---|-------------------|
| | Quoted Prices In | | Total |
| | Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | |
| Common Stocks | | | |
| Consumer | \$ 75,898 | \$ | \$ 75,898 |
| Information Technology | 26,285 | | 26,285 |
| Financial | 10,987 | | 10,987 |
| Industrial | 9,399 | | 9,399 |
| Health Care | 8,806 | | 8,806 |
| Energy | 7,785 | | 7,785 |
| Other | 3,877 | | 3,877 |
| Total Common Stocks | \$ 143,037 | \$ | \$ 143,037 |
| Common / Collective Trust Funds | | | |
| Index | \$ | \$ 86,378 | \$ 86,378 |
| Growth | | 58,470 | 58,470 |
| Fixed Income | | 33,072 | 33,072 |
| Other | | 3,470 | 3,470 |
| Total Common/Collective Trust Funds | \$ | \$ 181,390 | \$ 181,390 |
| Registered Investment Companies | | | |
| Growth | \$ 42,318 | \$ | \$ 42,318 |
| Balanced Funds | 45,269 | | 45,269 |
| Index | 3,086 | | 3,086 |
| Total Registered Investment Companies | \$ 90,673 | \$ | \$ 90,673 |
| Synthetic Guaranteed Investment Contracts | \$ | \$ 83,277 | \$ 83,277 |
| U.S. Government Securities | | 3,039 | 3,039 |
| Participant Loans | | 7,101 | 7,101 |
| Total Investments At Fair Value | \$ 233,710 | \$ 274,807 | \$ 508,517 |

Investments at Fair Value as of December 31, 2008
Quoted Prices In

| (in thousands) | Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Total |
|---|--|--|-------------------|
| Common Stocks | \$ 103,922 | \$ 864 | \$ 104,786 |
| Common / Collective Trust Funds | | 126,949 | 126,949 |
| Registered Investment Companies | 60,806 | | 60,806 |
| Synthetic Guaranteed Investment Contracts | | 76,868 | 76,868 |
| U.S. Government Securities | | 4,950 | 4,950 |
| Participant Loans | | 7,438 | 7,438 |
| Total Investments At Fair Value | \$ 164,728 | \$ 217,069 | \$ 381,797 |

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)****(Tabular dollars in thousands)***Security Transactions*

Purchases and sales of securities are recorded on the trade date. The average cost basis is used to determine gains or losses on security dispositions.

Interest income is accrued as earned and dividend income is recorded on the ex-dividend date.

Included in the Statement of Changes in Net Assets Available for Benefits is the net appreciation in the fair value of the Plan's investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan to make estimates and assumptions, such as those regarding the fair value of investments, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

NOTE 3 RISKS AND UNCERTAINTIES

The Plan provides for various investment options that, along with the underlying securities, are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of such securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 4 INVESTMENTS

Individual investments representing 5% or more of the Plan's net assets available for benefits are identified below:

| | At December 31, | |
|--|------------------------|-------------------|
| | 2009 | 2008 |
| Blackrock Equity Index Fund ⁽²⁾ | \$ 64,330 | \$ 48,683 |
| Viacom Class B Common Stock | \$ 60,796 | \$ 40,120 |
| EB CIS Aggregate Bond Index Fund of the Bank of New York Mellon ⁽³⁾ | \$ 33,072 | \$ 26,844 |
| Capital Guardian International Equity Fund | \$ 29,935 | \$ 23,527 |
| Capital Guardian Emerging Markets Equity Fund | \$ 28,535 | \$ ⁽¹⁾ |

⁽¹⁾ Represents less than 5% during the respective year.

⁽²⁾ This Fund was previously named Barclays Global Investors S&P 500 Index Fund in 2008.

⁽³⁾ This Fund was previously named Mellon Bank EB SMAM Aggregate Bond Index Fund in 2008.

