

April 3, 2020

To Our Stockholders,

2019 was a transformative year for our company, marked by the completion of our historic merger between CBS Corporation and Viacom Inc., and the creation of what is now a content powerhouse – ViacomCBS. As we reflect on this momentous achievement and our journey thus far as a combined company, we're proud of the progress we've made to become one of the largest content producers and providers in the world.

Since our merger, we've been focused on integrating and aligning the company to unlock the full power of our combination. Organizationally, we've built a best-in-class management team and consolidated our reporting structure. Operationally, we're executing as a combined entity to better monetize our advertising, distribution and content licensing businesses. And financially, we've increased our annualized run rate cost synergies to \$750 million and will continue to identify additional opportunities for organizational savings. These initiatives position ViacomCBS as a lean and agile operator, committed to being a market leader in the evolving media landscape, all with the common goal of maximizing stockholder value.

Despite this, our stock has been under pressure since our merger and continues to be significantly undervalued relative to our unique assets, strong earnings potential and strategy to be one of the most important content partners in the industry. As we unlock the power of our combined company, we remain committed to driving cost savings, merger-related synergies, financial growth and stockholder returns.

Together, our company delivers the largest share of the U.S. television audience and boasts one of the industry's most important and extensive libraries of TV and film titles. We are in a unique position as consumer and commercial demand for premium content rapidly grows, and have the unrivaled ability to monetize all of the content we produce to serve the largest addressable audience worldwide. We're also aggressively creating new opportunities to extend our IP and franchises, and ultimately grow market share and revenue.

Looking ahead, we're confident in our differentiated strategy to serve our audiences and partners, while creating returns and long-term value for our stockholders. We're focused on the following three priorities to achieve these goals:

First, we'll maximize the power of our content. This means putting the full force of the company behind our biggest priorities, while applying more rigor to managing our content mix, investment and returns. We'll prioritize our investment in streaming and studio production – two significant growth areas – while maintaining our linear viewership and content spend. Our combined global portfolio and leadership position off- and on-screen enables us to capitalize on our biggest priorities from franchises to football.

Secondly, we'll unlock more value from our biggest revenue lines. Across our expanded ViacomCBS asset base, we see a significant opportunity to drive revenue growth in our affiliate, advertising, content licensing and studio production businesses. Our leading broadcast and entertainment brands, as well as strength in live, local, news and sports, gives us a dominant reach in linear and digital viewership. This makes us a must-have for distributors and advertisers, and creates exciting revenue opportunities as we deepen our partnerships through advanced advertising, broadband and wireless offerings, and more.

ViacomCBS will also be an essential partner in content licensing and studio production for third parties. As our peers pull back from this space, we'll drive greater value from our extensive library of IP and studio production capabilities. This strategy makes the most of our most valuable asset – content – and allows us to serve the largest addressable market of consumers, while growing our brands, franchises, and ancillary businesses, including consumer products and recreation.

Finally, our third strategic priority is to accelerate our momentum in streaming. As new trends emerge and consumers embrace new technologies and platforms, our diversified streaming business has significant growth potential. We already have a running start in both free, ad-supported and pay streaming, with a number of offerings, including Pluto TV, CBS All Access, Showtime OTT, Noggin, BET+ and others.

Importantly, our domestic streaming and digital video business – which includes subscription revenue and digital video advertising – achieved approximately \$1.6 billion in revenue in 2019. This is a strong starting point and provides the momentum we need to scale. With relatively modest incremental operating expenses, we anticipate this revenue to rise between 35 and 40% this year.

Going forward, our streaming opportunity is significantly larger, and we'll pursue it by taking a differentiated global approach that builds on our unique foundation, plays to our strengths and fulfills unmet audience and partner needs. We're currently hard at work to bring this new offering to market, which will build off of CBS All-Access – including live linear and local channels, and entertainment, news and sports content – and add content from a collection of our other beloved brands, with popular films from the Paramount library. We plan to soft launch this product later in the year.

As we focus on maximizing the power of our combination and creating value throughout the media ecosystem, we've already delivered some significant achievements in the first quarter of 2020.

At Paramount, *Sonic the Hedgehog* has grossed over \$306 million in worldwide box office and holds the record for the best debut of a film based on a video game. The studio's slate is full of highly-anticipated films, including *Top Gun: Maverick*, the next *SpongeBob Movie*, *Sponge on the Run*, and *A Quiet Place Part II*.

Despite this, along with the rest of the world, we've been sobered by the Coronavirus ("COVID-19") global pandemic and have been focused on addressing the impact across our businesses. One of our top priorities has been the health and well-being of our employees and consumers, and we quickly took steps to protect their safety while ensuring our business continues to operate with minimal disruption. We're proud of how our company has come together to support and make the right decisions for our teams, business, and communities. In periods like these, we especially recognize our role in keeping our viewers informed, entertained and connected, as we get through these unprecedented situations together.

Nevertheless, it's clear that concerns about COVID-19 and measures to prevent its spread have impacted the global economy, and within that, the entertainment industry at large. We've taken a number of steps to address this, including cost savings initiatives, using our deep library of content to counteract delays in new productions, and implementing creative solutions for our talent shoot from home. And while the global economy remains volatile during these uncertain times, we also see a compelling investment opportunity at the company's current trading valuation.

As we continue to execute against our strategy, we're also reviewing our assets to ensure we're dedicating our resources and focus accordingly. We believe there are opportunities for accretive dispositions of non-core assets, and have already announced that we will be divesting Black Rock, the former CBS headquarter in midtown Manhattan. We also recently announced the potential sale of Simon & Schuster to ensure our portfolio is fully aligned with our broader strategy and focus on video. While these divestitures will be completed when the market stabilizes, we'll continue to look for opportunities to divest other assets in an accretive way going forward.

ViacomCBS brings together a clear set of strengths – a strong roadmap for success; powerful brands across every genre, format and demographic; a massive portfolio of franchises; a robust infrastructure to monetize our content assets; and the expertise of the most talented people in the industry.

In all, we are committed to driving strong stockholder returns as we execute our growth objectives. As always, thank you for your ongoing support and commitment to our success in this important new chapter for ViacomCBS.



Robert M. Bakish
President and Chief Executive Officer



Shari Redstone
Non-Executive Chair of the Board

This letter should be read in conjunction with ViacomCBS' 2019 Annual Report on Form 10-K, including the risk factors discussed therein.