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# 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 March 31, 2009**

**OR**

o **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**

# CBS CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **04-2949533**<br>(I.R.S. Employer Identification No.) |
| **51 W. 52nd Street, New York, New York**<br>(Address of principal executive offices) | **10019**<br>(Zip Code) |

**(212) 975-4321**
Registrant's telephone number, including area code

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes o No o

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

Large accelerated filer ☒ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

Number of shares of common stock outstanding at April 30, 2009:

Class A Common Stock, par value $.001 per share—57,706,637

Class B Common Stock, par value $.001 per share—621,777,627

**CBS CORPORATION**
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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**CBS CORPORATION AND SUBSIDIARIES**

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Revenues | $ 3,159.9 | $ 3,654.1 |
| Expenses: | | |
| Operating | 2,313.1 | 2,386.3 |
| Selling, general and administrative | 597.0 | 580.9 |
| Restructuring charges | — | 44.9 |
| Depreciation and amortization | 142.3 | 117.8 |
| Total expenses | 3,052.4 | 3,129.9 |
| Operating income | 107.5 | 524.2 |
| Interest expense | (133.2) | (138.7) |
| Interest income | 2.3 | 17.6 |
| Other items, net | (11.9) | (.2) |
| Earnings (loss) before income taxes and equity in loss of investee companies | (35.3) | 402.9 |
| Provision for income taxes | (8.8) | (151.3) |
| Equity in loss of investee companies, net of tax | (11.2) | (7.3) |
| Net earnings (loss) | $ (55.3) | $ 244.3 |
| **Basic net earnings (loss) per common share** | $ (.08) | $ .37 |
| **Diluted net earnings (loss) per common share** | $ (.08) | $ ..36 |
| **Weighted average number of common shares outstanding:** | | |
| Basic | 671.5 | 667.9 |
| Diluted | 671.5 | 673.8 |
| Dividends per common share | $ ..05 | $ ..25 |

See notes to consolidated financial statements.

## CBS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 239.6 | $ 419.5 |
| Receivables, less allowances of $151.3 (2009) and $143.9 (2008) | 2,932.9 | 2,749.9 |
| Programming and other inventory (Note 5) | 753.3 | 1,027.3 |
| Deferred income tax assets, net | 321.9 | 318.7 |
| Prepaid expenses and other current assets | 703.5 | 669.3 |
| Current assets of discontinued operations | 12.3 | 8.1 |
| Total current assets | 4,963.5 | 5,192.8 |
| Property and equipment: | | |
| Land | 337.1 | 337.1 |
| Buildings | 705.4 | 702.3 |
| Capital leases | 196.8 | 196.8 |
| Advertising structures | 1,879.3 | 1,885.5 |
| Equipment and other | 1,788.0 | 1,777.8 |
| | 4,906.6 | 4,899.5 |
| Less accumulated depreciation and amortization | 1,949.5 | 1,891.2 |
| Net property and equipment | 2,957.1 | 3,008.3 |
| Programming and other inventory (Note 5) | 1,570.7 | 1,578.1 |
| Goodwill (Note 4) | 8,590.1 | 8,647.8 |
| Intangible assets (Note 4) | 7,060.5 | 7,104.2 |
| Other assets | 1,170.9 | 1,260.9 |
| Assets of discontinued operations | 93.0 | 97.2 |
| Total Assets | $ 26,405.8 | $ 26,889.3 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 354.4 | $ 462.8 |
| Accrued compensation | 216.5 | 370.7 |
| Participants' share and royalties payable | 1,006.1 | 962.3 |
| Program rights | 990.2 | 840.1 |
| Deferred revenue | 413.2 | 392.0 |
| Income taxes payable | 17.0 | 42.9 |
| Current portion of long-term debt (Note 7) | 22.5 | 21.3 |
| Accrued expenses and other current liabilities | 1,422.2 | 1,691.5 |
| Current liabilities of discontinued operations | 19.4 | 17.3 |
| Total current liabilities | 4,461.5 | 4,800.9 |
| Long-term debt (Note 7) | 7,108.7 | 6,974.8 |
| Pension and postretirement benefit obligations | 2,287.3 | 2,273.7 |
| Deferred income tax liabilities, net | 344.4 | 345.1 |
| Other liabilities | 3,458.6 | 3,617.3 |
| Liabilities of discontinued operations | 275.6 | 280.2 |
| Commitments and contingencies (Note 11) | | |
| Stockholders' Equity: | | |
| Class A Common Stock, par value $.001 per share; 375.0 shares authorized; 57.7 (2009 and 2008) shares issued | .1 | .1 |
| Class B Common Stock, par value $.001 per share; 5,000.0 shares authorized; 734.8 (2009) and 733.5 (2008) shares issued | .7 | .7 |
| Additional paid-in capital | 43,489.3 | 43,495.0 |
| Accumulated deficit | (30,653.5) | (30,598.2) |
| Accumulated other comprehensive loss (Note 1) | (673.5) | (606.9) |
| | 12,163.1 | 12,290.7 |
| Less treasury stock, at cost; 120.4 (2009 and 2008) Class B Shares | 3,693.4 | 3,693.4 |
| Total Stockholders' Equity | 8,469.7 | 8,597.3 |
| Total Liabilities and Stockholders' Equity | $ 26,405.8 | $ 26,889.3 |

See notes to consolidated financial statements.

**CBS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Unaudited; in millions)

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| **Operating Activities:** | | |
| Net earnings (loss) | $ (55.3) | $ 244.3 |
| Adjustments to reconcile net earnings (loss) to net cash flow (used for) provided by operating activities: | | |
| Depreciation and amortization | 142.3 | 117.8 |
| Stock-based compensation | 32.9 | 33.1 |
| Equity in loss of investee companies, net of tax and distributions | 12.7 | 7.3 |
| Decrease to accounts receivable securitization program | (300.0) | — |
| Change in assets and liabilities, net of effects of acquisitions | 145.9 | 624.3 |
| **Net cash flow (used for) provided by operating activities** | (21.5) | 1,026.8 |
| **Investing Activities:** | | |
| Acquisitions, net of cash acquired | (6.7) | (48.4) |
| Capital expenditures | (74.2) | (88.8) |
| Investments in and advances to investee companies | (12.5) | (1.1) |
| Purchases of marketable securities | (35.6) | (12.6) |
| Proceeds from dispositions | 21.6 | 189.5 |
| Proceeds from sales of marketable securities | — | 4.7 |
| Net receipts from Viacom Inc. related to the Separation | — | 6.7 |
| Other, net | (.3) | (7.4) |
| **Net cash flow (used for) provided by investing activities** | (107.7) | 42.6 |
| **Financing Activities:** | | |
| Borrowings from (repayments to) banks, including commercial paper, net | 293.1 | (3.7) |
| Repayment of notes | (151.9) | — |
| Payment of capital lease obligations | (3.9) | (5.0) |
| Dividends | (184.4) | (168.8) |
| Purchase of Company common stock | (4.0) | (11.9) |
| Proceeds from exercise of stock options | — | 30.4 |
| Excess tax benefit from stock-based compensation | .4 | 1.6 |
| **Net cash flow used for financing activities** | (50.7) | (157.4) |
| Net (decrease) increase in cash and cash equivalents | (179.9) | 912.0 |
| Cash and cash equivalents at beginning of period | 419.5 | 1,346.9 |
| **Cash and cash equivalents at end of period** | $ 239.6 | $2,258.9 |
| **Supplemental disclosure of cash flow information** | | |
| Cash paid for interest | $ 169.0 | $ 171.6 |
| Cash paid for income taxes | $ 47.4 | $ 47.5 |

See notes to consolidated financial statements.

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

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Business*—CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") is comprised of the following segments: Television (CBS Television, comprised of the CBS Television Network, television stations, its television production and syndication operations and CBS College Sports Network; and Showtime Networks), Radio (CBS Radio), Outdoor (CBS Outdoor), Interactive (CBS Interactive, comprised of Internet brands including CNET, CBS.com, CBSSports.com, TV.com, BNET and Last.fm) and Publishing (Simon & Schuster).

During the second quarter of 2008, the Company completed the acquisition of CNET Networks, Inc. ("CNET"). CNET has been included in the Company's results since its acquisition. In connection with the acquisition, the Company has combined its existing interactive businesses, which were previously reported in the Television segment, with those of CNET and realigned its management structure to create a separate Interactive segment. Prior period results have been reclassified to conform to this presentation.

*Basis of Presentation*—The accompanying unaudited consolidated financial statements of the Company have been prepared 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 the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows of the Company for the periods presented. Certain previously reported amounts have been reclassified to conform to the current presentation.

*Use of Estimates*—The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The Company bases its 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 differ from these estimates.

*Net Earnings (Loss) per Common Share*—Basic earnings (loss) per share ("EPS") is based upon net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options and vesting of restricted stock units ("RSUs"), market-based performance share units ("PSUs") and restricted shares only in the periods in which such effect would have been dilutive. For the three months ended March 31, 2009, options to purchase 45.2 million shares of Class B Common Stock and 22.8 million RSUs, PSUs, and restricted shares were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive since the Company reported a net loss. For the three months ended March 31, 2008, options to purchase 37.1 million shares of Class B Common Stock were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| **(in millions)** | **2009** | **2008** |
| Weighted average shares for basic EPS | 671.5 | 667.9 |
| Dilutive effect of shares issuable under stock-based compensation plans | — | 5.9 |
| Weighted average shares for diluted EPS | 671.5 | 673.8 |

*Comprehensive Income (Loss)*—Total comprehensive income (loss) for the Company includes net earnings (loss) and other comprehensive income (loss) ("OCI") items listed in the table below.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Net earnings (loss) | $ (55.3) | $ 244.3 |
| Other comprehensive income (loss), net of tax: | | |
| Cumulative translation adjustments | (77.0) | 69.2 |
| Net actuarial loss and prior service costs | 11.3 | 4.3 |
| Net unrealized loss on securities | (.9) | (1.4) |
| Total comprehensive income (loss) | $ (121.9) | $ 316.4 |

*Other Liabilities*—Other liabilities consist primarily of the noncurrent portion of residual liabilities of previously disposed businesses, participants' share and royalties payable, program rights, deferred compensation and other employee benefit accruals.

*Additional Paid-In Capital*—For the three months ended March 31, 2009 and 2008, the Company recorded dividends of $34.7 million and $171.2 million, respectively, as a reduction to additional paid-in capital as the Company had an accumulated deficit balance.

*Adoption of New Accounting Standards*—In the first quarter of 2009, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires an entity to provide enhanced disclosures about derivative instruments and hedging activities. (See Note 14.)

Effective January 1, 2009, the Company adopted SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill. SFAS 141R also expands disclosure requirements for business combinations. On April 1, 2009, the FASB issued FASB Staff Position ("FSP") FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies ("FSP FAS 141(R)-1") which is effective on January 1, 2009. FSP FAS 141(R)-1 amends and clarifies SFAS 141R guidance regarding the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination.

(Tabular dollars in millions, except per share amounts)

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS 157") for its financial assets and liabilities. Effective January 1, 2009, the Company adopted FSP No. FAS 157-2, "Effective Date of FASB Statement No. 157" for nonfinancial assets and liabilities. SFAS 157 establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurement. The adoption of SFAS 157 did not have a material effect on the Company's consolidated financial statements. (See Note 13.)

## 2) STOCK-BASED COMPENSATION

The following table summarizes the Company's stock-based compensation expense for the three months ended March 31, 2009 and 2008.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| RSUs, PSUs and restricted shares | $ 27.7 | $ 30.2 |
| Stock options and equivalents | 5.2 | 2.9 |
| Stock-based compensation expense, before income taxes | 32.9 | 33.1 |
| Related tax benefit | (13.2) | (13.1) |
| Stock-based compensation expense, net of tax | $ 19.7 | $ 20.0 |

During the three months ended March 31, 2009, the Company granted 10.5 million RSUs with a weighted-average per unit grant date fair value of $5.21. RSU grants during the first quarter of 2009 generally vest over a four-year service period. Certain RSU awards are also subject to satisfying performance conditions. During the three months ended March 31, 2009, the Company also granted .4 million PSUs with an aggregate grant date fair value of $4.3 million. The number of shares that will be issued upon vesting of PSUs can range from 0% to 300% of the target award, based on the ranking of the total shareholder return for CBS Corp. Class B Common Stock within the S&P 500 Index over a designated three-year measurement period, or in certain circumstances, based on the achievement of established operating performance goals. During the three months ended March 31, 2009, the Company also granted 13.3 million stock options with a weighted-average exercise price of $5.20. Stock option grants during the first quarter of 2009 generally vest over a three- to four-year service period.

Total unrecognized compensation cost related to non-vested RSUs, PSUs and restricted shares at March 31, 2009 was $195.3 million, which is expected to be expensed over a weighted-average period of 2.4 years. Total unrecognized compensation cost related to unvested stock option awards and stock option equivalents at March 31, 2009 was $62.7 million, which is expected to be expensed over a weighted-average period of 3.0 years.

## 3) DISPOSITIONS

On March 6, 2009, the Company completed the sale of three of its owned radio stations in Denver to Wilks Broadcasting for $19.5 million.

On January 10, 2008, the Company completed the sale of seven of its owned television stations in Austin, Salt Lake City, Providence and West Palm Beach to Cerberus Capital Management, L.P. for $185.0 million.

(Tabular dollars in millions, except per share amounts)

## 4) GOODWILL AND INTANGIBLE ASSETS

The changes in the book value of goodwill, by segment, for the three months ended March 31, 2009 were as follows:

| | At December 31, 2008 | Activity[a] | At March 31, 2009 |
|---|---|---|---|
| Television | $ 3,000.9 | $ — | $ 3,000.9 |
| Radio | 1,929.2 | — | 1,929.2 |
| Outdoor | 1,933.7 | (57.7) | 1,876.0 |
| Interactive | 1,368.1 | — | 1,368.1 |
| Publishing | 415.9 | — | 415.9 |
| Total | $ 8,647.8 | $ (57.7) | $ 8,590.1 |

(a) Primarily reflects foreign currency translation adjustments.

The Company's intangible assets were as follows:

| At March 31, 2009 | Gross | Accumulated Amortization | Net |
|---|---|---|---|
| Intangible assets subject to amortization: | | | |
| Leasehold agreements | $ 864.7 | $ (456.7) | $ 408.0 |
| Franchise agreements | 503.5 | (237.6) | 265.9 |
| Other intangible assets | 461.2 | (206.1) | 255.1 |
| Total intangible assets subject to amortization | 1,829.4 | (900.4) | 929.0 |
| FCC licenses | 5,962.7 | — | 5,962.7 |
| Trade names | 168.8 | — | 168.8 |
| Total intangible assets | $7,960.9 | $ (900.4) | $7,060.5 |

| At December 31, 2008 | Gross | Accumulated Amortization | Net |
|---|---|---|---|
| Intangible assets subject to amortization: | | | |
| Leasehold agreements | $ 866.5 | $ (448.3) | $ 418.2 |
| Franchise agreements | 504.3 | (233.9) | 270.4 |
| Other intangible assets | 461.8 | (192.3) | 269.5 |
| Total intangible assets subject to amortization | 1,832.6 | (874.5) | 958.1 |
| FCC licenses | 5,977.3 | — | 5,977.3 |
| Trade names | 168.8 | — | 168.8 |
| Total intangible assets | $7,978.7 | $ (874.5) | $7,104.2 |

Amortization expense was $32.9 million and $25.6 million for the three months ended March 31, 2009 and 2008, respectively. The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2009 through 2013, to be as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Amortization expense | $130.7 | $126.3 | $114.2 | $93.3 | $82.6 |

(Tabular dollars in millions, except per share amounts)

## 5) PROGRAMMING AND OTHER INVENTORY

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| Program rights | $ 1,456.4 | $ 1,915.7 |
| Television programming: | | |
| Released (including acquired libraries) | 608.0 | 551.4 |
| In process and other | 172.1 | 53.6 |
| Publishing, primarily finished goods | 80.9 | 83.7 |
| Other | 6.6 | 1.0 |
| Total programming and other inventory | 2,324.0 | 2,605.4 |
| Less current portion | 753.3 | 1,027.3 |
| Total noncurrent programming and other inventory | $ 1,570.7 | $ 1,578.1 |

## 6) RELATED PARTIES

*National Amusements, Inc.* National Amusements, Inc. ("NAI") is the controlling stockholder of CBS Corp. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, is the Executive Chairman of the Board of Directors and founder of both CBS Corp. and Viacom Inc. At March 31, 2009, NAI beneficially owned CBS Corp. Class A Common Stock representing approximately 81% of the voting power of all classes of CBS Corp.'s Common Stock, and owned approximately 10% of CBS Corp.'s Class A Common Stock and Class B Common Stock on a combined basis.

*Viacom Inc.* CBS Corp., as part of its normal course of business, enters into transactions with Viacom Inc. and its subsidiaries. CBS Corp., through its Television segment, licenses its television products to Viacom Inc., primarily MTV Networks and BET. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Paramount Pictures also distributes certain of the Company's television products in the home entertainment market. CBS Corp.'s total revenues from these transactions were $71.4 million and $46.1 million for the three months ended March 31, 2009 and 2008, respectively.