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)****(Tabular dollars in thousands)**

During the year ended December 31, 2009 the Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated as follows:

| | |
|--|-----------|
| Registered investment companies (mutual funds) | \$ 15,268 |
| Common stocks | 45,028 |
| Common/Collective trust funds | 38,380 |
| Other investments | 38 |
| | |
| Net appreciation in fair value of investments | \$ 98,714 |

NOTE 5 INCOME TAX STATUS

On October 9, 2008, the Plan received a determination from the Internal Revenue Service (IRS) that the Plan satisfies the requirements of Section 401(a) of the Code and that the trust thereunder is exempt from federal income taxes under the provisions of Section 501(a) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Code.

NOTE 6 TERMINATION PRIORITIES

Although the Company anticipates that the Plan will continue indefinitely, it reserves the right by action of the Board of Directors to amend or terminate the Plan provided that such action does not retroactively reduce earned participant benefits. In the event of Plan termination, participants become fully vested. Upon termination, the Plan provides that the net assets of the Plan would be distributed to participants based on their respective account balances.

NOTE 7 INVESTMENT IN FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan accounts for guaranteed investment contracts in accordance with the accounting and reporting guidance related to Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans. Contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined-contribution plan attributable to fully benefit-responsive contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through the INVESCO Fund. As required by the guidance, the Statements of Net Assets Available for Benefits present the fair value of the investment in the INVESCO Fund from fair value to contract value for fully benefit-responsive investment contracts. The Statements of Net Assets Available for Benefits are prepared on a contract value basis.

The INVESCO Fund (the Fund) invests primarily in fully benefit-responsive investment contracts such as traditional GICs and wrapper contracts (also known as synthetic GICs). In a traditional GIC, the issuer takes a deposit from the Fund and purchases investments that are held in the issuer's general account. The issuer is contractually obligated to repay the principal and a specified rate of interest guaranteed to the Fund. The fair value of the investment contracts use a formula that is based on the characteristics of the underlying fixed income portfolio under each contract, as further described below.

In a wrapper contract structure, the underlying investments are owned by the Fund and held in trust for plan participants and are of high quality fixed income securities or investment funds. The Fund purchases a wrapper

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VIACOM 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Tabular dollars in thousands)

contract from an insurance company or bank. The wrapper contract amortizes the realized and unrealized gains and losses on the underlying fixed income investments, typically over the expected duration of the investment through adjustments to the future interest crediting rate (which is the rate earned by participants in the fund for the underlying investments which resets on a monthly basis). The issuer of the wrapper contract provides assurance that the adjustments to the interest crediting rate do not result in a future interest crediting rate that is less than zero. An interest crediting rate less than zero would result in a loss of principal or accrued interest.

The key factors that influence future interest crediting rates for a wrapper contract include: the level of market interest rates, the amount and timing of participant activity into/out of the wrapper contract, the investment returns generated by the fixed income investments that back the wrapper contract, and the duration of the underlying investments backing the wrapper contract.

Changes in market interest rates affect the yield to maturity and the market value of the underlying investments; therefore, they can have a material impact on the wrapper contract's interest crediting rate. In addition, participant withdrawals and transfers from the Fund are paid at contract value but funded through the market value liquidation of the underlying investments, which also impacts the interest credit rating. The resulting gains and losses in the market value of the underlying investments relative to the wrapper contract value are represented on the Statements of Net Assets Available for Benefits as the *Adjustment from fair value to contract value for fully benefit-responsive investment contracts*. If the adjustment from fair value to contract value is positive for a given contract, this indicates that the wrapper contract value is greater than the market value of the underlying investments. The embedded market value losses will be amortized in the future through a lower interest crediting rate than would otherwise be the case. If the adjustment from fair value to contract value is negative, this indicates that the wrapper contract value is less than the market value of the underlying investments. The amortization of the embedded market value gains will cause the future interest crediting rate to be higher than it otherwise would have been.

All wrapper contracts provide for a minimum interest crediting rate of zero percent. In the event that the interest crediting rate should fall to zero and the requirements of the wrapper contract are satisfied, the wrapper issuers will pay to the Plan the shortfall needed to maintain the interest crediting rate at zero. This ensures that participants' principal and accrued interest are protected.

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)**

(Tabular dollars in thousands)

The following table details the individual synthetic guaranteed investment contracts at fair value and their adjustment to contract value of \$80.6 million held by the INVESCO Fund at December 31, 2009:

| Contract Issuer | Security Name | Issuer Ratings | Investments at Fair Value | Wrap Contracts at Fair Value | Adjustment to Contract Value |
|------------------------------|---|----------------|---------------------------|------------------------------|------------------------------|
| Bank of America NA | Wrapper | A+/Aa3 | | \$ 23 | |
| | IGT INVESCO Short-term Bond Fund | | \$ 19,968 | | |
| | | | 19,968 | 23 | \$ (514) |
| ING Life & Annuity | Wrapper | A+/A2 | | 15 | |
| | IGT INVESCO Multi-Mgr A or Better Intermediate G/C Fund | | 15,225 | | |
| | | | 15,225 | 15 | (689) |
| Monumental Life Insurance Co | Wrapper | AA-/A1 | | 0 | |
| | IGT INVESCO Multi-Mgr A or Better Intermediate G/C Fund | | 15,192 | | |
| | | | 15,192 | 0 | (685) |
| Pacific Life Insurance Co | Wrapper | AA-/A1 | | 0 | |
| | IGT INVESCO Multi-Mgr A or Better Core Fund | | 12,982 | | |
| | | | 12,982 | 0 | (278) |
| State Street Bank | Wrapper | AA-/Aa2 | | 0 | |
| | IGT INVESCO Short-term Bond Fund | | 19,872 | | |
| | | | 19,872 | 0 | (490) |
| Total | | | \$ 83,239 | \$ 38 | \$ (2,656) |

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)**

(Tabular dollars in thousands)

The following table details the individual synthetic guaranteed investment contracts at fair value and their adjustment to contract value of \$78.8 million held by the INVESCO Fund at December 31, 2008:

| Contract Issuer | Security Name | Issuer Ratings | Investments at Fair Value | Wrap Contracts at Fair Value | Adjustment to Contract Value |
|------------------------------|---|----------------|---------------------------|------------------------------|------------------------------|
| Bank of America NA | Wrapper | AA-/Aaa | | \$ 45 | |
| | IGT INVESCO Short-term Bond Fund | | \$ 18,440 | | |
| | | | 18,440 | 45 | \$ 575 |
| ING Life & Annuity | Wrapper | AA/Aa3 | | 15 | |
| | IGT INVESCO Multi-Mgr A or Better Intermediate G/C Fund | | 14,042 | | |
| | | | 14,042 | 15 | 258 |
| Monumental Life Insurance Co | Wrapper | AA/Aa3 | | 34 | |
| | IGT INVESCO Multi-Mgr A or Better Intermediate G/C Fund | | 14,018 | | |
| | | | 14,018 | 34 | 224 |
| Pacific Life Insurance Co | Wrapper | AA/Aa3 | | 0 | |
| | IGT INVESCO Multi-Mgr A or Better Core Fund | | 11,912 | | |
| | | | 11,912 | 0 | 251 |
| State Street Bank | Wrapper | AA/Aa1 | | 15 | |
| | IGT INVESCO Short-term Bond Fund | | 18,347 | | |
| | | | 18,347 | 15 | 601 |
| Total | | | \$ 76,759 | \$ 109 | \$ 1,909 |

The Company does not expect any employer initiated events that may cause premature liquidation of a contract at market value. The average yield to investments at fair value was approximately 3.13% and 7.10% for 2009 and 2008, respectively, and crediting interest rates to investments at fair value were approximately 4.15% and 4.25% at December 31, 2009 and 2008, respectively.