Showtime Networks pays license fees to Paramount Pictures for motion picture programming under an exclusive output agreement which covers feature films initially theatrically released in the United States through 2007. Showtime Networks has exhibition rights to each film licensed under this agreement during three pay television exhibition windows over the course of several years after each such film's initial theatrical release. This agreement has not been renewed for new feature films initially theatrically released in the United States after 2007. These license fees are initially recorded as programming inventory and amortized over the shorter of the life of the license agreement or projected useful life of the programming. In addition, CBS Corp. places advertisements with and leases production facilities from various subsidiaries of Viacom Inc. The total spending for all of these transactions was $4.0 million and $3.8 million for the three months ended March 31, 2009 and 2008, respectively.

(Tabular dollars in millions, except per share amounts)

The following table presents the amounts due from or due to Viacom Inc. in the normal course of business as reflected on CBS Corp.'s Consolidated Balance Sheets.

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| **Amounts due from Viacom Inc.** | | |
| Receivables | $ 180.5 | $ 182.5 |
| Other assets (Receivables, noncurrent) | 211.2 | 249.8 |
| **Total amounts due from Viacom Inc.** | $ 391.7 | $ 432.3 |
| **Amounts due to Viacom Inc.** | | |
| Accounts payable | $ 4.3 | $ 6.5 |
| Program rights | 49.8 | 48.2 |
| Other liabilities (Program rights, noncurrent) | 10.2 | 26.5 |
| **Total amounts due to Viacom Inc.** | $ 64.3 | $ 81.2 |

*Other Related Parties* The Company owns 50% of The CW, a television broadcast network, which is accounted for by the Company as an equity investment. CBS Corp., through the Television segment, licenses its television products to The CW resulting in total revenues of $16.9 million and $13.7 million for the three months ended March 31, 2009 and 2008, respectively.

The Company, through the normal course of business, is involved in transactions with other related parties that have not been material in any of the periods presented.

## 7) BANK FINANCING AND DEBT

The following table sets forth the Company's debt.

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| Commercial paper | $ 99.0 | $ — |
| Notes payable to banks | 199.1 | 4.3 |
| Senior debt (4.625% - 8.875% due 2010 - 2056) [(a)] | 6,749.6 | 6,904.3 |
| Other notes | — | .2 |
| Obligations under capital leases | 117.0 | 120.8 |
| Total debt | 7,164.7 | 7,029.6 |
| Less discontinued operations debt [(b)] | 33.5 | 33.5 |
| Total debt from continuing operations | 7,131.2 | 6,996.1 |
| Less current portion | 22.5 | 21.3 |
| Total long-term debt from continuing operations, net of current portion | $ 7,108.7 | $ 6,974.8 |

(a) At March 31, 2009 and December 31, 2008, the senior debt balances included (i) a net unamortized premium of $22.5 million and $23.3 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $86.7 million and $88.0 million, respectively. The face value of the Company's senior debt was $6.64 billion at March 31, 2009 and $6.79 billion at December 31, 2008.

(b) Included in "Liabilities of discontinued operations" on the Consolidated Balance Sheets.

The senior debt of CBS Corp. is fully and unconditionally guaranteed by its wholly owned subsidiary, CBS Operations Inc. Senior debt in the amount of $52.2 million of the Company's wholly owned subsidiary, CBS Broadcasting Inc., is not guaranteed.

During the first quarter of 2009, the Company repurchased $152.8 million of its 7.70% senior notes due 2010 resulting in a gain on early extinguishment of debt of $.7 million.

***Credit Facility***

At March 31, 2009, the Company had a $3.0 billion revolving credit facility which expires in December 2010 (the "Credit Facility"). The Credit Facility requires the Company to maintain a minimum Consolidated Coverage Ratio, as defined in the Credit Facility, of 3.0x for the trailing four quarters. At March 31, 2009, the Company's Consolidated Coverage Ratio was 4.76x. The primary purpose of the Credit Facility is to support commercial paper borrowings. At March 31, 2009, the Company had $197.0 million of borrowings outstanding under its $3.0 billion Credit Facility and $99.0 million of outstanding commercial paper borrowings. The Company has classified its outstanding borrowings under the Credit Facility and commercial paper program as long-term debt, reflecting its intent and ability to refinance this debt on a long-term basis. The remaining availability under the Credit Facility, net of outstanding letters of credit, was $2.50 billion.

***Accounts Receivable Securitization Program***

The Company's revolving accounts receivable securitization program provides for the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company entered into this arrangement because it provides an additional source of liquidity. Proceeds from this program were used to reduce outstanding borrowings. The terms of the revolving securitization arrangement require that the receivable pools subject to the program meet certain performance ratios. As of March 31, 2009, the Company was in compliance with the required ratios under the receivable securitization program. During the first quarter of 2009, the Company reduced amounts outstanding under its accounts receivable securitization program by $300.0 million to $250.0 million at March 31, 2009 from $550.0 million at December 31, 2008.

During the three months ended March 31, 2009 and 2008, proceeds from collections of securitized accounts receivables of $283.0 million and $681.1 million, respectively, were reinvested in the revolving receivable securitization program. The net loss associated with securitizing the program's accounts receivables was $.6 million and $4.2 million for the three months ended March 31, 2009 and 2008, respectively.

(Tabular dollars in millions, except per share amounts)

**8) PENSION AND OTHER POSTRETIREMENT BENEFITS**

The components of net periodic cost for the Company's pension and postretirement benefit plans were as follows:

| | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|
| **Three Months Ended March 31,** | **2009** | **2008** | **2009** | **2008** |
| Components of net periodic cost: | | | | |
| Service cost | $ 7.4 | $ 8.4 | $ .2 | $ .3 |
| Interest cost | 72.9 | 74.9 | 12.4 | 13.6 |
| Expected return on plan assets | (54.5) | (69.5) | — | — |
| Amortization of actuarial loss (gain) | 21.3 | 8.2 | (2.8) | (1.1) |
| Amortization of prior service cost (credit) | .2 | .1 | (.1) | (.1) |
| Net periodic cost | $ 47.3 | $ 22.1 | $ 9.7 | $ 12.7 |

**9) STOCKHOLDERS' EQUITY**

On February 18, 2009, the Company announced a quarterly cash dividend of $.05 per share on its Class A and Class B Common Stock payable on April 1, 2009. The total dividend was $34.7 million of which $33.6 million was paid on April 1, 2009 and $1.1 million was accrued to be paid upon vesting of RSUs and restricted shares. During the first quarter of 2009, the Company paid $184.4 million for the dividend declared on November 13, 2008 and for dividend payments on RSUs and restricted shares that vested during the first quarter of 2009.

**10) INCOME TAXES**

The provision for income taxes represents federal, state and local, and foreign income taxes on earnings (loss) before income taxes and equity in loss of investee companies.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Earnings (loss) before income taxes and equity in loss of investee companies | $ (35.3) | $ 402.9 |
| Provision for income taxes | $ (8.8) | $ (151.3) |

The provision for income taxes of $8.8 million for the three months ended March 31, 2009 was impacted by the reversal of certain international net operating loss carryforwards, as well as a reduction of deferred tax assets associated with stock-based compensation. This reduction reflects the difference between the estimated tax benefit recognized based on the grant date fair value of the stock-based compensation award versus the actual tax benefit realized based on the market value on the date of vest.

The Company is currently under examination by the Internal Revenue Service for the years 2006 and 2007. The IRS has completed its field audit for the year 2005 and the Company expects to settle the audit within the next six months. In addition, various tax years are currently under examination by state and local and foreign tax authorities. With respect to open examinations, the Company believes it is reasonably possible that the total reserve for uncertain tax positions may change within the next twelve months which may impact the Company's effective income tax rate. The ultimate outcome of these examinations as well as an estimate of any related impact to the reserve for uncertain tax positions can not currently be determined.

## 11) COMMITMENTS AND CONTINGENCIES

***Off-Balance Sheet Arrangements***

The Company has 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 March 31, 2009, the outstanding letters of credit and surety bonds approximated $358.7 million and were not recorded on the Consolidated Balance Sheets.

In the course of its business, the Company both provides and receives indemnities which are intended to allocate certain risks associated with business transactions. Similarly, the Company 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. The Company records a liability for its indemnification obligations and other contingent liabilities when probable under generally accepted accounting principles.

**Legal Matters**

*Securities Action.* On December 12, 2008, the City of Pontiac General Employees' Retirement System filed a self-styled class action complaint in the United States District Court for the Southern District of New York against the Company and its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Treasurer, alleging violations of federal securities law. The complaint, which was filed on behalf of a putative class of purchasers of the Company's common stock between February 26, 2008 and October 10, 2008 (the "Class Period"), alleges that, among other things, the Company's failure to timely write down the value of certain assets caused the Company's reported operating results during the Class Period to be materially inflated. The plaintiffs seek unspecified compensatory damages. On February 11, 2009, a motion was filed in the case on behalf of The City of Omaha, Nebraska Civilian Employees' Retirement System, and The City of Omaha Police and Fire Retirement System (collectively, the "Omaha Funds") seeking to appoint the Omaha Funds as the lead plaintiffs in this case; on March 5, 2009, the court granted that motion. On May 4, 2009, the plaintiffs filed an Amended Complaint, which removes the Treasurer as a defendant and adds the Executive Chairman. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend itself in the litigation.

*Indecency Regulation.* In March 2006, the FCC released certain decisions relating to indecency complaints against certain of the Company's owned television stations and affiliated stations. The FCC ordered the Company to pay a forfeiture of $550,000 in the proceeding relating to the broadcast of a Super Bowl half-time show by the Company's television stations (the "Superbowl Proceeding"). In May 2006, the FCC denied the Company's petition for reconsideration. In July 2006, the Company filed a Petition for Review of the forfeiture with the U.S. Court of Appeals for the Third Circuit and paid the $550,000 forfeiture in order to facilitate the Company's ability to bring the appeal. Oral argument was heard in September 2007. In July 2008, the U.S. Court of Appeals for the Third Circuit vacated the FCC's order to have the Company pay the forfeiture and remanded the case to the FCC. On November 18, 2008, the FCC filed a petition for certiorari with the U.S. Supreme Court, seeking review of the Third Circuit's decision. The petition requested that the U.S. Supreme Court not act on the petition until it ruled in the "fleeting expletives case" mentioned below. On January 8, 2009, the Company filed its opposition to the FCC's petition for certiorari.

In another case involving broadcasts on another network, in June 2007, the U.S. Court of Appeals for the Second Circuit vacated the FCC's November 2006 finding that the broadcast of fleeting and isolated expletives was indecent and remanded the case to the FCC (the "fleeting expletives case"). On March 17, 2008, the U.S. Supreme Court granted the FCC's petition to review the U.S. Court of Appeals for the Second Circuit's decision. On November 4, 2008, the U.S. Supreme Court heard argument in this case. On April 28, 2009, the U.S. Supreme Court issued a 5-4 decision reversing the Second Circuit's judgment on administrative grounds in favor of the FCC and remanding the fleeting expletives case to the Second Circuit.

Following the decision in the fleeting expletives case, on May 4, 2009, the U.S. Supreme Court remanded the Superbowl Proceeding to the U.S. Court of Appeals for the Third Circuit. Both cases will be the subject of further proceedings, in light of the U.S. Supreme Court's April 28, 2009 decision, before the respective U.S. Court of Appeals.

In March 2006, the FCC also notified the Company and certain affiliates of the CBS Television Network of apparent liability for forfeitures relating to a broadcast of the program *Without a Trace*. The FCC proposed to assess a forfeiture of $32,500 against each of these stations, totaling $260,000 for the Company's owned stations. The Company is contesting the FCC decision and the proposed forfeitures.

Additionally, the Company, from time to time, has received and may receive in the future letters of inquiry from the FCC prompted by complaints alleging that certain programming on the Company's broadcasting stations included indecent material.

*Claims Related to Former Businesses: Asbestos, Environmental and Other.* The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred principally 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. The Company is 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 the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos containing grades of decorative micarta, a laminate used in commercial ships.

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. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of March 31, 2009, the Company had pending approximately 67,540 asbestos claims, as compared with approximately 68,520 as of December 31, 2008 and 72,870 as of March 31, 2008. During the first quarter of 2009, the Company received approximately 1,140 new claims and closed or moved to an inactive docket approximately 2,120 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has 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 claim, the quality of evidence supporting the claims and other factors. The Company's total costs for the years 2008 and 2007 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $15.0 million and $17.5 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year as insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities. This belief is based upon many factors and assumptions, 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. While the number of asbestos claims filed against the Company has trended down in recent years, it is difficult to predict future asbestos liabilities, as events and circumstances may occur including, among others, the number and types of claims and average cost to resolve such claims, which could affect the Company's estimate of its asbestos liabilities.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to historical and predecessor operations of the Company. In addition, the Company from time to time receives personal injury claims including toxic tort and product liability claims (other than asbestos) arising from historical operations of the Company and its predecessors.

*General.* On an ongoing basis, the Company defends itself in numerous lawsuits and proceedings and responds to various investigations and inquiries from federal, state and local authorities (collectively, "litigation"). Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows. Under the Separation Agreement between the Company and Viacom Inc., the Company and Viacom Inc. have agreed to defend and indemnify the other in certain litigation in which the Company and/or Viacom Inc. is named.

(Tabular dollars in millions, except per share amounts)

## 12) RESTRUCTURING CHARGES

During 2008, as a result of weakened economic conditions, the Company reduced its cost structure across all of its segments. Accordingly, the Company recorded total restructuring charges of $136.7 million, of which $44.9 million was recorded during the first quarter of 2008. The charges reflect $127.5 million of severance costs and $9.2 million of contract termination and other associated costs. As of March 31, 2009, the Company paid $73.3 million of severance costs and $2.3 million of the contract termination and other associated costs, of which $28.8 million and $.8 million, respectively, was paid during the three months ended March 31, 2009. The following table sets forth the activity for these restructuring charges by segment.

| | Balance at December 31, 2008 | First Quarter 2009 Payments | Balance at March 31, 2009 |
|---|---|---|---|
| Television | $ 35.9 | $ (13.3) | $ 22.6 |
| Radio | 38.9 | (8.6) | 30.3 |
| Outdoor | 7.8 | (3.4) | 4.4 |
| Interactive | 2.7 | (2.3) | .4 |
| Publishing | 3.9 | (1.7) | 2.2 |
| Corporate | 1.5 | (.3) | 1.2 |
| **Total** | $ 90.7 | $ (29.6) | $ 61.1 |

## 13) FAIR VALUE MEASUREMENTS

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2009. These assets and liabilities have been categorized according to the three-level fair value hierarchy established by SFAS 157, which prioritizes the inputs used in measuring fair value.

| | Level 1 [(a)] | Level 2 [(b)] | Level 3 | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Investments | $ 37.6 | $ 100.6 | $ — | $138.2 |
| Foreign currency hedges | — | 10.6 | — | 10.6 |
| **Total Assets** | $ 37.6 | $ 111.2 | $ — | $148.8 |
| **Liabilities:** | | | | |
| Deferred compensation | $ — | $ 96.5 | $ — | $ 96.5 |
| Foreign currency hedges | — | 1.0 | — | 1.0 |
| **Total Liabilities** | $ — | $ 97.5 | $ — | $ 97.5 |

(a) Level 1 valuation is based on quoted prices for the asset in active markets.

(b) Level 2 valuation is based on inputs that are observable other than quoted market prices in Level 1, such as quoted prices for the asset or liability in inactive markets or quoted prices for similar assets or liabilities.

(Tabular dollars in millions, except per share amounts)

The fair value of Level 1 investments is determined based on publicly quoted market prices in active markets. The fair value of Level 2 investments is determined by reference to market prices for similar securities. The fair value of foreign currency hedges is determined based on foreign currency exchange rates. The fair value of deferred compensation is determined based on the fair value of the investments elected by employees.

**14) FINANCIAL INSTRUMENTS**

The Company uses derivative financial instruments to modify its exposure to changes in foreign currency exchange rates when translating from the foreign local currency to the U.S. dollar. The Company does not hold or enter into derivative financial instruments for speculative trading purposes. Foreign exchange forward contracts have principally been used to hedge cash flows, generally within the next twelve months, in such currencies as the British Pound, the Euro, the Canadian Dollar, the Mexican Peso and the Australian Dollar. The Company designates forward contracts used to hedge projected future television and film production costs as cash flow hedges. Gains or losses on the effective portion of designated cash flow hedges are initially recorded in other comprehensive income and reclassified to programming costs upon settlement. Additionally, the Company enters into non-designated forward contracts to hedge non-U.S. dollar denominated cash flows.

At March 31, 2009, the notional amount of all foreign exchange contracts was $121.9 million, of which $26.0 million relates to the hedging of future production costs and $95.9 million represents hedges of expected foreign currency cash flows.