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)****(Tabular dollars in thousands)****NOTE 8 RECONCILIATION OF FINANCIAL STATEMENTS TO IRS FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | At December 31, | |
|--|------------------------|-------------------|
| | 2009 | 2008 |
| Net assets available for benefits per the financial statements | \$ 507,195 | \$ 384,490 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 2,656 | (1,909) |
| Amounts allocated to withdrawing participants | (145) | (175) |
| Deemed distribution of participant loans | (262) | (204) |
| Net assets available for benefits per the Form 5500 | \$ 509,444 | \$ 382,202 |

The following is a reconciliation of benefits paid to participants as reflected in the financial statements to the Form 5500:

| | Year Ended | |
|--|--------------------------|---------------|
| | December 31, 2009 | |
| Benefits paid to participants per the financial statements | \$ | 36,104 |
| Add: Amounts allocated to withdrawing participants at December 31, 2009 | | 145 |
| Less: Amounts allocated to withdrawing participants at December 31, 2008 | | (175) |
| Deemed loan offsets | | (50) |
| Benefits paid to participants per the Form 5500 | \$ | 36,024 |

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that were processed and approved for payment prior to December 31, 2009 but were not paid as of that date.

The following is a reconciliation of additions attributed to investments and contributions per the financial statements to the Form 5500:

| | Year Ended | |
|--|--------------------------|----------------|
| | December 31, 2009 | |
| Total additions attributed to investments and contributions per the financial statements | \$ | 169,888 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | | 4,565 |
| Total income per the Form 5500 (including Plan transfers) | \$ | 174,453 |

Table of Contents**VIACOM 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS (continued)****(Tabular dollars in thousands)**

The following is a reconciliation of net increase in net assets available for benefits per the financial statements to the Form 5500:

| | Year Ended |
|--|--------------------------|
| | December 31, 2009 |
| Net increase in net assets available for benefits per the financial statements | \$ 122,705 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 4,565 |
| Amounts allocated to withdrawing participants at December 31, 2009 | (145) |
| Amounts allocated to withdrawing participants at December 31, 2008 | 175 |
| Deemed loan offsets | 50 ⁽¹⁾ |
| Deemed distribution of participant loans | (108) |
| Net income per the Form 5500 (including Plan transfers) | \$ 127,242 |

⁽¹⁾ Previously reported as a deemed loan distribution on 2008 Form 5500.

NOTE 9 SUBSEQUENT EVENTS

Effective January 1, 2010, employees of Black Entertainment Television, LLC (BET) became participants of the Plan. Assets of approximately \$19 million were transferred into the Plan from the BET 401(k) Plan in February 2010.

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VIACOM 401(k) PLAN**SCHEDULE OF ASSETS HELD AT END OF YEAR****DECEMBER 31, 2009****(In thousands)**

| Identity of issuer, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost(1) | Current Value |
|---|---|---------|---------------|
| Common Stocks | | | |
| ACCENTURE PLS CLS A | | | 496 |
| AEGON NV AMER REGD CERT | | | 128 |
| ALTERA CORP COM STK | | | 540 |
| AMAZON COM INC COM STK | | | 630 |
| AMGEN INC COM STK | | | 939 |
| ANALOG DEVICES INC COM STK | | | 591 |
| AOL INC | | | 118 |
| APOLLO GROUP INC CLASS A COM STK | | | 831 |
| APPLE INC COM STK | | | 1,870 |
| AUTODESK INC COM STK | | | 84 |
| BAKER HUGHES INC COM STK | | | 810 |
| BANK OF NEW YORK MELLON CORP COM STK | | | 420 |
| BARRICK GOLD CORP COM | | | 421 |
| BB&T CORP COM STK | | | 261 |
| BEST BUY CO INC COM STK | | | 496 |
| BHP BILLITON LIMITED ADR | | | 558 |
| BMC SOFTWARE INC COM STK | | | 721 |
| BOEING CO COM STK | | | 610 |
| BOSTON SCIENTIFIC CORP COM STK | | | 405 |
| CADENCE DESIGN SYSTEMS INC COM STK | | | 90 |
| CAPITAL ONE FINANCIAL CORP COM STK | | | 1,028 |
| CARDINAL HEALTH INC COM STK | | | 61 |
| CAREFUSION CORP | | | 250 |
| CARMAX INC COM STK | | | 121 |
| CATERPILLAR INC COM STK | | | 351 |
| CEMEX S.A.B. DE C.V. ADR | | | 175 |
| CHEVRON CORP COM STK | | | 616 |
| CISCO SYSTEMS INC COM STK | | | 1,811 |
| CITRIX SYSTEMS INC COM STK | | | 374 |
| COACH INC COM STK | | | 964 |
| COMCAST CORP COM CLS A | | | 1,152 |
| COMPUTER SCIENCES CORP COM STK | | | 391 |
| COMPUWARE CORP COM STK | | | 181 |
| CONSOL ENERGY INC COM STK | | | 553 |
| COVIDIEN PLC SHS | | | 851 |
| CREDIT SUISSE GROUP ADR | | | 133 |
| CUMMINS INC COM STK | | | 537 |