The fair value of foreign exchange contracts recorded on the Consolidated Balance Sheets at March 31, 2009 was as follows:

| | | Fair Value | Balance Sheet Account |
|---|---|---|---|
| Designated hedging instruments | $ | 1.4 | Prepaid expenses and other current assets |
| Non-designated hedging instruments: | | | |
| Assets | | 9.2 | Prepaid expenses and other current assets |
| Liabilities | | (1.0) | Accrued expenses and other current liabilities |
| **Total** | $ | 9.6 | |

Gains recognized on foreign exchange contracts were as follows:

| | | Three Months Ended March 31, 2009 | Financial Statement Account |
|---|---|---|---|
| Designated hedging instruments: | | | |
| Recognized in OCI | $ | 1.4 | Accumulated OCI |
| Reclassified from accumulated OCI | $ | .1 | Programming costs |
| Non-designated hedging instruments | $ | 2.6 | Other items, net |

(Tabular dollars in millions, except per share amounts)

**15) REPORTABLE SEGMENTS**

The following tables set forth the Company's financial performance by operating segment. The Company's operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. CNET has been included in the Company's results since its acquisition in the second quarter 2008. In connection with this acquisition, the Company combined its existing interactive businesses, which were previously reported in the Television segment, with those of CNET and realigned its management structure to create a separate Interactive segment. Prior period results have been reclassified to conform to this presentation.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| **Revenues:** | | |
| Television | $ 2,230.6 | $ 2,544.7 |
| Radio | 259.7 | 363.5 |
| Outdoor | 379.9 | 496.9 |
| Interactive | 133.6 | 52.9 |
| Publishing | 161.7 | 201.6 |
| Eliminations | (5.6) | (5.5) |
| **Total Revenues** | $ 3,159.9 | $ 3,654.1 |

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

The Company presents segment operating income (loss) before depreciation and amortization ("Segment OIBDA") as the primary measure of profit and loss for its operating segments in accordance with SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information". The Company believes the presentation of Segment 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 the Company's management and enhances their ability to understand the Company's operating performance.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| **Segment OIBDA:** | | |
| Television | $ 228.7 | $ 448.4 |
| Radio | 52.2 | 122.3 |
| Outdoor | 25.1 | 101.5 |
| Interactive | 8.2 | 1.1 |
| Publishing | .1 | 17.1 |
| Corporate | (28.5) | (26.0) |
| Residual costs | (36.0) | (22.4) |
| Depreciation and amortization | (142.3) | (117.8) |
| **Total Operating Income** | 107.5 | 524.2 |
| Interest expense | (133.2) | (138.7) |
| Interest income | 2.3 | 17.6 |
| Other items, net | (11.9) | (.2) |
| Earnings (loss) before income taxes and equity in loss of investee companies | (35.3) | 402.9 |
| Provision for income taxes | (8.8) | (151.3) |
| Equity in loss of investee companies, net of tax | (11.2) | (7.3) |
| **Net Earnings (Loss)** | $ (55.3) | $ 244.3 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| **Operating Income (Loss):** | | |
| Television | $ 184.7 | $ 404.8 |
| Radio | 43.7 | 115.0 |
| Outdoor | (38.2) | 44.1 |
| Interactive | (11.6) | (2.7) |
| Publishing | (2.1) | 14.6 |
| Corporate | (33.0) | (29.2) |
| Residual costs | (36.0) | (22.4) |
| **Total Operating Income** | $ 107.5 | $ 524.2 |

(Tabular dollars in millions, except per share amounts)

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| **Depreciation and Amortization:** | | |
| Television | $ 44.0 | $ 43.6 |
| Radio | 8.5 | 7.3 |
| Outdoor | 63.3 | 57.4 |
| Interactive | 19.8 | 3.8 |
| Publishing | 2.2 | 2.5 |
| Corporate | 4.5 | 3.2 |
| **Total Depreciation and Amortization** | $ 142.3 | $ 117.8 |

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| **Stock-based Compensation:** | | |
| Television | $ 14.0 | $ 15.7 |
| Radio | 4.2 | 3.8 |
| Outdoor | 1.6 | 1.5 |
| Interactive | 1.7 | .6 |
| Publishing | .9 | 1.0 |
| Corporate | 10.5 | 10.5 |
| **Total Stock-based Compensation** | $ 32.9 | $ 33.1 |

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| **Capital Expenditures:** | | |
| Television | $ 25.0 | $ 34.6 |
| Radio | 11.3 | 6.1 |
| Outdoor | 25.9 | 41.4 |
| Interactive | 5.5 | 1.4 |
| Publishing | .5 | 1.8 |
| Corporate | 6.0 | 3.5 |
| **Total Capital Expenditures** | $ 74.2 | $ 88.8 |

(Tabular dollars in millions, except per share amounts)

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| **Total Assets:** | | |
| Television | $ 12,177.2 | $ 12,170.3 |
| Radio | 5,972.3 | 6,047.3 |
| Outdoor | 4,575.2 | 4,694.5 |
| Interactive | 2,044.0 | 2,074.8 |
| Publishing | 1,094.1 | 1,222.0 |
| Corporate | 498.4 | 675.5 |
| Discontinued operations | 105.3 | 105.3 |
| Eliminations | (60.7) | (100.4) |
| **Total Assets** | $ 26,405.8 | $ 26,889.3 |

## 16) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

CBS Operations Inc. is a wholly owned subsidiary of the Company. CBS Operations Inc. has fully and unconditionally guaranteed CBS Corp.'s senior debt securities (See Note 7). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of CBS Corp., CBS Operations Inc., the direct and indirect Non-Guarantor Affiliates of CBS Corp. and CBS Operations Inc., and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

| | Statement of Operations For the Three Months Ended March 31, 2009 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| Revenues | $ 24.8 | $ 26.8 | $ 3,108.3 | $ — | $ 3,159.9 |
| Expenses: | | | | | |
| Operating | 16.8 | 21.4 | 2,274.9 | — | 2,313.1 |
| Selling, general and administrative | 43.4 | 36.7 | 516.9 | — | 597.0 |
| Depreciation and amortization | 1.1 | 2.5 | 138.7 | — | 142.3 |
| Total expenses | 61.3 | 60.6 | 2,930.5 | — | 3,052.4 |
| Operating income (loss) | (36.5) | (33.8) | 177.8 | — | 107.5 |
| Interest (expense) income, net | (142.5) | (75.4) | 87.0 | — | (130.9) |
| Other items, net | 5.8 | (2.2) | (15.5) | — | (11.9) |
| Earnings (loss) before income taxes and equity in earnings (loss) of investee companies | (173.2) | (111.4) | 249.3 | — | (35.3) |
| Benefit (provision) for income taxes | 69.1 | 37.5 | (115.4) | — | (8.8) |
| Equity in earnings (loss) of investee companies, net of tax | 48.8 | 98.7 | (11.2) | (147.5) | (11.2) |
| Net earnings (loss) | $ (55.3) | $ 24.8 | $ 122.7 | $ (147.5) | $ (55.3) |

(Tabular dollars in millions, except per share amounts)

| | Statement of Operations For the Three Months Ended March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| Revenues | $ 35.6 | $ 29.3 | $ 3,589.2 | $ — | $ 3,654.1 |
| Expenses: | | | | | |
| Operating | 20.1 | 23.0 | 2,343.2 | — | 2,386.3 |
| Selling, general and administrative | 30.8 | 33.4 | 516.7 | — | 580.9 |
| Restructuring charges | 3.7 | — | 41.2 | — | 44.9 |
| Depreciation and amortization | 1.8 | 1.2 | 114.8 | — | 117.8 |
| Total expenses | 56.4 | 57.6 | 3,015.9 | — | 3,129.9 |
| Operating income (loss) | (20.8) | (28.3) | 573.3 | — | 524.2 |
| Interest (expense) income, net | (145.6) | (72.9) | 97.4 | — | (121.1) |
| Other items, net | 37.5 | 9.8 | (47.5) | — | (.2) |
| Earnings (loss) before income taxes and equity in earnings (loss) of investee companies | (128.9) | (91.4) | 623.2 | — | 402.9 |
| Benefit (provision) for income taxes | 51.0 | 36.2 | (238.5) | — | (151.3) |
| Equity in earnings (loss) of investee companies, net of tax | 322.2 | 129.0 | (7.3) | (451.2) | (7.3) |
| Net earnings | $ 244.3 | $ 73.8 | $ 377.4 | $ (451.2) | $ 244.3 |

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

| | Balance Sheet At March 31, 2009 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 2.3 | $ .6 | $ 236.7 | $ — | $ 239.6 |
| Receivables, net | 18.6 | 36.9 | 2,877.4 | — | 2,932.9 |
| Programming and other inventory | 4.6 | 6.8 | 741.9 | — | 753.3 |
| Prepaid expenses and other current assets | 51.7 | 68.9 | 928.8 | (11.7) | 1,037.7 |
| Total current assets | 77.2 | 113.2 | 4,784.8 | (11.7) | 4,963.5 |
| Property and equipment | 46.5 | 72.2 | 4,787.9 | — | 4,906.6 |
| Less accumulated depreciation and amortization | 14.9 | 27.4 | 1,907.2 | — | 1,949.5 |
| Net property and equipment | 31.6 | 44.8 | 2,880.7 | — | 2,957.1 |
| Programming and other inventory | 5.6 | 31.6 | 1,533.5 | — | 1,570.7 |
| Goodwill | 100.3 | 63.0 | 8,426.8 | — | 8,590.1 |
| Intangible assets | 255.1 | — | 6,805.4 | — | 7,060.5 |
| Investments in consolidated subsidiaries | 32,807.1 | 5,196.0 | — | (38,003.1) | — |
| Other assets | 98.5 | 24.6 | 1,140.8 | — | 1,263.9 |
| Total Assets | $ 33,375.4 | $ 5,473.2 | $ 25,572.0 | $ (38,014.8) | $ 26,405.8 |
| **Liabilities and Stockholders' Equity** | | | | | |
| Accounts payable | $ 5.0 | $ 9.2 | $ 340.2 | $ — | $ 354.4 |
| Participants' share and royalties payable | — | 17.3 | 988.8 | — | 1,006.1 |
| Program rights | 5.4 | 8.3 | 976.5 | — | 990.2 |
| Current portion of long-term debt | 5.1 | — | 17.4 | — | 22.5 |
| Accrued expenses and other | 322.0 | 252.8 | 1,525.5 | (12.0) | 2,088.3 |
| Total current liabilities | 337.5 | 287.6 | 3,848.4 | (12.0) | 4,461.5 |
| Long-term debt | 6,954.8 | — | 153.9 | — | 7,108.7 |
| Other liabilities | 3,192.0 | 775.8 | 2,398.9 | (.8) | 6,365.9 |
| Intercompany payables | 9,712.1 | (5,403.4) | (9,347.4) | 5,038.7 | — |
| Stockholders' Equity: | | | | | |
| Preferred Stock | — | — | 128.2 | (128.2) | — |
| Common Stock | .8 | 122.8 | 1,135.9 | (1,258.7) | .8 |
| Additional paid-in capital | 43,489.3 | — | 61,434.8 | (61,434.8) | 43,489.3 |
| Retained earnings (deficit) | (25,944.2) | 10,021.4 | (29,714.0) | 14,983.3 | (30,653.5) |
| Accumulated other comprehensive income (loss) | (673.5) | .1 | 333.2 | (333.3) | (673.5) |
| | 16,872.4 | 10,144.3 | 33,318.1 | (48,171.7) | 12,163.1 |
| Less treasury stock, at cost | 3,693.4 | 331.1 | 4,799.9 | (5,131.0) | 3,693.4 |
| Total Stockholders' Equity | 13,179.0 | 9,813.2 | 28,518.2 | (43,040.7) | 8,469.7 |
| Total Liabilities and Stockholders' Equity | $ 33,375.4 | $ 5,473.2 | $ 25,572.0 | $ (38,014.8) | $ 26,405.8 |

(Tabular dollars in millions, except per share amounts)

| | Balance Sheet At December 31, 2008 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 108.6 | $ .8 | $ 310.1 | $ — | $ 419.5 |
| Receivables, net | 26.1 | 37.6 | 2,686.2 | — | 2,749.9 |
| Programming and other inventory | 4.8 | 7.2 | 1,015.3 | — | 1,027.3 |
| Prepaid expenses and other current assets | 57.6 | 70.6 | 921.0 | (53.1) | 996.1 |
| Total current assets | 197.1 | 116.2 | 4,932.6 | (53.1) | 5,192.8 |
| Property and equipment | 45.7 | 66.5 | 4,787.3 | — | 4,899.5 |
| Less accumulated depreciation and amortization | 13.9 | 25.0 | 1,852.3 | — | 1,891.2 |
| Net property and equipment | 31.8 | 41.5 | 2,935.0 | — | 3,008.3 |
| Programming and other inventory | 6.6 | 36.4 | 1,535.1 | — | 1,578.1 |
| Goodwill | 100.3 | 63.0 | 8,484.5 | — | 8,647.8 |
| Intangible assets | 255.1 | — | 6,849.1 | — | 7,104.2 |
| Investments in consolidated subsidiaries | 32,758.2 | 5,097.3 | — | (37,855.5) | — |
| Other assets | 76.7 | 57.9 | 1,223.5 | — | 1,358.1 |
| Total Assets | $ 33,425.8 | $ 5,412.3 | $ 25,959.8 | $ (37,908.6) | $ 26,889.3 |
| **Liabilities and Stockholders' Equity** | | | | | |
| Accounts payable | $ 3.6 | $ 54.1 | $ 405.1 | $ — | $ 462.8 |
| Participants' share and royalties payable | — | 16.8 | 945.5 | — | 962.3 |
| Program rights | 5.9 | 8.9 | 825.3 | — | 840.1 |
| Current portion of long-term debt | 5.1 | — | 16.2 | — | 21.3 |
| Accrued expenses and other | 511.4 | 319.1 | 1,737.4 | (53.5) | 2,514.4 |
| Total current liabilities | 526.0 | 398.9 | 3,929.5 | (53.5) | 4,800.9 |
| Long-term debt | 6,813.6 | — | 161.2 | — | 6,974.8 |
| Other liabilities | 3,097.8 | 912.5 | 2,506.6 | (.6) | 6,516.3 |
| Intercompany payables | 9,681.8 | (5,687.5) | (9,068.3) | 5,074.0 | — |
| Stockholders' Equity: | | | | | |
| Preferred Stock | — | — | 128.2 | (128.2) | — |
| Common Stock | .8 | 122.8 | 1,135.9 | (1,258.7) | .8 |
| Additional paid-in capital | 43,495.0 | — | 61,434.8 | (61,434.8) | 43,495.0 |
| Retained earnings (deficit) | (25,888.9) | 9,996.6 | (29,836.7) | 15,130.8 | (30,598.2) |
| Accumulated other comprehensive income (loss) | (606.9) | .1 | 368.5 | (368.6) | (606.9) |
| | 17,000.0 | 10,119.5 | 33,230.7 | (48,059.5) | 12,290.7 |
| Less treasury stock, at cost | 3,693.4 | 331.1 | 4,799.9 | (5,131.0) | 3,693.4 |
| Total Stockholders' Equity | 13,306.6 | 9,788.4 | 28,430.8 | (42,928.5) | 8,597.3 |
| Total Liabilities and Stockholders' Equity | $ 33,425.8 | $ 5,412.3 | $ 25,959.8 | $ (37,908.6) | $ 26,889.3 |

(Tabular dollars in millions, except per share amounts)

| | Statement of Cash Flows For the Three Months Ended March 31, 2009 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| **Net cash flow (used for) provided by operating activities** | $ (193.7) | $ (71.4) | $ 243.6 | $ — | $ (21.5) |
| **Investing Activities:** | | | | | |
| Acquisitions, net of cash acquired | — | — | (6.7) | — | (6.7) |
| Capital expenditures | — | (6.0) | (68.2) | — | (74.2) |
| Investments in and advances to investee companies | — | — | (12.5) | — | (12.5) |
| Purchases of marketable securities | — | (35.6) | — | — | (35.6) |
| Proceeds from dispositions | — | — | 21.6 | — | 21.6 |
| Other, net | (.3) | — | — | — | (.3) |
| **Net cash flow used for investing activities** | (.3) | (41.6) | (65.8) | — | (107.7) |
| **Financing Activities:** | | | | | |
| Borrowings from (repayments to) banks, including commercial paper, net | 296.0 | — | (2.9) | — | 293.1 |
| Repayment of notes | (151.9) | — | — | — | (151.9) |
| Payment of capital lease obligations | — | — | (3.9) | — | (3.9) |
| Dividends | (184.4) | — | — | — | (184.4) |
| Purchase of Company common stock | (4.0) | — | — | — | (4.0) |
| Excess tax benefit from stock-based compensation | .4 | — | — | — | .4 |
| Increase (decrease) in intercompany payables | 131.6 | 112.8 | (244.4) | — | — |
| **Net cash flow provided by (used for) financing activities** | 87.7 | 112.8 | (251.2) | — | (50.7) |
| Net decrease in cash and cash equivalents | (106.3) | (.2) | (73.4) | — | (179.9) |
| Cash and cash equivalents at beginning of period | 108.6 | .8 | 310.1 | — | 419.5 |
| **Cash and cash equivalents at end of period** | $ 2.3 | $ .6 | $ 236.7 | $ — | $ 239.6 |

(Tabular dollars in millions, except per share amounts)

| | Statement of Cash Flows For the Three Months Ended March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | CBS Corp. | CBS Operations Inc. | Non-Guarantor Affiliates | Eliminations | CBS Corp. Consolidated |
| **Net cash flow (used for) provided by operating activities** | $ (181.8) | $ (74.1) | $ 1,282.7 | $ — | $ 1,026.8 |
| **Investing Activities:** | | | | | |
| Acquisitions, net of cash acquired | (38.6) | — | (9.8) | — | (48.4) |
| Capital expenditures | — | (3.5) | (85.3) | — | (88.8) |
| Investments in and advances to investee companies | — | — | (1.1) | — | (1.1) |
| Purchases of marketable securities | — | (12.6) | — | — | (12.6) |
| Proceeds from dispositions | 3.9 | — | 185.6 | — | 189.5 |
| Proceeds from sales of marketable securities | — | 4.7 | — | — | 4.7 |
| Net receipts from Viacom Inc. related to the Separation | — | — | 6.7 | — | 6.7 |
| Other, net | (.4) | (7.0) | — | — | (7.4) |
| **Net cash flow (used for) provided by investing activities** | (35.1) | (18.4) | 96.1 | — | 42.6 |
| **Financing Activities:** | | | | | |
| Repayments to banks, including commercial paper, net | — | — | (3.7) | — | (3.7) |
| Payment of capital lease obligations | — | — | (5.0) | — | (5.0) |
| Dividends | (168.8) | — | — | — | (168.8) |
| Purchase of Company common stock | (11.9) | — | — | — | (11.9) |
| Proceeds from exercise of stock options | 30.4 | — | — | — | 30.4 |
| Excess tax benefit from stock-based compensation | 1.6 | — | — | — | 1.6 |
| Increase (decrease) in intercompany payables | 1,449.6 | 92.5 | (1,542.1) | — | — |
| **Net cash flow provided by (used for) financing activities** | 1,300.9 | 92.5 | (1,550.8) | — | (157.4) |
| Net increase (decrease) in cash and cash equivalents | 1,084.0 | — | (172.0) | — | 912.0 |
| Cash and cash equivalents at beginning of period | 732.9 | .8 | 613.2 | — | 1,346.9 |
| **Cash and cash equivalents at end of period** | $ 1,816.9 | $ .8 | $ 441.2 | $ — | $ 2,258.9 |

**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 should be read in conjunction with the consolidated financial statements and related notes in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

**Consolidated Results of Operations**

**Three Months Ended March 31, 2009 versus Three Months Ended March 31, 2008**

*Revenues*

The following table presents the Company's consolidated revenues by type, net of intercompany eliminations, for the three months ended March 31, 2009 and 2008.