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| | |
|-----------------------------------|-----|
| DIAGEO ADR | 160 |
| DIRECTV COM USD0.01 CLASS A | 115 |
| DISH NETWORK CORP CLASS A COM STK | 156 |
| DOMTAR CORPORATION COM STK | 58 |
| DOW CHEMICAL CO COM STK | 774 |

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VIACOM 401(k) PLAN**SCHEDULE OF ASSETS HELD AT END OF YEAR****DECEMBER 31, 2009****(In thousands)**

| Identity of issuer, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost(1) | Current Value |
|--|--|----------------|----------------------|
| DR HORTON INC COM STK | | | 80 |
| EATON CORP COM | | | 616 |
| EBAY INC COM STK | | | 1,008 |
| ELECTRONIC ARTS COM STK | | | 124 |
| EMC CORP COM STK | | | 724 |
| ERICSSON(LM) TEL ADR | | | 234 |
| FEDEX CORP COM STK | | | 1,755 |
| FREEMONT-MCMORAN COPPER & GOLD INC COM STK | | | 474 |
| GENERAL DYNAMICS CORP COM STK | | | 809 |
| GENERAL ELECTRIC CO. COM STK | | | 971 |
| GENWORTH FINANCIAL INC COM STK | | | 74 |
| GLAXOSMITHKLINE ADR | | | 845 |
| GOLDMAN SACHS GROUP INC COM STK | | | 967 |
| GOOGLE INC COM STK CLS A | | | 1,717 |
| HALLIBURTON CO COM STK | | | 694 |
| HARLEY DAVIDSON COM STK | | | 555 |
| HARTFORD FINANCIAL SERVICES GRP INC COM STK | | | 1,302 |
| HESS CORP COM STK | | | 707 |
| HEWLETT-PACKARD CO COM STK | | | 1,803 |
| HITACHI ADR | | | 107 |
| HOME DEPOT INC COM STK | | | 665 |
| HSBC HLDGS ADR | | | 292 |
| ILLINOIS TOOL WORKS INC COM STK | | | 642 |
| INTERNATIONAL GAME TECHNOLOGY COM STK | | | 798 |
| INTERPUBLIC GROUP COMPANIES INC COM STK | | | 148 |
| ITAU UNIBANCO HLDG SA ADR | | | 447 |
| JOHNSON CONTROLS INC COM STK | | | 496 |
| JUNIPER NETWORKS COM STK | | | 666 |
| KONINKLIJKE PHILIPS ELECTRONICS NV ADR | | | 118 |
| LEGG MASON INC COM STK | | | 151 |
| LIBERTY GLOBAL INC COM STK SERIES C | | | 66 |
| LIBERTY GLOBAL INC COM STK SER A | | | 61 |
| LIBERTY MEDIA CORP (NEW) SER A | | | 16 |
| LIBERTY MEDIA HOLDING COM STK A | | | 337 |
| LINCOLN NATIONAL CORP COM STK USD | | | 453 |
| LOEWS CORP COM STK | | | 220 |
| LOWES COMPANIES INC COM STK | | | 594 |
| MACYS INC COM STK | | | 235 |
| MASCO CORP COM STK | | | 195 |
| MASTERCARD INC COM STK | | | 704 |

| | |
|-----------------------------------|-----|
| MAXIM INTEGRATED PRODUCTS COM STK | 406 |
| MCAFEE INC COM STK | 491 |
| MEDTRONIC INCCOM STK | 215 |