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| **Revenues by Type** | **2009** | **Percentage of Total** | **2008** | **Percentage of Total** | **Increase/(Decrease) $** | **%** |
| Advertising sales | $2,028.4 | 64% | $2,412.9 | 66% | $ (384.5) | (16)% |
| Television license fees | 462.7 | 15 | 606.6 | 16 | (143.9) | (24) |
| Affiliate revenues | 316.0 | 10 | 291.2 | 8 | 24.8 | 9 |
| Publishing | 161.7 | 5 | 201.6 | 6 | (39.9) | (20) |
| Home entertainment | 62.7 | 2 | 37.0 | 1 | 25.7 | 69 |
| Other | 128.4 | 4 | 104.8 | 3 | 23.6 | 23 |
| **Total Revenues** | $3,159.9 | 100% | $3,654.1 | 100% | $ (494.2) | (14)% |

Advertising sales decreased $384.5 million, or 16%, to $2.03 billion for the three months ended March 31, 2009 principally reflecting continued softness in the television, radio and outdoor advertising markets resulting from the weak economic environment, and lower political advertising sales. These decreases were partially offset by the impact of the acquisition of CNET Networks, Inc. ("CNET") in the second quarter of 2008.

Television license fees decreased $143.9 million, or 24%, to $462.7 million for the three months ended March 31, 2009 principally due to the absence of the initial benefit in the first quarter of 2008 of the new international self-distribution arrangement for the *CSI* franchise, partially offset by higher international syndication sales.

Affiliate revenues increased $24.8 million, or 9%, to $316.0 million for the three months ended March 31, 2009 due to rate increases and subscriber growth at Showtime Networks and CBS College Sports Network.

Publishing revenues decreased $39.9 million, or 20%, to $161.7 million for the three months ended March 31, 2009 principally reflecting a soft retail market and the timing of the release of titles.

Home entertainment revenues increased $25.7 million, or 69%, to $62.7 million for the three months ended March 31, 2009 reflecting the performance of DVD titles.

Other revenues, which include digital media revenues and other ancillary fees for Television, Radio, Outdoor and Interactive operations, increased $23.6 million, or 23%, to $128.4 million for the three months ended March 31, 2009, primarily reflecting the impact of the acquisition of CNET partially offset by the absence of first quarter 2008 revenues associated with certain of the Company's former agreements with Westwood One, Inc. ("Westwood One"), which were concluded during the first quarter of 2008.

**(Tabular dollars in millions, except per share amounts)**

*International Revenues*

The Company generated approximately 15% of its total revenues from international regions for the three months ended March 31, 2009 and 20% for the three months ended March 31, 2008. The decrease in international revenues as a percentage of total revenues for the first quarter of 2009 was principally due to the absence of the initial benefit in the first quarter of 2008 of the new international self-distribution arrangement for the *CSI* franchise and the impact of foreign exchange rate changes.

*Operating Expenses*

The following table presents the Company's consolidated operating expenses by type, net of intercompany eliminations, for the three months ended March 31, 2009 and 2008.

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| **Operating Expenses by Type** | **2009** | **Percentage of Total** | **2008** | **Percentage of Total** | **Increase/(Decrease) $** | **%** |
| Programming | $1,085.8 | 47% | $1,061.5 | 45% | $ 24.3 | 2% |
| Production | 588.0 | 25 | 677.8 | 28 | (89.8) | (13) |
| Outdoor operations | 271.5 | 12 | 296.4 | 12 | (24.9) | (8) |
| Publishing operations | 118.6 | 5 | 135.6 | 6 | (17.0) | (13) |
| Other | 249.2 | 11 | 215.0 | 9 | 34.2 | 16 |
| **Total Operating Expenses** | $2,313.1 | 100% | $2,386.3 | 100% | $ (73.2) | (3)% |

Operating expenses for the three months ended March 31, 2009 decreased $73.2 million, or 3%, to $2.31 billion.

Programming expenses for the three months ended March 31, 2009 increased $24.3 million, or 2%, to $1.09 billion primarily reflecting higher costs associated with cable programming.

Production expenses for the three months ended March 31, 2009 decreased $89.8 million, or 13%, to $588.0 million primarily due to lower production costs associated with lower syndication revenues, partially offset by the impact of the Writers Guild of America ("WGA") strike which reduced production costs in the first quarter of 2008.

Outdoor operations expenses for the three months ended March 31, 2009 decreased $24.9 million, or 8%, to $271.5 million primarily reflecting the impact of foreign exchange rate changes partially offset by higher transit costs in Europe.

Publishing operations expenses for the three months ended March 31, 2009 decreased $17.0 million, or 13%, to $118.6 million principally due to lower author royalty and production expenses driven by the decrease in revenues.

Other operating expenses for the three months ended March 31, 2009 increased $34.2 million, or 16%, to $249.2 million primarily reflecting increased costs associated with digital media, including the impact of the acquisition of CNET.

*Selling, General and Administrative Expenses*

Selling, general and administrative ("SG&A") expenses, which include expenses incurred for selling and marketing costs, occupancy and back office support, increased $16.1 million, or 3%, to $597.0 million for the three months ended March 31, 2009 primarily due to the impact of the acquisition of CNET and the absence of the first quarter 2008 settlement of an international receivable claim, partially offset by lower expenses resulting from restructuring and cost-savings initiatives implemented across the Company's segments, and the impact of foreign exchange rate changes. Pension and postretirement benefits costs increased $22.2 million to $57.0 million for the three months ended March 31, 2009 from $34.8 million for the same prior-year period due to pension plan asset performance in 2008. SG&A expenses as a percentage of revenues were 19% and 16% for the three months ended March 31, 2009 and 2008, respectively.

(Tabular dollars in millions, except per share amounts)**

*Restructuring Charges*

During 2008, as a result of weakened economic conditions, the Company reduced its cost structure across all of its segments. Accordingly, the Company recorded total restructuring charges of $136.7 million, of which $44.9 million was recorded during the first quarter of 2008. The charges reflect $127.5 million of severance costs and $9.2 million of contract termination and other associated costs. As of March 31, 2009, the Company paid $73.3 million of severance costs and $2.3 million of the contract termination and other associated costs, of which $28.8 million and $.8 million, respectively, was paid during the three months ended March 31, 2009. The following table sets forth the activity for these restructuring charges by segment.

| | Balance at December 31, 2008 | First Quarter 2009 Payments | Balance at March 31, 2009 |
|---|---|---|---|
| Television | $ 35.9 | $ (13.3) | $ 22.6 |
| Radio | 38.9 | (8.6) | 30.3 |
| Outdoor | 7.8 | (3.4) | 4.4 |
| Interactive | 2.7 | (2.3) | .4 |
| Publishing | 3.9 | (1.7) | 2.2 |
| Corporate | 1.5 | (.3) | 1.2 |
| **Total** | $ 90.7 | $ (29.6) | $ 61.1 |

*Depreciation and Amortization*

For the three months ended March 31, 2009, depreciation and amortization increased $24.5 million, or 21%, to $142.3 million principally reflecting higher depreciation and amortization associated with fixed assets and intangible assets acquired in connection with CNET and higher depreciation resulting from 2008 capital expenditures at Outdoor.

*Interest Expense*

For the three months ended March 31, 2009, interest expense decreased $5.5 million to $133.2 million from $138.7 million for the same prior-year period primarily reflecting the repurchases of a portion of the Company's 7.70% senior notes due 2010 during the fourth quarter of 2008 and the first quarter of 2009. The Company had $7.13 billion of principal amounts of debt outstanding (including current maturities) at both March 31, 2009 and 2008, at weighted average interest rates of 6.8% and 7.1%, respectively.

**(Tabular dollars in millions, except per share amounts)**

*Interest Income*

For the three months ended March 31, 2009, interest income decreased $15.3 million to $2.3 million from $17.6 million for the same prior-year period reflecting lower average cash balances and lower interest rates.

*Other Items, Net*

For the three months ended March 31, 2009, "Other items, net" reflected a net loss of $11.9 million principally consisting of foreign exchange translation losses of $11.8 million.

For the three months ended March 31, 2008, "Other items, net" reflected a net loss of $.2 million consisting of losses of $4.2 million associated with securitizing accounts receivables partially offset by foreign exchange translation gains of $4.0 million.

*Provision for Income Taxes*

The provision for income taxes represents federal, state and local, and foreign income taxes on earnings (loss) before income taxes and equity in loss of investee companies.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Earnings (loss) before income taxes and equity in loss of investee companies | $ (35.3) | $ 402.9 |
| Provision for income taxes | $ (8.8) | $ (151.3) |

The provision for income taxes of $8.8 million for the three months ended March 31, 2009 was impacted by the reversal of certain international net operating loss carryforwards, as well as a reduction of deferred tax assets associated with stock-based compensation. This reduction reflects the difference between the estimated tax benefit recognized based on the grant date fair value of the stock-based compensation award versus the actual tax benefit realized based on the market value on the date of vest.

The Company's annual effective income tax rate for 2009 is currently expected to be approximately 45% which excludes the impact of any settlements of income tax audits or future reductions of deferred tax assets associated with the vesting of stock-based compensation, as they can not currently be determined.

*Equity in Loss of Investee Companies, Net of Tax*

Equity in loss of investee companies, net of tax, reflects the operating results of the Company's equity investments. For the three months ended March 31, 2009, equity in loss of investee companies, net of tax, increased $3.9 million to a loss of $11.2 million.

*Net Earnings (Loss)*

The Company reported a net loss of $55.3 million for the three months ended March 31, 2009 versus net earnings of $244.3 million for the three months ended March 31, 2008.

**(Tabular dollars in millions, except per share amounts)**

**Segment Results of Operations**

The following tables present the Company's revenues, segment operating income (loss) before depreciation and amortization ("Segment OIBDA"), operating income (loss), and depreciation and amortization by segment, for the three months ended March 31, 2009 and 2008, respectively. In connection with the acquisition of CNET in the second quarter of 2008, the Company combined its existing interactive businesses, which were previously reported in the Television segment, with those of CNET and realigned its management structure to create a separate Interactive segment. Prior period results have been reclassified to conform to this presentation.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| **Revenues:** | | |
| Television | $ 2,230.6 | $ 2,544.7 |
| Radio | 259.7 | 363.5 |
| Outdoor | 379.9 | 496.9 |
| Interactive | 133.6 | 52.9 |
| Publishing | 161.7 | 201.6 |
| Eliminations | (5.6) | (5.5) |
| **Total Revenues** | $ 3,159.9 | $ 3,654.1 |

**(Tabular dollars in millions, except per share amounts)**

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| **Segment OIBDA:** | | |
| Television | $ 228.7 | $ 448.4 |
| Radio | 52.2 | 122.3 |
| Outdoor | 25.1 | 101.5 |
| Interactive | 8.2 | 1.1 |
| Publishing | .1 | 17.1 |
| Corporate | (28.5) | (26.0) |
| Residual costs | (36.0) | (22.4) |
| Depreciation and amortization | (142.3) | (117.8) |
| **Total Operating Income** | $ 107.5 | $ 524.2 |
| **Operating Income (Loss):** | | |
| Television | $ 184.7 | $ 404.8 |
| Radio | 43.7 | 115.0 |
| Outdoor | (38.2) | 44.1 |
| Interactive | (11.6) | (2.7) |
| Publishing | (2.1) | 14.6 |
| Corporate | (33.0) | (29.2) |
| Residual costs | (36.0) | (22.4) |
| **Total Operating Income** | $ 107.5 | $ 524.2 |
| **Depreciation and Amortization:** | | |
| Television | $ 44.0 | $ 43.6 |
| Radio | 8.5 | 7.3 |
| Outdoor | 63.3 | 57.4 |
| Interactive | 19.8 | 3.8 |
| Publishing | 2.2 | 2.5 |
| Corporate | 4.5 | 3.2 |
| **Total Depreciation and Amortization** | $ 142.3 | $ 117.8 |

(a) The Company presents Segment OIBDA as the primary measure of profit and loss for its operating segments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 131 "Disclosures about Segments of an Enterprise and Related Information". The Company believes the presentation of Segment 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 the Company's management and enhances their ability to understand the Company's operating performance. The reconciliation of Segment OIBDA to the Company's consolidated Net Earnings (Loss) is presented in Note 15 (Reportable Segments) to the consolidated financial statements.

(Tabular dollars in millions, except per share amounts)**

**Television** *(CBS Television Network, CBS Television Stations, CBS Television Studios, CBS Television Distribution, CBS College Sports Network and Showtime Networks)*

(Contributed 71% to consolidated revenues of the three months ended March 31, 2009 versus 70% for the comparable prior-year period.)

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Revenues | $ 2,230.6 | $ 2,544.7 |
| OIBDA | $ 228.7 | $ 448.4 |
| Depreciation and amortization | (44.0) | (43.6) |
| Operating income | $ 184.7 | $ 404.8 |
| OIBDA as a % of revenues | 10% | 18% |
| Operating income as a % of revenues | 8% | 16% |
| Restructuring charges | $ — | $ 34.9 |
| Capital expenditures | $ 25.0 | $ 34.6 |

For the three months ended March 31, 2009, Television revenues decreased 12% to $2.23 billion from $2.54 billion for the same prior-year period due to lower advertising sales and lower television license fees partially offset by higher affiliate and home entertainment revenues. The following table presents revenues by type for the Television segment for the three months ended March 31, 2009 and 2008.

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | | % of | | % of | Increase/(Decrease) | |
| **Television Revenues by Type** | **2009** | **Total** | **2008** | **Total** | **$** | **%** |
| Advertising sales | $1,307.9 | 58% | $1,537.1 | 60% | $ (229.2) | (15)% |
| Television license fees | 462.7 | 21 | 606.6 | 24 | (143.9) | (24) |
| Affiliate revenues | 316.0 | 14 | 291.2 | 11 | 24.8 | 9 |
| Home entertainment | 62.7 | 3 | 37.0 | 2 | 25.7 | 69 |
| Other | 81.3 | 4 | 72.8 | 3 | 8.5 | 12 |
| **Total Television Revenues** | $2,230.6 | 100% | $2,544.7 | 100% | $ (314.1) | (12)% |

Advertising sales decreased 15% primarily reflecting softness in the advertising marketplace and lower political advertising sales. Television license fees decreased 24% primarily due to the absence of the initial benefit in the first quarter of 2008 of the new international self-distribution arrangement for the *CSI* franchise, partially offset by higher international syndication sales. Affiliate revenues increased 9% driven by rate increases and subscriber growth at Showtime Networks and CBS College Sports Network. Home entertainment revenues increased 69% reflecting the performance of DVD titles.

For the three months ended March 31, 2009, Television operating income decreased $220.1 million, or 54%, to $184.7 million and OIBDA decreased $219.7 million, or 49%, to $228.7 million primarily due to lower advertising revenues and lower profits from syndication sales partially offset by the absence of the first quarter 2008 restructuring charges of $34.9 million and lower expenses associated with restructuring and cost-savings initiatives.

(Tabular dollars in millions, except per share amounts)**

*Dispositions*

On January 10, 2008, the Company completed the sale of seven of its owned television stations in Austin, Salt Lake City, Providence and West Palm Beach to Cerberus Capital Management, L.P. for $185.0 million.