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VIACOM 401(k) PLAN**SCHEDULE OF ASSETS HELD AT END OF YEAR****DECEMBER 31, 2009****(In thousands)**

| Identity of issuer, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost(1) | Current Value |
|--|--|----------------|----------------------|
| MERCK & CO INC(NEW) COM STK | | | 1,093 |
| MGM MIRAGE INC COM STK | | | 490 |
| MICROSOFT CORP COM STK | | | 1,939 |
| MOLEX INC CLASS A N.VTG COM STK | | | 210 |
| MOODY S CORP COM STK | | | 841 |
| MOTOROLA INC | | | 920 |
| NATIONAL OILWELL VARCO INC COM STK | | | 709 |
| NETAPP INC COM | | | 1,296 |
| NEWS CORP CLASS A NON VTG COM STK | | | 1,001 |
| NOKIA CORP ADR | | | 148 |
| NOVARTIS AG ADR | | | 925 |
| OCCIDENTAL PETROLEUM CORP COM | | | 960 |
| ORACLE CORP COM STK | | | 1,568 |
| PACCAR INC COM STK | | | 795 |
| PANASONIC CORP ADR | | | 439 |
| PETROLEO BRASILEIRO SA PETROBRAS ADS | | | 314 |
| PFIZER INC COM STK | | | 773 |
| PITNEY BOWES INC COM STK | | | 228 |
| PRECISION CASTPARTS CORP COM | | | 970 |
| QUALCOMM INC COM STK | | | 1,148 |
| ROYAL DUTCH SHELL ADR | | | 240 |
| SANOFI-AVENTIS ADR | | | 667 |
| SCHLUMBERGER COM STK | | | 1,795 |
| SIEMENS AG ADR | | | 510 |
| SLM CORP COM STK | | | 242 |
| SONY CORP ADR | | | 554 |
| SPRINT NEXTEL CORP FON COM STK | | | 414 |
| STAPLES INC COM STK | | | 826 |
| STATE STREET CORP COM STK | | | 74 |
| SUNTRUST BANKS INC COM STK | | | 679 |
| SYMANTEC CORP COM STK | | | 227 |
| SYNOPSIS INC COM STK | | | 167 |
| TARGET CORP COM STK | | | 569 |
| TEVA PHARMACEUTICAL INDUSTRIES ADR | | | 377 |
| TEXAS INSTRUMENTS INC COM STK | | | 710 |
| THE MOSAIC COMPANY | | | 547 |
| THERMO FISCHER SCIENTIFIC INC COM STK | | | 52 |
| TIME WARNER CABLE INC | | | 452 |
| TIME WARNER INC | | | 826 |
| TRANSOCEAN LTD | | | 387 |

| | |
|------------------------------------|-----|
| TRAVELERS COS INC/THE | 399 |
| TYCO ELECTRONICS LTD SWITZERLD SHS | 245 |
| TYCO INTERNATIONAL LTD. | 293 |

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VIACOM 401(k) PLAN**SCHEDULE OF ASSETS HELD AT END OF YEAR****DECEMBER 31, 2009****(In thousands)**

| Identity of issuer, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost(1) | Current Value |
|---|--|----------------|----------------------|
| UBS AG | | | 463 |
| UNITEDHEALTH GROUP INC COM STK | | | 616 |
| US BANCORP DELAWARE COM STK | | | 169 |
| VERISIGN COM STK | | | 334 |
| * VIACOM INC CLASS A | | | 485 |
| * VIACOM INC CLASS B | | | 60,796 |
| VISA INC A | | | 495 |
| VODAFONE GROUP SPON ADR | | | 289 |
| VULCAN MATERIALS CO COM STK | | | 168 |
| WALGREEN CO COM STK | | | 404 |
| WAL-MART STORES INC COM STK | | | 385 |
| WELLPOINT INC COM STK | | | 734 |
| WELLS FARGO & CO COM STK | | | 2,244 |
| WESTERN UNION COMPANY (THE) COM STK | | | 596 |
| XEROX CORP COM STK | | | 465 |
| YAHOO INC COM STK | | | 562 |
| Total Common Stocks | | | 143,037 |
| <u>Registered Investment Companies</u> | | | |
| DFA U.S. Small Cap Fund | | | 19,163 |
| Vanguard FTSE Social Index Fund | | | 3,086 |
| Vanguard Lifestrategy Conservative Growth Fund | | | 21,693 |
| Vanguard Lifestrategy Moderate Growth Fund | | | 23,576 |
| Vanguard Lifestrategy Growth Fund | | | 23,155 |
| Total Registered Investment Companies | | | 90,673 |
| <u>Common/Collective Trusts, U.S. Government Securities and GICs</u> | | | |
| Blackrock Equity Index Fund | | | 64,330 |
| Blackrock Mid Cap Equity Index Fund | | | 22,048 |
| Capital Guardian Emerging Markets Equity Fund | | | 28,535 |
| Capital Guardian International Equity Fund | | | 29,935 |
| * JP Morgan U.S. Government Fund | | | 3,039 |
| Mellon Capital Tactical Asset Allocation Fund | | | 3,470 |
| EB CIS Aggregate Bond Index Fund of the Bank of New York Mellon | | | 33,072 |
| Bank of America Contract #05-066 | IGT INVESCO Shrt Trm Bond; Evergreen | | 19,968 |
| | | | (491) ⁽²⁾ |

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| | | |
|--|---------------------------------|----------------------|
| Bank of America Wrapper at Fair Value, plus Adjustment to Contract Value, Synthetic GIC | | |
| ING Life & Annuity Contract #60125 | IGT MxMgr A+ Int G/C; Evergreen | 15,225 |
| ING Life & Annuity Wrapper at Fair Value, plus Adjustment to Contract Value, Synthetic GIC | | (674) ⁽²⁾ |
| Monumental Contract #MDA00730TR | IGT MxMgr A+ Int G/C; Evergreen | 15,192 |
| Monumental Wrapper at Fair Value, plus Adjustment to Contract Value, Synthetic GIC | | (685) ⁽²⁾ |

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VIACOM 401(k) PLAN**SCHEDULE OF ASSETS HELD AT END OF YEAR****DECEMBER 31, 2009****(In thousands)**

| Identity of issuer, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost(1) | Current Value |
|---|--|----------------|------------------------|
| Pacific Life In Contract #G-27279.01.0001 | IGT MxMgr A+ Core; Evergreen | | 12,982 |
| Pacific Life In Wrapper at Fair Value, plus Adjustment to Contract Value, Synthetic GIC | | | (278) ⁽²⁾ |
| State Street Bank Contract #106001 | IGT INVESCO ShrtTrm Bond; Evergreen | | 19,872 |
| State Street Bank Wrapper at Fair Value, plus Adjustment to Contract Value, Synthetic GIC | | | (490) ⁽²⁾ |
| Total Common/Collective Trusts, U.S. Government Securities and GICs | | | 267,706 ⁽³⁾ |
| Loans to Participants | Various maturities and interest rates ranging from 4.25% to 12% | | 7,101 |
| Grand Total | | | \$ 508,517 |

* Identified as a party-in-interest to the Plan.

(1) There are no non-participant directed investments.

(2) Amounts include wrappers at fair value of \$38 and adjustment to contract value of (\$2,656).

(3) Adjustment to contract value is not included in the total Common/Collective Trusts, U.S. Government Securities and GICs balance of \$267,706.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the persons who administer the Plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

VIACOM 401(k) PLAN

Date: June 24, 2010

By: */s/* JOHN R. JACOBS
John R. Jacobs
Member of the Viacom Retirement Committee

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