**Radio** *(CBS Radio)*

(Contributed 8% to consolidated revenues for the three months ended March 31, 2009 versus 10% for the comparable prior-year period.)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| Revenues | $ 259.7 | $ 363.5 |
| OIBDA | $ 52.2 | $ 122.3 |
| Depreciation and amortization | (8.5) | (7.3) |
| Operating income | $ 43.7 | $ 115.0 |
| OIBDA as a % of revenues | 20% | 34% |
| Operating income as a % of revenues | 17% | 32% |
| Restructuring charges | $ — | $ 10.0 |
| Capital expenditures | $ 11.3 | $ 6.1 |

For the three months ended March 31, 2009, Radio revenues decreased 29% to $259.7 million from $363.5 million for the same prior-year period reflecting softness in the advertising marketplace, primarily resulting from the weak economic environment, and the absence of first quarter 2008 revenues of $12.0 million associated with certain of the Company's former agreements with Westwood One which were concluded during the first quarter of 2008.

For the three months ended March 31, 2009, Radio operating income decreased $71.3 million, or 62%, to $43.7 million and OIBDA decreased $70.1 million, or 57%, to $52.2 million driven by lower advertising sales and the absence of the aforementioned revenues from Westwood One. These decreases were partially offset by the absence of the first quarter 2008 restructuring charges of $10.0 million and lower talent and employee-related costs resulting from restructuring and cost-savings initiatives.

*Dispositions*

On April 1, 2009, the Company completed a transaction with Clear Channel Communications, Inc. for the swap of five of its mid-size market radio stations in Baltimore, Portland, Sacramento and Seattle, for two radio stations in Houston.

On March 6, 2009, the Company completed the sale of three of its owned radio stations in Denver to Wilks Broadcasting for $19.5 million.

**(Tabular dollars in millions, except per share amounts)**

**Outdoor** *(CBS Outdoor)*

(Contributed 12% to consolidated revenues for the three months ended March 31, 2009 versus 14% for the comparable prior-year period.)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| Revenues | $ 379.9 | $ 496.9 |
| OIBDA | $ 25.1 | $ 101.5 |
| Depreciation and amortization | (63.3) | (57.4) |
| Operating income (loss) | $ (38.2) | $ 44.1 |
| OIBDA as a % of revenues | 7% | 20% |
| Operating income as a % of revenues | NM | 9% |
| Capital expenditures | $ 25.9 | $ 41.4 |

NM - Not meaningful

For the three months ended March 31, 2009, Outdoor revenues decreased 24% to $379.9 million from $496.9 million for the same prior-year period due to lower advertising sales resulting from a weak advertising marketplace worldwide, and the impact of foreign exchange rate changes as a result of the strengthening of the U.S. dollar. Revenues for North America (which is comprised of the United States, Canada and Mexico) decreased 18% for the three months ended March 31, 2009 primarily due to a revenue decline of 18% in the U.S. billboards business and the impact of foreign exchange rate changes. Revenues for International (which is comprised of Europe, Asia and South America) decreased 31% driven by foreign exchange rate changes and lower advertising sales principally due to a weak advertising market in Europe during the first quarter of 2009, partially offset by the inclusion of the results of International Outdoor Advertising Group, the Company's outdoor operations in South America, which was acquired during the second quarter of 2008. The unfavorable impact of foreign exchange rate changes on total Outdoor revenues was approximately $48 million for the three months ended March 31, 2009. Approximately 45% and 50% of Outdoor revenues were generated from regions outside the United States for the three months ended March 31, 2009 and 2008, respectively.

For the three months ended March 31, 2009, Outdoor reported an operating loss of $38.2 million compared to operating income of $44.1 million for the same prior-year period. Outdoor OIBDA decreased $76.4 million, or 75%, to $25.1 million for the three months ended March 31, 2009 from $101.5 million for the same prior-year period. These decreases were driven by the decline in advertising sales. In addition, Outdoor's franchise and lease costs are generally fixed in nature and, due to the difficult advertising marketplace worldwide, many of Outdoor's transit contracts are operating at their minimum guarantee levels, therefore adversely impacting OIBDA and operating income margins during the first quarter of 2009. North America reported an operating loss of $2.0 million for the three months ended March 31, 2009, compared to operating income of $45.0 million for the same prior-year period and North America OIBDA decreased $47.5 million, or 52%, to $43.8 million from $91.3 million for the same prior-year period. These decreases were driven by the revenue decline. For the three months ended March 31, International reported an operating loss of $36.2 million for 2009 versus an operating loss of $.9 million for 2008 and an OIBDA loss of $18.7 million for 2009 versus income of $10.2 million for 2008. These decreases principally reflected the decline in advertising sales and higher transit costs in Europe, partially offset by lower employee-related costs resulting from restructuring and cost-savings initiatives. The operating loss for International was also negatively impacted by higher depreciation expense for the three months ended March 31, 2009 versus the same prior-year period.

**(Tabular dollars in millions, except per share amounts)**

**Interactive** (*CBS Interactive*)

(Contributed 4% to consolidated revenues for the three months ended March 31, 2009 versus 1% for the comparable prior-year period.)

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Revenues | $ 133.6 | $ 52.9 |
| OIBDA | $ 8.2 | $ 1.1 |
| Depreciation and amortization | (19.8) | (3.8) |
| Operating loss | $ (11.6) | $ (2.7) |
| OIBDA as a % of revenues | 6% | 2% |
| Capital expenditures | $ 5.5 | $ 1.4 |

During the second quarter of 2008 the Company completed the acquisition of CNET for $1.8 billion.

For the three months ended March 31, 2009, Interactive revenues increased $80.7 million to $133.6 million from $52.9 million for the same prior-year period, as Interactive results for the first quarter of 2008 did not include $89.1 million of first quarter 2008 revenues generated from CNET, which was acquired in the second quarter of 2008. The Interactive revenue increase also reflects higher mobile revenues partially offset by lower display advertising sales due to the weak advertising marketplace resulting from the economic environment.

For the three months ended March 31, 2009, Interactive reported an operating loss of $11.6 million compared to an operating loss of $2.7 million for the same prior-year period, reflecting depreciation and amortization expense associated with fixed assets and intangible assets acquired in connection with CNET. Interactive OIBDA increased to $8.2 million for the three months ended March 31, 2009 from $1.1 million for the same prior-year period due to the impact of the acquisition of CNET and lower employee-related costs resulting from headcount reductions.

(Tabular dollars in millions, except per share amounts)**

**Publishing** (*Simon & Schuster*)

(Contributed 5% to consolidated revenues for the three months ended March 31, 2009 versus 6% for the comparable prior-year period.)

| | Three Months Ended March 31, 2009 | Three Months Ended March 31, 2008 |
|---|---|---|
| Revenues | $ 161.7 | $ 201.6 |
| OIBDA | $ .1 | $ 17.1 |
| Depreciation and amortization | (2.2) | (2.5) |
| Operating income (loss) | $ (2.1) | $ 14.6 |
| OIBDA as a % of revenues | —% | 8% |
| Operating income as a % of revenues | NM | 7% |
| Capital expenditures | $ .5 | $ 1.8 |

NM - Not meaningful

For the three months ended March 31, 2009, Publishing revenues decreased 20% to $161.7 million from $201.6 million for the same prior-year period reflecting a soft retail market and the timing of the release of titles.

For the three months ended March 31, 2009, Publishing reported an operating loss of $2.1 million versus operating income of $14.6 million for the same prior-year period. Publishing OIBDA decreased to $.1 million from $17.1 million for the same prior-year period. These decreases were driven by the revenue decline partially offset by lower author royalty expenses, production costs and selling and advertising expenses resulting from the revenue decrease, and lower employee-related costs due to restructuring and cost-savings initiatives.

**Financial Position**

Current assets decreased $229.3 million to $4.96 billion at March 31, 2009 from $5.19 billion at December 31, 2008, primarily due to decreases in cash and cash equivalents and programming and other inventory, partially offset by an increase in receivables. The decrease in programming and other inventory of $274.0 million reflected the timing of sports programming payments. The increase in receivables of $183.0 million was due to the reduction to amounts outstanding under the revolving accounts receivable securitization program which increased the receivable balance by $300.0 million, partially offset by timing of collections. The allowance for doubtful accounts as a percentage of receivables was 4.9% at March 31, 2009 compared with 5.0% at December 31, 2008.

Net property and equipment of $2.96 billion at March 31, 2009 decreased $51.2 million from $3.01 billion at December 31, 2008, primarily reflecting depreciation expense of $109.4 million and foreign currency translation adjustments, partially offset by capital expenditures of $74.2 million.

Goodwill decreased $57.7 million to $8.59 billion at March 31, 2009 from $8.65 billion at December 31, 2008, primarily reflecting foreign currency translation adjustments.

Intangible assets, principally consisting of FCC licenses, leasehold agreements and franchise agreements, decreased by $43.7 million to $7.06 billion at March 31, 2009 from $7.10 billion at December 31, 2008, primarily due to divestitures of $14.6 million and amortization expense of $32.9 million.

(Tabular dollars in millions, except per share amounts)**

Current liabilities decreased $339.4 million to $4.46 billion at March 31, 2009 from $4.80 billion at December 31, 2008, primarily reflecting a decrease in dividends payable resulting from the decrease in the quarterly cash dividend rate and decreases in accounts payable and accrued compensation due to timing of payments.

Other liabilities decreased $158.7 million to $3.46 billion at March 31, 2009 from $3.62 billion at December 31, 2008, primarily reflecting lower program rights obligations.

**Cash Flows**

Cash and cash equivalents decreased by $179.9 million for the three months ended March 31, 2009. The change in cash and cash equivalents was as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Cash (used for) provided by operating activities | $ (21.5) | $ 1,026.8 |
| Cash (used for) provided by investing activities | (107.7) | 42.6 |
| Cash used for financing activities | (50.7) | (157.4) |
| Net (decrease) increase in cash and cash equivalents | $ (179.9) | $ 912.0 |

***Operating Activities.*** For the three months ended March 31, 2009, cash used for operating activities was $21.5 million versus $1.03 billion provided by operating activities for the same prior-year period. This decrease is primarily due to a $300.0 million reduction to amounts outstanding under the revolving accounts receivable securitization program, lower advertising revenues, and higher 2009 cash spending for programming compared to 2008 which was impacted by the WGA strike.

Cash paid for income taxes for the three months ended March 31, 2009 was $47.4 versus $47.5 for the three months ended March 31, 2008. Cash taxes for the first quarter of 2009 included approximately $19.9 million of payments for the settlement of tax audits. Cash taxes for 2009 are currently anticipated to be approximately $150 million to $200 million, excluding the impact of gains or losses on dispositions.

***Investing Activities.*** Cash used for investing activities of $107.7 million for the three months ended March 31, 2009 principally reflected capital expenditures of $74.2 million, purchases of marketable securities of $35.6 million and investments in investee companies of $12.5 million, partially offset by proceeds from dispositions of $21.6 million, primarily from the sale of radio stations. Cash provided by investing activities of $42.6 million for the three months ended March 31, 2008 principally reflected proceeds of $185.0 million from television station divestitures partially offset by capital expenditures of $88.8 million and acquisitions of $48.4 million, primarily consisting of additional payments for the 2007 acquisition of Last.fm and the acquisition of outdoor advertising properties.

Capital expenditures for 2009 are currently anticipated to be approximately $275 million to $325 million.

***Financing Activities.*** Cash used for financing activities of $50.7 million for the three months ended March 31, 2009 principally reflected dividend payments of $184.4 million and the repayment of notes of $151.9 million, partially offset by borrowing from banks of $293.1 million. Cash used for financing activities of $157.4 million for the three months ended March 31, 2008 principally reflected dividend payments of $168.8 million, partially offset by proceeds from the exercise of stock options of $30.4 million.

**(Tabular dollars in millions, except per share amounts)**

***Cash Dividends***

On April 7, 2009 the Company announced a quarterly cash dividend of $.05 per share on its Class A and Class B Common Stock payable on July 1, 2009. On February 18, 2009, the Company announced a quarterly cash dividend of $.05 per share on its Class A and Class B Common Stock payable on April 1, 2009. The total dividend was $34.7 million of which $33.6 million was paid on April 1, 2009 and $1.1 million was accrued to be paid upon vesting of RSUs and restricted shares. During the first quarter of 2009, the Company paid $184.4 million for the dividend declared on November 13, 2008 and for dividend payments on RSUs and restricted shares that vested during the first quarter of 2009.

**Capital Structure**

The following table sets forth the Company's debt.

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| Commercial paper | $ 99.0 | $ — |
| Notes payable to banks | 199.1 | 4.3 |
| Senior debt (4.625% – 8.875% due 2010 – 2056) [(a)] | 6,749.6 | 6,904.3 |
| Other notes | — | .2 |
| Obligations under capital leases | 117.0 | 120.8 |
| Total debt | 7,164.7 | 7,029.6 |
| Less discontinued operations debt [(b)] | 33.5 | 33.5 |
| Total debt from continuing operations | 7,131.2 | 6,996.1 |
| Less current portion | 22.5 | 21.3 |
| Total long-term debt from continuing operations, net of current portion | $ 7,108.7 | $ 6,974.8 |

(a) At March 31, 2009 and December 31, 2008, the senior debt balances included (i) a net unamortized premium of $22.5 million and $23.3 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $86.7 million and $88.0 million, respectively. The face value of the Company's senior debt was $6.64 billion at March 31, 2009 and $6.79 billion at December 31, 2008.

(b) Included in "Liabilities of discontinued operations" on the Consolidated Balance Sheets.

The senior debt of CBS Corp. is fully and unconditionally guaranteed by its wholly owned subsidiary, CBS Operations Inc. Senior debt in the amount of $52.2 million of the Company's wholly owned subsidiary, CBS Broadcasting Inc., is not guaranteed.

During the first quarter of 2009, the Company repurchased $152.8 million of its 7.70% senior notes due 2010 resulting in a gain on early extinguishment of debt of $.7 million.

***Credit Facility***

At March 31, 2009, the Company had a $3.0 billion revolving credit facility which expires in December 2010 (the "Credit Facility"). The Credit Facility requires the Company to maintain a minimum Consolidated Coverage Ratio, as defined in the Credit Facility, of 3.0x for the trailing four quarters. At March 31, 2009, the Company's Consolidated Coverage Ratio was 4.76x. The primary purpose of the

Credit Facility is to support commercial paper borrowings. At March 31, 2009, the Company had $197.0 million of borrowings outstanding under its $3.0 billion Credit Facility and $99.0 million of outstanding commercial paper borrowings. The Company has classified its outstanding borrowings under the Credit Facility and commercial paper program as long-term debt reflecting its intent and ability to refinance this debt on a long-term basis. The remaining availability under the Credit Facility, net of outstanding letters of credit, was $2.50 billion.

***Accounts Receivable Securitization Program***

The Company's revolving accounts receivable securitization program provides for the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company entered into this arrangement because it provides an additional source of liquidity. Proceeds from this program were used to reduce outstanding borrowings. The terms of the revolving securitization arrangement require that the receivable pools subject to the program meet certain performance ratios. As of March 31, 2009, the Company was in compliance with the required ratios under the receivable securitization program. During the first quarter of 2009, the Company reduced amounts outstanding under its accounts receivable securitization program by $300.0 million to $250.0 million at March 31, 2009 from $550.0 million at December 31, 2008.

During the three months ended March 31, 2009 and 2008, proceeds from collections of securitized accounts receivables of $283.0 million and $681.1 million, respectively, were reinvested in the revolving receivable securitization program. The net loss associated with securitizing the program's accounts receivables was $.6 million and $4.2 million for the three months ended March 31, 2009 and 2008, respectively.

**Liquidity and Capital Resources**

The Company continually projects anticipated cash requirements, which include operating needs, capital expenditures, dividends, and principal and interest payments on its outstanding indebtedness, as well as cash flows generated from operating activities available to meet these needs. The Company believes that its operating cash flows, cash and cash equivalents, borrowing capacity under its Credit Facility, which had $2.50 billion of remaining availability at March 31, 2009, and access to capital markets are sufficient to fund its operating needs, including commitments to purchase sports programming rights, television and film programming, talent contracts, other operating commitments and contingencies, capital and investing commitments, dividends and other financing requirements for the foreseeable future.

The Company's funding will come primarily from cash flows from operations. Any additional net cash funding requirements are financed with short-term borrowings, including commercial paper, and long-term debt. To the extent that the Company's future operating cash flow is negatively impacted by the continued weakened economy, the Company has the ability to curtail certain non-committed programming, capital and other spending.

Although the Company is currently able to access commercial paper markets, there can be no assurance that such markets will continue to be a reliable source of short-term financing for the Company given the volatility and disruption in the current capital and credit markets. To the extent that commercial paper is not available to the Company, the existing Credit Facility provides sufficient capacity to satisfy any short-term borrowing needs.

In 2010, $1.24 billion of long-term debt is scheduled to mature. The Company anticipates that this future debt maturity will be funded with cash and cash equivalents, cash flows generated from operating activities and debt refinancing.

On November 3, 2008, the Company filed a shelf registration statement with the Securities and Exchange Commission registering debt securities, preferred stock, Class B Common Stock (issuable only upon conversion of debt securities and preferred stock) and warrants of CBS Corp. that may be issued by the Company from time to time. The registration statement replaced the previous shelf registration statement that was scheduled to expire on December 1, 2008. As set forth in the shelf registration statement, the net proceeds from the sale of the offered securities may be used by CBS Corp. for general corporate purposes, including repayment of borrowings, working capital, capital expenditures, acquisitions and stock repurchases, or for such other purposes as may be specified in the applicable prospectus supplement.

***Off-Balance Sheet Arrangements***

The Company has 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 March 31, 2009, the outstanding letters of credit and surety bonds approximated $358.7 million and were not recorded on the Consolidated Balance Sheets.

In the course of its business, the Company both provides and receives indemnities which are intended to allocate certain risks associated with business transactions. Similarly, the Company 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. The Company records a liability for its indemnification obligations and other contingent liabilities when probable under generally accepted accounting principles.

**Legal Matters**

*Securities Action.* On December 12, 2008, the City of Pontiac General Employees' Retirement System filed a self-styled class action complaint in the United States District Court for the Southern District of New York against the Company and its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Treasurer, alleging violations of federal securities law. The complaint, which was filed on behalf of a putative class of purchasers of the Company's common stock between February 26, 2008 and October 10, 2008 (the "Class Period"), alleges that, among other things, the Company's failure to timely write down the value of certain assets caused the Company's reported operating results during the Class Period to be materially inflated. The plaintiffs seek unspecified compensatory damages. On February 11, 2009, a motion was filed in the case on behalf of The City of Omaha, Nebraska Civilian Employees' Retirement System, and The City of Omaha Police and Fire Retirement System (collectively, the "Omaha Funds") seeking to appoint the Omaha Funds as the lead plaintiffs in this case; on March 5, 2009, the court granted that motion. On May 4, 2009, the plaintiffs filed an Amended Complaint, which removes the Treasurer as a defendant and adds the Executive Chairman. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend itself in the litigation.

*Indecency Regulation.* In March 2006, the FCC released certain decisions relating to indecency complaints against certain of the Company's owned television stations and affiliated stations. The FCC ordered the Company to pay a forfeiture of $550,000 in the proceeding relating to the broadcast of a

Super Bowl half-time show by the Company's television stations (the "Superbowl Proceeding"). In May 2006, the FCC denied the Company's petition for reconsideration. In July 2006, the Company filed a Petition for Review of the forfeiture with the U.S. Court of Appeals for the Third Circuit and paid the $550,000 forfeiture in order to facilitate the Company's ability to bring the appeal. Oral argument was heard in September 2007. In July 2008, the U.S. Court of Appeals for the Third Circuit vacated the FCC's order to have the Company pay the forfeiture and remanded the case to the FCC. On November 18, 2008, the FCC filed a petition for certiorari with the U.S. Supreme Court, seeking review of the Third Circuit's decision. The petition requested that the U.S. Supreme Court not act on the petition until it ruled in the "fleeting expletives case" mentioned below. On January 8, 2009, the Company filed its opposition to the FCC's petition for certiorari.

In another case involving broadcasts on another network, in June 2007, the U.S. Court of Appeals for the Second Circuit vacated the FCC's November 2006 finding that the broadcast of fleeting and isolated expletives was indecent and remanded the case to the FCC (the "fleeting expletives case"). On March 17, 2008, the U.S. Supreme Court granted the FCC's petition to review the U.S. Court of Appeals for the Second Circuit's decision. On November 4, 2008, the U.S. Supreme Court heard argument in this case. On April 28, 2009, the U.S. Supreme Court issued a 5-4 decision reversing the Second Circuit's judgment on administrative grounds in favor of the FCC and remanding the fleeting expletives case to the Second Circuit.

Following the decision in the fleeting expletives case, on May 4, 2009, the U.S. Supreme Court remanded the Superbowl Proceeding to the U.S. Court of Appeals for the Third Circuit. Both cases will be the subject of further proceedings, in light of the U.S. Supreme Court's April 28, 2009 decision, before the respective U.S. Court of Appeals.

In March 2006, the FCC also notified the Company and certain affiliates of the CBS Television Network of apparent liability for forfeitures relating to a broadcast of the program *Without a Trace*. The FCC proposed to assess a forfeiture of $32,500 against each of these stations, totaling $260,000 for the Company's owned stations. The Company is contesting the FCC decision and the proposed forfeitures.

Additionally, the Company, from time to time, has received and may receive in the future letters of inquiry from the FCC prompted by complaints alleging that certain programming on the Company's broadcasting stations included indecent material.

*Claims Related to Former Businesses: Asbestos, Environmental and Other.* The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred principally 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. The Company is 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 the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos containing grades of decorative micarta, a laminate used in commercial ships.

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. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of March 31, 2009, the Company had pending approximately 67,540 asbestos claims, as compared with approximately 68,520 as of December 31, 2008 and 72,870 as of March 31, 2008. During the first quarter of 2009, the Company received approximately 1,140 new claims and closed or moved to an inactive docket approximately 2,120 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has 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 claim, the quality of evidence supporting the claims and other factors. The Company's total costs for the years 2008 and 2007 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $15.0 million and $17.5 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year as 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. Claims identified as cancer remain a relatively small percentage of asbestos claims pending at March 31, 2009. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury. The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities. This belief is based upon many factors and assumptions, 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. While the number of asbestos claims filed against the Company has trended down in recent years, it is difficult to predict future asbestos liabilities, as events and circumstances may occur including, among others, the number and types of claims and average cost to resolve such claims, which could affect the Company's estimate of its asbestos liabilities.

The Company from time to time receives claims from federal and state environmental regulatory agencies and other entities asserting that it is or may be liable for environmental cleanup costs and related damages principally relating to historical and predecessor operations of the Company. In addition, the Company from time to time receives personal injury claims including toxic tort and product liability claims (other than asbestos) arising from historical operations of the Company and its predecessors.

*General.* On an ongoing basis, the Company defends itself in numerous lawsuits and proceedings and responds to various investigations and inquiries from federal, state and local authorities (collectively, "litigation"). Litigation is inherently uncertain and always difficult to predict. However, based on its understanding and evaluation of the relevant facts and circumstances, the Company believes that the above-described legal matters and other litigation to which it is a party are not likely, in the aggregate, to have a material adverse effect on its results of operations, financial position or cash flows. Under the Separation Agreement between the Company and Viacom Inc., the Company and Viacom Inc. have agreed to defend and indemnify the other in certain litigation in which the Company and/or Viacom Inc. is named.

**(Tabular dollars in millions, except per share amounts)**

**Related Parties**

*National Amusements, Inc.* National Amusements, Inc. ("NAI") is the controlling stockholder of CBS Corp. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, is the Executive Chairman of the Board of Directors and founder of both CBS Corp. and Viacom Inc. At March 31, 2009, NAI beneficially owned CBS Corp. Class A Common Stock representing approximately 81% of the voting power of all classes of CBS Corp.'s Common Stock, and owned approximately 10% of CBS Corp.'s Class A Common Stock and Class B Common Stock on a combined basis.

*Viacom Inc.* CBS Corp., as part of its normal course of business, enters into transactions with Viacom Inc. and its subsidiaries. CBS Corp., through its Television segment, licenses its television products to Viacom Inc., primarily MTV Networks and BET. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Paramount Pictures also distributes certain of the Company's television products in the home entertainment market. CBS Corp.'s total revenues from these transactions were $71.4 million and $46.1 million for the three months ended March 31, 2009 and 2008, respectively.

Showtime Networks pays license fees to Paramount Pictures for motion picture programming under an exclusive output agreement which covers feature films initially theatrically released in the United States through 2007. Showtime Networks has exhibition rights to each film licensed under this agreement during three pay television exhibition windows over the course of several years after each such film's initial theatrical release. This agreement has not been renewed for new feature films initially theatrically released in the United States after 2007. These license fees are initially recorded as programming inventory and amortized over the shorter of the life of the license agreement or projected useful life of the programming. In addition, CBS Corp. places advertisements with and leases production facilities from various subsidiaries of Viacom Inc. The total spending for all of these transactions was $4.0 million and $3.8 million for the three months ended March 31, 2009 and 2008, respectively.

The following table presents the amounts due from or due to Viacom Inc. in the normal course of business as reflected on CBS Corp.'s Consolidated Balance Sheets.

| | At March 31, 2009 | At December 31, 2008 |
|---|---|---|
| **Amounts due from Viacom Inc.** | | |
| Receivables | $ 180.5 | $ 182.5 |
| Other assets (Receivables, noncurrent) | 211.2 | 249.8 |
| **Total amounts due from Viacom Inc.** | $ 391.7 | $ 432.3 |
| **Amounts due to Viacom Inc.** | | |
| Accounts payable | $ 4.3 | $ 6.5 |
| Program rights | 49.8 | 48.2 |
| Other liabilities (Program rights, noncurrent) | 10.2 | 26.5 |
| **Total amounts due to Viacom Inc.** | $ 64.3 | $ 81.2 |

*Other Related Parties* The Company owns 50% of The CW, which is accounted for by the Company as an equity investment. CBS Corp., through the Television segment, licenses its television products to The

CW resulting in total revenues of $16.9 million and $13.7 million for the three months ended March 31, 2009 and 2008, respectively.

The Company, through the normal course of business, is involved in transactions with other related parties that have not been material in any of the periods presented.

**Adoption of New Accounting Standards**

In the first quarter of 2009, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires an entity to provide enhanced disclosures about derivative instruments and hedging activities.

Effective January 1, 2009, the Company adopted SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill. SFAS 141R also expands disclosure requirements for business combinations. On April 1, 2009, the FASB issued FASB Staff Position ("FSP") FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies ("FSP FAS 141(R)-1") which is effective on January 1, 2009. FSP FAS 141(R)-1 amends and clarifies SFAS 141R guidance regarding the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination.

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS 157") for its financial assets and liabilities. Effective January 1, 2009, the Company adopted FSP No. FAS 157-2, "Effective Date of FASB Statement No. 157" for nonfinancial assets and liabilities. SFAS 157 establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurement. The adoption of SFAS 157 did not have a material effect on the Company's consolidated financial statements.

**Critical Accounting Policies**

See Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for a discussion of the Company's critical accounting policies.

**Cautionary Statement Concerning Forward-Looking Statements**

This quarterly report on Form 10-Q, including "Item 2—Management's Discussion and Analysis of Results of Operations and Financial Condition," contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not based on historical facts, but rather reflect the Company's current expectations concerning future results and events. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements. These risks, uncertainties and other factors include, among others: advertising market conditions generally; changes in the public acceptance of the Company's programming; changes in technology and its effect on competition in the Company's markets; changes in the federal communications laws and regulations; the impact of piracy on the Company's products; the impact of consolidation in the market for the Company's programming; the impact of union activity, including possible strikes or work stoppages or the Company's inability to negotiate favorable terms for contract renewals; other domestic and global economic, business, competitive and/or regulatory factors affecting the Company's businesses generally; and other factors described in the Company's news releases and filings made under the securities laws, including, among others, those set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Reports on Form 10-Q. There may be additional risks, uncertainties and factors that the Company does not currently view as material or that are not necessarily known. The forward-looking statements included in this document are made as of the date of this document and the Company does not have 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

**Item 4. Controls and Procedures.**

The Company's chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this report, the Company's 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 the Company's internal control over financial reporting occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings.**

*Securities Action.* On December 12, 2008, the City of Pontiac General Employees' Retirement System filed a self-styled class action complaint in the United States District Court for the Southern District of New York against the Company and its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Treasurer, alleging violations of federal securities law. The complaint, which was filed on behalf of a putative class of purchasers of the Company's common stock between February 26, 2008 and October 10, 2008 (the "Class Period"), alleges that, among other things, the Company's failure to timely write down the value of certain assets caused the Company's reported operating results during the Class Period to be materially inflated. The plaintiffs seek unspecified compensatory damages. On February 11, 2009, a motion was filed in the case on behalf of The City of Omaha, Nebraska Civilian Employees' Retirement System, and The City of Omaha Police and Fire Retirement System (collectively, the "Omaha Funds") seeking to appoint the Omaha Funds as the lead plaintiffs in this case; on March 5, 2009, the court granted that motion. On May 4, 2009, the plaintiffs filed an Amended Complaint, which removes the Treasurer as a defendant and adds the Executive Chairman. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend itself in the litigation.

**Item 1A. Risk Factors.**

The following updates the corresponding risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

**The Company Could Suffer Losses Due to Asset Impairment Charges for Goodwill, Intangible Assets, FCC Licenses and Programming**

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), the Company will test goodwill and indefinite-lived intangible assets, including broadcast licenses, for impairment during the fourth quarter of each year, and the Company continues to assess whether factors or indicators, such as the continuation of existing market conditions, become apparent that would require an interim test. A downward revision in the estimated fair value of a reporting unit or intangible assets could result in a non-cash impairment charge under SFAS 142. Also, any significant shortfall, now or in the future, in the expected popularity of the programming for which the Company has acquired rights could lead to a downward revision in the fair value of such assets. Any such impairment charge for goodwill, intangible assets and/or programming could have a material adverse effect on the Company's reported net earnings.

**The Company Could Be Adversely Affected by Strikes and Other Union Activity**

The Company and its suppliers engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements. If the Company or its suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, higher costs in connection with these agreements or a significant labor dispute could adversely affect the Company's television and radio businesses by causing delays in the production of the Company's television or radio programming or the Company's outdoor business by disrupting its ability to place advertising on outdoor faces. The entertainment businesses' collective bargaining agreement with the Screen Actors Guild ("SAG") covering performers expired on June 30, 2008. The SAG National Board of Directors voted on April 19, 2009 to approve and recommend ratification by its members of a new collective bargaining agreement. The results of the ratification vote are expected to be announced by June 2009. If an agreement is not reached by the parties, strikes or work stoppages could occur and, depending on their duration, could have an adverse effect on the Company's revenues and operating income.

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

During the first quarter of 2009, the Company did not purchase any shares under its publicly announced share purchase programs which have remaining authorization of $649.4 million.

**Item 6. Exhibits.**

| Exhibit No. | | Description of Document |
|---|---|---|
| **(10)** | | **Material Contracts** |
| | (a) | Employment Agreement dated November 17, 2008 between CBS Corporation and Joseph R. Ianniello (filed herewith). |
| **(12)** | | **Statement Regarding Computation of Ratios (filed herewith)** |
| **(31)** | | **Rule 13a-14(a)/15d-14(a) Certifications** |
| | (a) | Certification of the Chief Executive Officer of CBS Corporation 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 CBS Corporation 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 CBS Corporation 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 CBS Corporation furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). |

## 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.

**CBS CORPORATION**
(Registrant)

| | | |
|---|---|---|
| Date: | May 7, 2009 | /s/ FREDRIC G. REYNOLDS |
| | | Fredric G. Reynolds<br>*Executive Vice President and*<br>*Chief Financial Officer* |
| Date: | May 7, 2009 | /s/ SUSAN C. GORDON |
| | | Susan C. Gordon<br>*Senior Vice President, Controller*<br>*Chief Accounting Officer* |

**EXHIBIT INDEX**

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QuickLinks

CBS CORPORATION
51 West 52nd Street
New York, NY 10019

Joseph R. Ianniello
c/o CBS Corporation
51 West 52nd Street
New York, NY 10019

Dear Joe: As of November 17, 2008

CBS Corporation ("CBS"), having an address at 51 West 52nd Street, New York, New York 10019, agrees to employ you and you agree to accept such employment upon the following terms and conditions:

1. Term. The term of your employment under this Agreement shall commence on November 17, 2008 and, unless terminated by CBS or you pursuant to paragraph 8 or because of your death or Disability (as defined below), shall continue through and until December 31, 2011. The period from November 17, 2008 through December 31, 2011 is referred to as the "Term" notwithstanding any earlier termination of your employment for any reason.

2. Duties. You agree to devote your entire business time, attention and energies to the business of CBS. You will be Deputy Chief Financial Officer ("Deputy CFO"), and you agree to perform all duties reasonable and consistent with that office as the Executive Vice President and Chief Financial Officer (the "CFO") may assign to you from time to time. In such position, you will be directly responsible for CBS and its subsidiaries' domestic and international treasury and tax functions, information systems and technology ("IS&T"), risk management, and corporate mergers and acquisitions.

3. Compensation.

(a) Salary. For all the services rendered by you in any capacity under this Agreement, CBS agrees to pay you base salary ("Salary") at the rate of Eight Hundred Thousand Dollars ($800,000) per annum, less applicable deductions and withholding taxes, in accordance with CBS's payroll practices as they may exist from time to time. During the Term of this Agreement, your Salary shall be reviewed annually and may be increased. Such increase, if any, shall be made at a time, and in an amount, that CBS shall determine in its sole discretion.

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(b) Bonus Compensation. You also shall be eligible to receive annual bonus compensation ("Bonus") during your employment with CBS under this Agreement, determined and payable as follows:

(i) Your Bonus for each calendar year during your employment with CBS under this Agreement will be determined in accordance with the guidelines of the CBS short-term incentive program (the "STIP"), as such guidelines may be amended from time to time without notice in the sole discretion of CBS.

(ii) Your target bonus ("Target Bonus") for each of those calendar years shall be 100% of your Salary. Your Bonus for any of the calendar years under the Term may be subject to proration for the portion of such calendar year that you were employed by CBS.

(iii) Your Bonus for any calendar year shall be payable, less applicable deductions and withholding taxes, between January 1st and February 28th of the following calendar year.

(c) Long-Term Incentive Compensation. You shall be eligible to receive annual grants of long-term incentive compensation under the CBS long-term management incentive plan as may be amended from time to time without notice in the sole discretion of CBS. You shall have a "Target" long-term incentive value equal to One Million Two Hundred Thousand Dollars ($1,200,000). The precise amount, form and timing of any such long-term incentive award, if any, shall be determined in the sole discretion of the CBS Compensation Committee.

4. Benefits. You shall participate in such vacation, medical, dental, life insurance, long-term disability insurance, retirement, long-term incentive and other plans as CBS may have or establish from time to time and in which you would be entitled to participate under the terms of the plan. This provision, however, shall not be construed to either require CBS to establish any welfare, compensation or long-term incentive plans, or to prevent the modification or termination of any plan once established, and no action or inaction with respect to any plan shall affect this Agreement.

5. Business Expenses. During your employment under this Agreement, CBS shall reimburse you for such reasonable travel and other expenses incurred in the performance of your duties as are customarily reimbursed to CBS executives at comparable levels. Such travel and other expenses shall be reimbursed by CBS within 60 calendar days following the date on which CBS receives appropriate documentation with respect to such expenses, but in no event later than December 31 of the year following the year in which you incur the related expenses.

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6. Non-Competition, Confidential Information, Etc.

(a) Non-Competition. You agree that your employment with CBS is on an exclusive basis and that, while you are employed by CBS, or any of its subsidiaries, you will not engage in any other business activity which is in conflict with your duties and obligations (including your commitment of time) under this Agreement. You further agree that, during the Non-Compete Period (as defined below), you shall not directly or indirectly engage in or participate in (or negotiate or sign any agreement to engage in or participate in), whether as an owner, partner, stockholder, officer, employee, director, agent of or consultant for, any business which at such time is competitive with any business of CBS, or any of its subsidiaries, without the written consent of CBS; provided, however, that this provision shall not prevent you from investing as less than a one (1%) percent stockholder in the securities of any company listed on a national securities exchange or quoted on an automated quotation system. The Non-Compete Period shall cover the period during your employment with CBS and shall continue following the termination of your employment for any reason, including by expiration of this Agreement for the greater of: (i) six (6) months; or (ii) for so long as any payments are made to you pursuant to paragraph 8(d) subject to CBS's acceptance of your written request pursuant to paragraph 6(j) which relates to the opportunity to request that CBS in its sole discretion terminate your obligations under this paragraph 6(a) in exchange for your waiving your right to certain compensation and benefits.

(b) Confidential Information. You agree that, during the Term and at any time thereafter, (i) you shall not use for any purpose other than the duly authorized business of CBS, or disclose to any third party, any information relating to CBS, or any of CBS's affiliated companies which is non-public, confidential or proprietary to CBS or any of CBS's affiliated companies ("Confidential Information"), including any trade secret or any written (including in any electronic form) or oral communication incorporating Confidential Information in any way (except as may be required by law or in the performance of your duties under this Agreement consistent with CBS's policies); and (ii) you will comply with any and all confidentiality obligations of CBS to a third party, whether arising under a written agreement or otherwise. Information shall not be deemed Confidential Information which (*x*) is or becomes generally available to the public other than as a result of a disclosure by you or at your direction or by any other person who directly or indirectly receives such information from you, or (*y*) is or becomes available to you on a non-confidential basis from a source which is entitled to disclose it to you.

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(c) No Solicitation, Etc. You agree that, while employed by CBS and for the greater of twelve (12) months thereafter or for so long as CBS is making any payments to you pursuant to paragraph 8(d), you shall not, directly or indirectly:

(i) employ or solicit the employment of any person who is then or has been within twelve (12) months prior thereto, an employee of CBS, or any of CBS's affiliated companies; or

(ii) do any act or thing to cause, bring about, or induce any interference with, disturbance to, or interruption of any of the then-existing relationships (whether or not such relationships have been reduced to formal contracts) of CBS, or any of CBS's affiliated companies with any customer, employee, consultant or supplier.

(d) CBS Ownership. The results and proceeds of your services under this Agreement, including, without limitation, any works of authorship resulting from your services during your employment with CBS, and/or any of CBS's affiliated companies and any works in progress resulting from such services, shall be works-made-for-hire and CBS shall be deemed the sole owner throughout the universe of any and all rights of every nature in such works, whether such rights are now known or hereafter defined or discovered, with the right to use the works in perpetuity in any manner CBS determines in its sole discretion without any further payment to you. If, for any reason, any of such results and proceeds are not legally deemed a work-made-for-hire and/or there are any rights in such results and proceeds which do not accrue to CBS under the preceding sentence, then you hereby irrevocably assign and agree to assign any and all of your right, title and interest thereto, including, without limitation, any and all copyrights, patents, trade secrets, trademarks and/or other rights of every nature in the work, whether now known or hereafter defined or discovered, and CBS shall have the right to use the work in perpetuity throughout the universe in any manner CBS determines in its sole discretion without any further payment to you. You shall, as may be requested by CBS from time to time, do any and all things which CBS may deem useful or desirable to establish or document CBS's rights in any such results and proceeds, including, without limitation, the execution of appropriate copyright, trademark and/or patent applications, assignments or similar documents and, if you are unavailable or unwilling to execute such documents, you hereby irrevocably designate the Executive Vice President, General Counsel, CBS Corporation or his designee as your attorney-in-fact with the power to execute such documents on your behalf. To the extent you have any rights in the results and proceeds of your services under this Agreement that cannot be assigned as described above, you unconditionally and irrevocably waive the enforcement of such rights. This paragraph 6(d) is subject to, and does not limit, restrict, or constitute a waiver by CBS of any ownership rights to which CBS may be entitled by operation of law by virtue of being your employer.

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(e) Litigation.

(i) You agree that during the Term, and for the greater of: (i) twelve (12) months thereafter; or (ii) during the pendency of any litigation or other proceeding, (*x*) you shall not communicate with anyone (other than your own attorneys and tax advisors), except to the extent necessary in the performance of your duties under this Agreement, with respect to the facts or subject matter of any pending or potential litigation, or regulatory or administrative proceeding involving CBS, or any of CBS's affiliated companies, other than any litigation or other proceeding in which you are a party-in-opposition, without giving prior notice to CBS or its counsel; and (*y*) in the event that any other party attempts to obtain information or documents from you with respect to such matters, either through formal legal process such as a subpoena or by informal means such as interviews, you shall promptly notify CBS's counsel before providing any information or documents.

(ii) You agree to cooperate with CBS and its attorneys, both during and after the termination of your employment, in connection with any litigation or other proceeding arising out of or relating to matters in which you were involved prior to the termination of your employment. Your cooperation shall include, without limitation, providing assistance to CBS's counsel, experts or consultants, and providing truthful testimony in pretrial and trial or hearing proceedings. In the event that your cooperation is requested after the termination of your employment, CBS will (*x*) seek to minimize interruptions to your schedule to the extent consistent with its interests in the matter; and (*y*) reimburse you for all reasonable and appropriate out-of-pocket expenses actually incurred by you in connection with such cooperation within 60 calendar days following the date on which CBS receives appropriate documentation with respect to such expenses, but in no event later than December 31 of the year following the year in which you incur the related expenses.

(iii) You agree that during the Term and at any time thereafter, to the fullest extent permitted by law, you will not testify voluntarily in any lawsuit or other proceeding which directly or indirectly involves CBS, or any of CBS's affiliated companies, or which may create the impression that such testimony is endorsed or approved by CBS, or any of CBS's affiliated companies, without advance notice (including the general nature of the testimony) to and, if such

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testimony is without subpoena or other compulsory legal process the approval of the Executive Vice President and General Counsel, CBS Corporation.

(f) <u>No Right to Give Interviews or Write Books, Articles, Etc</u>. During the Term, except as authorized by CBS, you shall not (i) give any interviews or speeches, or (ii) prepare or assist any person or entity in the preparation of any books, articles, television or motion picture productions or other creations, in either case, concerning CBS, or any of CBS's affiliated companies or any of their respective officers, directors, agents, employees, suppliers or customers.

(g) <u>Return of Property</u>. All documents, data, recordings, or other property, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for you and utilized by you in the course of your employment with CBS shall remain the exclusive property of CBS. In the event of the termination of your employment for any reason, CBS reserves the right, to the extent permitted by law and in addition to any other remedy CBS may have, to deduct from any monies otherwise payable to you the following: (i) all amounts you may owe to CBS, or any of CBS's affiliated companies at the time of or subsequent to the termination of your employment with CBS; and (ii) the value of the CBS property which you retain in your possession after the termination of your employment with CBS. In the event that the law of any state or other jurisdiction requires the consent of an employee for such deductions, this Agreement shall serve as such consent. Notwithstanding anything in this Section 6(g) to the contrary, CBS will not exercise such right to deduct from any monies otherwise payable to you to the extent such offset would be a violation of Internal Revenue Code Section 409A ("Code Section 409A").

(h) <u>Non-Disparagement</u>. You agree that, during the Term and for one year thereafter, you shall not, in any communications with the press or other media or any customer, client or supplier of CBS, or any of CBS's affiliated companies, criticize, ridicule or make any statement which disparages or is derogatory of CBS, or any of CBS's affiliated companies or any of their respective directors or senior officers.

(i) <u>Injunctive Relief</u>. CBS has entered into this Agreement in order to obtain the benefit of your unique skills, talent, and experience. You acknowledge and agree that any violation of paragraphs 6(a) through (h) of this Agreement will result in irreparable damage to CBS, and, accordingly, CBS may obtain injunctive and other equitable relief for any breach or threatened breach of such paragraphs, in addition to any other remedies available to CBS.

(j) <u>Survival; Modification of Terms</u>. Your obligations under paragraphs 6(a) through (i) shall remain in full force and effect for the entire period provided therein notwithstanding the termination of your employment under this Agreement for any reason or the expiration of the Term; <u>provided</u>, <u>however</u>, that your

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obligations under paragraph 6(a) (but not under any other provision of this Agreement) shall cease if: *(x)* CBS terminates your employment without Cause and *(y)* you provide CBS a written notice indicating your desire to waive your right to receive, or to continue to receive, termination payments and benefits under paragraph 8(d)(i) through (iv) and *(z)* CBS notifies you that it has, in its sole discretion, accepted your request. You and CBS agree that the restrictions and remedies contained in paragraphs 6(a) through (i) are reasonable and that it is your intention and the intention of CBS that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. If a court of competent jurisdiction shall find that any such restriction or remedy is unenforceable but would be enforceable if some part were deleted or the period or area of application reduced, then such restriction or remedy shall apply with the modification necessary to make it enforceable. You acknowledge that CBS conducts its business operations around the world and has invested considerable time and effort to develop the international brand and goodwill associated with the "CBS" name. To that end, you further acknowledge that the obligations set forth in this paragraph 6 are by necessity international in scope and necessary to protect the international operations and goodwill of CBS and its affiliated companies.

7. <u>Disability</u>. In the event that you become "disabled" within the meaning of such term under CBS's Short-Term Disability ("STD") program and its Long-Term Disability ("LTD") program while employed during the Term (such condition is referred to as a "Disability"), you will receive compensation under the STD program in accordance with its terms. Thereafter, you will be eligible to receive benefits under the LTD program in accordance

with its terms. For purposes of this Agreement, you will be considered to have experienced a termination of employment with CBS and its subsidiaries as of the date you first become eligible to receive benefits under the LTD program, and shall thereafter be exclusively entitled to benefits under the LTD program. If you have not returned to work by December 31st of a calendar year during the Term, you will receive bonus compensation for the calendar year(s) during the Term in which you receive compensation under the STD program, determined as follows:

(i) for the portion of the calendar year from January 1st until the date on which you first receive compensation under the STD program, bonus compensation shall be determined in accordance with the STIP (i.e., based upon CBS's achievement of its goals and CBS's good faith estimate of your achievement of your personal goals) and prorated for such period; and

(ii) for any subsequent portion of that calendar year and any portion of the following calendar year in which you receive compensation under the STD program, bonus compensation shall be in an amount equal to your Target Bonus and prorated for such period(s).

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Bonus compensation under this paragraph 7 shall be paid, less applicable deductions and withholding taxes, between January 1st and February 28th of the calendar year following the calendar year to which such bonus compensation relates. You will not receive bonus compensation for any portion of the calendar year(s) during the Term while you receive benefits under the LTD program. For the periods that you receive compensation and benefits under the STD and LTD programs, such compensation and benefits and the bonus compensation provided under this paragraph 7 are in lieu of Salary and Bonus under paragraphs 3(a) and (b).

8. Termination.

(a) Termination for Cause. CBS may, at its option, terminate your employment under this Agreement forthwith for Cause and thereafter shall have no further obligations under this Agreement, including, without limitation, any obligation to pay Salary or Bonus or provide benefits. Cause shall mean: (i) embezzlement, fraud or other conduct which would constitute a felony or a misdemeanor involving fraud or perjury; (ii) willful unauthorized disclosure of Confidential Information; (iii) your failure to obey a material lawful directive that is appropriate to your position from an executive(s) in your reporting line; (iv) your failure to comply with the written policies of CBS, including the CBS Business Conduct Statement or successor conduct statement as they apply from time to time; (v) your material breach of this Agreement (including any representations herein); (vi) your failure (except in the event of your Disability) or refusal to substantially perform your material obligations under this Agreement; (vii) willful failure to cooperate with a bona fide internal investigation or investigation by regulatory or law enforcement authorities or the destruction or failure to preserve documents or other material reasonably likely to be relevant to such an investigation, or the inducement of others to fail to cooperate or to destroy or fail to produce documents or other material; or (viii) conduct which is considered an offense involving moral turpitude under federal, state or local laws, or which might bring you to public disrepute, scandal or ridicule or reflect unfavorably upon any of CBS's businesses or those who conduct business with CBS and its affiliated entities. CBS will give you written notice prior to terminating your employment pursuant to (iii), (iv), (v), (vii), (vii) or (viii) of this paragraph 8(a), setting forth the nature of any alleged failure, breach or refusal in reasonable detail and the conduct required to cure. Except for a failure, breach or refusal which, by its nature, cannot reasonably be expected to be cured, you shall have ten (10) business days from the giving of such notice within which to cure any failure, breach or refusal under (iii), (iv), (v), (vii), (vii) or (viii) of this paragraph 8(a); provided, however, that, if CBS reasonably expects irreparable injury from a delay of ten (10) business days, CBS may give you notice of such shorter period within which to cure as is reasonable under the circumstances.

(b) Good Reason Termination. You may terminate your employment under this Agreement for Good Reason at any time during the Term by written notice to

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CBS given no more than thirty (30) days after the occurrence of the event constituting Good Reason. Such notice shall state an effective date no earlier than thirty (30) business days and no later than sixty (60) days after the date it is given, provided, that CBS may set an earlier effective date for your resignation at any time after receipt of your notice. CBS shall have thirty (30) days from the receipt of your notice within which to cure and, in the event of such cure, your notice shall be of no further force or effect. Good Reason shall mean without your consent (other than in connection with the termination or suspension of your employment or duties for Cause or in connection with physical and mental incapacity): (i) the requirement that you report on an ongoing basis to an executive at a level lower than the level of the executive to whom you currently report; (ii) the material breach by CBS of its obligations under this Agreement, including a material reduction in the scope of your responsibilities or title, or a material reduction in your base compensation; or (iii) the requirement that you relocate outside of the metropolitan area you currently are employed in.

(c) Termination Without Cause. CBS may terminate your employment under this Agreement without Cause at any time during the Term by written notice to you.

(d) Termination Payments/Benefits. In the event that your employment terminates under paragraph 8(b) or 8(c) during the Term hereof you shall thereafter receive, less applicable withholding taxes as follows:

(i) an amount equal to eighteen (18) months of your then current base Salary described in paragraph 3(a) payable in accordance with the CBS's then effective payroll practices (your "Regular Payroll Amount") as follows:

a. beginning on the regular payroll date ("Regular Payroll Dates") following your termination of employment, you will receive your Regular Payroll Amount on the Regular Payroll Dates that occur on or before March 15th of the calendar year following the calendar year in which your employment terminates;

b. beginning with the first Regular Payroll Date after March 15th of the calendar year following the calendar year in which your employment terminates, you will receive your Regular Payroll Amount, if any remains due, until you have received an amount equal to the maximum amount permitted to be paid pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) (i.e., the lesser of two times your annualized compensation or two times the Section 401(a)(17) limit for the calendar year in which your termination occurs, $490,000 for 2009) provided, however, that in no event shall payment be made to you pursuant to this paragraph

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8(d)(i)(b) later than December 31st of the second calendar year following your termination of employment; and

c. the balance of your Regular Payroll Amount, if any remains due, will be paid to you by payment of your Regular Payroll Amount on your Regular Payroll Dates beginning with the regular payroll date that follows the date of the final payment pursuant to paragraph 8(d)(i)(b);

provided, however, that to the extent that you are a “specified employee” (within the meaning of Code Section 409A and determined pursuant to procedures adopted by CBS) at the time of your termination and any portion of your Regular Payroll Amount that would be paid to you during the six-month period following your termination of employment constitutes deferred compensation (within the meaning of Code Section 409A), such portion shall be paid to you on the earlier of (A) the first business day of the seventh month following the month in which your termination of employment occurs or (B) your death (the applicable date, the “Permissible Payment Date”) rather than as described in paragraph 8(d)(i)(a), (b) or (c), as applicable, and any remaining Salary, if any, shall be paid to you or your estate, as applicable, by payment of your Regular Payroll Amount on your Regular Payroll Dates commencing with the Regular Payroll Date that follows the Permissible Payment Date. Each payment pursuant to this paragraph 8(d)(i) shall be regarded as a separate payment and not one of a series of payments for purposes of Code Section 409A.

(ii) eighteen (18) months of bonus, determined and paid as follows:

a. an amount equal to your Target Bonus in effect on the date of your termination (ignoring any reduction in your Target Bonus prior to such date that constituted Good Reason), prorated for the number of calendar days remaining in the calendar year in which your employment terminates, and payable between January 1st and February 28th of the calendar year following the calendar year in which your employment terminates; provided, however, that to the extent (x) you are a “specified employee” (within the meaning of Code Section 409A and determined pursuant to procedures adopted by CBS) at the time of your termination, (y) your date of termination pursuant to paragraph 8(b) or (c) occurs after June 30th of the calendar year, and (z) the prorated bonus described in this paragraph 8(d)(ii)(a) is determined to constitute deferred compensation (within the meaning of Code Section 409A), then such prorated bonus shall not be paid to you until the first business day of the

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seventh month following the month in which your termination of employment occurs or your death, if earlier. Each payment pursuant to this paragraph 8(d)(ii) shall be regarded as a separate payment and not one of a series of payments for purposes of Code Section 409A;

b. an amount equal to your Target Bonus in effect on the date of your termination (ignoring any reduction in your Target Bonus prior to such date that constituted Good Reason), and payable between January 1st and February 28th of the second calendar year following the calendar year in which your employment terminates; provided, however, that if the 18th month anniversary of the date of your termination of employment (the “18th Month Anniversary”) occurs in the calendar year following the calendar year in which your employment terminates, then the Target Bonus shall be prorated for the number of calendar days in the calendar year following the calendar year in which your employment terminates that occur on or before the 18th Month Anniversary; and

c. if the 18th Month Anniversary occurs in the second calendar year following the calendar year in which your employment terminates, an amount equal to your Target Bonus in effect on the date of your termination (ignoring any reduction in your Target Bonus prior to such date that constituted Good Reason), prorated for the number of calendar days in the second calendar year following the calendar year in which your employment terminates that occur on or before the 18th Month Anniversary, and payable between January 1st and February 28th of the third calendar year following the calendar year in which your employment terminates.

(iii) medical and dental insurance coverage for you and your eligible dependents provided under company paid COBRA benefits at no cost to you (except as hereafter described) pursuant to the CBS benefit plans in which you participated in at the time of your termination of employment or, if different, other benefit plans available to senior level executives for a period of eighteen (18) months, or if earlier, the date on which you become eligible for medical or dental coverage as the case may be from a third party; provided, that, during the period that CBS provides you with this coverage, an amount equal to the applicable COBRA premiums

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(or such other amounts as may be required by law) will be included in your income for tax purposes to the extent required by law and CBS may withhold taxes from your compensation for this purpose; provided, further, that you may elect to continue your medical and dental insurance coverage under COBRA at your own expense for the balance, if any, of the period required by law;

(iv) life insurance coverage until the end of the Term pursuant to CBS's then current policy in the amount then furnished to CBS employees at no cost (the amount of which coverage will be reduced to the amount of life insurance coverage furnished to you at no cost by a third party employer);

(v) The following with respect to long-term incentive awards granted to you under the CBS 2004 Long-Term Management Incentive Plan and any predecessor or successor CBS Corporation Long-Term Management Incentive Plans (the "LTMIP"):

a. All awards of stock options that have not vested and become exercisable on the date of such termination but that would otherwise vest on or before the end of an eighteen (18) month period thereafter shall accelerate and vest immediately on the date of termination, and will continue to be exercisable until the greater of eighteen (18) months following the termination date or the period provided in accordance with the terms of the grant; provided, however, that in no event shall the exercise period extend beyond their expiration date.

b. All awards of stock options that have previously vested and become exercisable by the date of such termination shall remain exercisable until the greater of eighteen (18) months after the termination date or the period provided in accordance with the grant; provided, however, that in no event shall the exercise period extend beyond their expiration date.

c. All awards of restricted share units (the "RSUs") that would otherwise vest on or before the end of an eighteen (18) month period following the date of your termination shall accelerate and vest immediately on the date of termination and be settled within ten (10) business days thereafter; [provided, however, that to the extend the vesting of any



such RSUs is contingent upon satisfaction of specified performance criteria in accordance with the requirements of Internal Revenue Code Section 162(m) ("Code Section 162(m)"), such RSUs shall vest if and when the CBS Compensation Committee determines that the performance criteria relating to such RSUs has been met and be settled within ten (10) business days thereafter; provided, further, that to the extent that you are a "specified employee" (within the meaning of Code Section 409A and determined pursuant to procedures adopted by CBS) at the time of your termination and any portion of your RSUs that would otherwise be settled during the six-month period following your termination of employment constitutes deferred compensation (within the meaning of Code Section 409A), such portion shall be settled on the earlier of (i) the first business day of the seventh month following the month in which your termination of employment occurs or (ii) your death.

d. All awards of restricted shares that would otherwise vest on or before the end of an eighteen (18) month period thereafter shall accelerate and vest immediately on the date of termination.

You shall be required to mitigate the amount of any payment provided for in (i) of this paragraph 8(d) by seeking other employment, and the amount of such payments shall be reduced by any compensation earned by you from any source, including, without limitation, salary, sign-on or annual bonus compensation, consulting fees, and commission payments, provided, that mitigation shall not be required, and no reduction for other compensation shall be made for earnings for services provided during the first twelve (12) months after the termination of your employment. You agree to advise CBS immediately and in writing of any employment for which you are receiving such payments and to provide documentation as requested by CBS with respect to such employment. The payments provided for in (i) above are in lieu of any other severance or income continuation or protection under any CBS plan that may now or hereafter exist.

(e) Renewal Notice / Non-Renewal. CBS shall notify you six (6) months prior to the expiration of this Agreement in writing if it intends to continue your employment beyond the expiration of the Term. If you are notified that CBS does intend to continue your employment, then you agree that you shall negotiate exclusively with CBS for the first 90 days following such notification. Nothing contained herein shall obligate CBS to provide an increase to your compensation hereunder upon such renewal.



If you remain employed beyond the end of the Term but have not entered into a new contractual relationship with CBS, or any of CBS's affiliated companies, your continued employment shall be "at will" and on such terms and conditions as CBS may at the time establish, and either party, during such period, may terminate your employment at any time, provided, that if CBS terminates your employment during such period without cause, you shall become eligible to receive severance under the then current CBS severance policy applicable to executives at your level subject to the terms of such severance policy including your execution of a release in favor of CBS.

(f) Termination of Benefits. Notwithstanding anything in this Agreement to the contrary (except as otherwise provided in paragraph 8(d) with respect to medical and dental benefits), participation in all CBS benefit plans and programs (including, without limitation, vacation accrual, all retirement and related excess plans and LTD) will terminate upon the termination of your employment except to the extent otherwise expressly provided in such plans or programs and subject to any vested rights you may have under the terms of such plans or programs. The foregoing shall not apply to the LTMIP and, after the termination of your employment, your rights under the LTMIP shall be governed by the terms of the LTMIP award agreements, certificates, the applicable LTMIP plan(s) and this Agreement.

(g) Resignation from Official Positions. If your employment with CBS terminates for any reason, you shall be deemed to have resigned at that time from any and all officer or director positions that you may have held with CBS, or any of CBS's affiliated companies and all board seats or other positions in other entities you held on behalf of CBS. If, for any reason, this paragraph 8(g) is deemed insufficient to effectuate such resignation, you agree to execute, upon the request of CBS, any documents or instruments which CBS may deem necessary or desirable to effectuate such resignation or resignations, and you hereby authorize the Secretary and any Assistant Secretary of CBS to execute any such documents or instruments as your attorney-in-fact.

(h) Release and Compliance with Paragraph 6. Notwithstanding any provision herein to the contrary, CBS' obligation to make the payments or provide any benefit provided for in paragraph 8(d) shall be conditioned on your execution of an effective release (with all periods for revocation set forth therein having expired), such date the "Release Effective Date," in favor of CBS and its affiliated companies in a form satisfactory to CBS within 45 days following your termination of employment; provided, however, that if the maximum period in which the release may be revoked ends in the year following the year in which your employment terminates, then the Release Effective Date shall be deemed to be the later of (i) the first business day in the year following the year in which your employment is terminated or (ii) the Release Effective Date (without regard to this proviso). In addition, the payments and benefits described in paragraph 8(d) shall immediately cease, and CBS shall have no further obligations to



you with respect thereto, in the event that you materially breach any provision of paragraph 6 hereof.

9. Death. In the event of your death prior to the end of the Term while actively employed, your beneficiary or estate shall receive (i) your Salary up to the date on which the death occurs; (ii) any Bonus earned in the prior year but not yet paid; and (iii) bonus compensation for the calendar year in which the death occurs, determined in accordance with the STIP (i.e., based upon CBS's achievement of its goals and CBS's good faith estimate of your achievement of your personal goals) and pro-rated for the portion of the year through the date of death, payable, less applicable deductions and withholding taxes, by February 28th of the following calendar year. In the event of your death after the termination of your employment while you are entitled to receive compensation under paragraph 8(d), your beneficiary or estate shall receive (*x*) any Salary payable under paragraph 8(d)(i) up to the date on which the death occurs; and (*y*) bonus compensation for the calendar year in which the death occurs in an amount equal to your Target Bonus and pro-rated for the portion of the year through the date of death, payable, less applicable deductions and withholding taxes, by February 28th of the following calendar year.

10. No Acceptance of Payments. You represent that you have not accepted or given nor will you accept or give, directly or indirectly, any money, services or other valuable consideration from or to anyone other than CBS for the inclusion of any matter as part of any film, television program or other production produced, distributed and/or developed by CBS, or any of CBS's affiliated companies.

11. Equal Opportunity Employer; Employee Statement of Business Conduct. You recognize that CBS is an equal opportunity employer. You agree that you will comply with CBS policies regarding employment practices and with applicable federal, state and local laws prohibiting discrimination on the basis of race, color, sex, religion, national origin, citizenship, age, marital status, sexual orientation, disability or veteran status. In addition, you agree that you will comply with the CBS Business Conduct Statement.

12. Notices. All notices under this Agreement must be given in writing, by personal delivery or by registered mail, at the parties' respective addresses shown on this Agreement (or any other address designated in writing by either party), with a copy, in the case of CBS, to the attention of the Executive Vice President, General Counsel, CBS. Any notice given by registered mail shall be deemed to have been given three days following such mailing.

13. Assignment. This is an Agreement for the performance of personal services by you and may not be assigned by you or CBS except that CBS may assign this Agreement to any affiliated company of or any successor in interest to CBS.



**14. New York Law, Etc. You acknowledge that this Agreement has been executed, in whole or in part, in New York, and your employment duties are primarily performed in New York. Accordingly, you agree that this Agreement and all matters or issues arising out of or relating to your CBS employment shall be governed by the laws of the State of New York applicable to contracts entered into and performed entirely therein.**

15. No Implied Contract. Nothing contained in this Agreement shall be construed to impose any obligation on CBS or you to renew this Agreement or any portion thereof. The parties intend to be bound only upon execution of a written agreement and no negotiation, exchange of draft or partial performance shall be deemed to imply an agreement. Neither the continuation of employment nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of the Term.

16. Entire Understanding. This Agreement contains the entire understanding of the parties hereto relating to the subject matter contained in this Agreement, and can be changed only by a writing signed by both parties.

17. Void Provisions. If any provision of this Agreement, as applied to either party or to any circumstances, shall be found by a court of competent jurisdiction to be unenforceable but would be enforceable if some part were deleted or the period or area of application were reduced, then such provision shall apply with the modification necessary to make it enforceable, and shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement.

18. Supersedes Prior Agreements. With respect to the period covered by the Term, this Agreement supersedes and cancels all prior agreements relating to your employment by CBS, or any of CBS's affiliated companies relating to the subject matter herein, including, without limitation, your prior employment agreement with CBS date September 1, 2007.

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19. Payment of Deferred Compensation – Section 409A.

(a) To the extent applicable, it is intended that the compensation arrangements under this Agreement be in full compliance with Code Section 409A. This Agreement shall be construed in a manner to give effect to such intention. In no event whatsoever (including, but not limited to as a result of this paragraph 19 or otherwise) shall CBS or any of its affiliates be liable for any tax, interest or penalties that may be imposed on you under Code Section 409A. Neither CBS nor any of its affiliates have any obligation to indemnify or otherwise hold you harmless from any or all such taxes, interest or penalties, or liability for any damages related thereto. You acknowledge that you have been advised to obtain independent legal, tax or other counsel in connection with Code Section 409A.

(b) Your right to any in-kind benefit or reimbursement benefits pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of CBS covered by this Agreement shall not be subject to liquidation or exchange for cash or another benefit.

20. Arbitration. If any disagreement or dispute whatsoever shall arise between the parties concerning this Agreement (including the documents referenced herein) or your employment with CBS, the parties hereto agree that such disagreement or dispute shall be submitted to arbitration before the American Arbitration Association ("AAA"), and that a neutral arbitrator will be selected in a manner consistent with its Employment Arbitration Rules and Mediation Procedures ("Rules"). Such arbitration shall be confidential and private and conducted in accordance with the Rules. Any such arbitration proceeding shall take place in New York City before a single arbitrator (rather than a panel of arbitrators). The parties agree that the arbitrator shall have no authority to award any punitive or exemplary damages and waive, to the full extent permitted by law, any right to recover such damages in such arbitration. Each party shall bear its respective costs (including attorney's fees, and there shall be no award of attorney's fees). Judgment upon the final award rendered by such arbitrator, after giving effect to the AAA internal appeals process, may be entered in any court having jurisdiction thereof. Notwithstanding anything herein to the contrary, CBS shall be entitled to seek injunctive, provisional and equitable relief in a court proceeding as a result of your alleged violation of the terms of Section 6 of this Agreement, and you hereby consent and agree to exclusive personal jurisdiction in any state or federal court located in the City of New York, Borough of Manhattan.

[signature page to follow]

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If the foregoing correctly sets forth our understanding, please sign, date and return all four (4) copies of this Agreement to the undersigned for execution on behalf of CBS; after this Agreement has been executed by CBS and a fully-executed copy returned to you, it shall constitute a binding agreement between us.

Very truly yours,

**CBS CORPORATION**

By: /s/ Anthony G. Ambrosio
Name: Anthony G. Ambrosio
Title: EVP HR & ADMIN

**ACCEPTED AND AGREED:**

/s/ Joseph Ianniello
Joseph R. Ianniello

Dated: 11/24/08

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Exhibit 12

CBS CORPORATION AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Tabular dollars in millions except ratios)

| | Three Months Ended March 31, | | Twelve Months Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2008** | **2007** | **2006** | **2005** | **2004** |
| Earnings (loss) from continuing operations before income taxes and equity in earnings (loss) of investee companies | $ (35.3) | $ 402.9 | $(12,575.1) | $2,133.0 | $2,132.7 | $(7,564.4) | $(15,850.2) |
| Add: | | | | | | | |
| Distributions from investee companies | 1.5 | — | 5.8 | 7.7 | 8.9 | 9.5 | 12.6 |
| Interest expense, net of capitalized interest | 133.2 | 138.5 | 546.3 | 570.1 | 564.5 | 719.6 | 693.7 |
| 1/3 of rental expense | 45.5 | 47.8 | 215.8 | 193.4 | 160.9 | 137.2 | 123.8 |
| Total Earnings (loss) | $ 144.9 | $ 589.2 | $(11,807.2) | $2,904.2 | $2,867.0 | $(6,698.1) | $(15,020.1) |
| Fixed charges: | | | | | | | |
| Interest expense, net of capitalized interest | $ 133.2 | $ 138.5 | $ 546.3 | $ 570.1 | $ 564.5 | $ 719.6 | $ 693.7 |
| 1/3 of rental expense | 45.5 | 47.8 | 215.8 | 193.4 | 160.9 | 137.2 | 123.8 |
| Total fixed charges | $ 178.7 | $ 186.3 | $ 762.1 | $ 763.5 | $ 725.4 | $ 856.8 | $ 817.5 |
| Ratio of earnings to fixed charges | Note a | 3.2x | Note b | 3.8x | 4.0x | Note b | Note b |

Note:

(a) Earnings are inadequate to cover fixed charges by $33.8 million for the three months ended March 31, 2009.

(b) Earnings are inadequate to cover fixed charges by $12.57 billion in 2008, $7.55 billion in 2005 and $15.84 billion in 2004 due to the non-cash impairment charges of $14.18 billion in 2008, $9.48 billion in 2005 and $18.0 billion in 2004.

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Exhibit 12

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**Exhibit 31(a)**

**CERTIFICATION**

I, Leslie Moonves, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBS Corporation;

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 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: May 7, 2009

/s/ LESLIE MOONVES

Leslie Moonves
President and Chief Executive Officer

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**Exhibit 31(b)**

**CERTIFICATION**

I, Fredric G. Reynolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CBS Corporation;

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 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: May 7, 2009

/s/ FREDRIC G. REYNOLDS

Fredric G. Reynolds
Executive Vice President and
Chief Financial Officer

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**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 CBS Corporation (the "Company") on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Leslie Moonves, 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/ LESLIE MOONVES

Leslie Moonves
May 7, 2009

**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 CBS Corporation (the "Company") on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Fredric G. Reynolds, 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/ FREDRIC G. REYNOLDS

Fredric G. Reynolds
May 7, 2009

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